



Sustaining the Vision



### **Our Vision**

To be the most admired  
and competitive  
company in our industry



### **Our Mission – create value for all**

Delighted customers


Inspired employees

Enlightened partners

Energised society

Loyal shareholders

Healthy environment



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.

**I CAN.**

'Digital art' is the new exciting mode  
of communication today.

In our Cover we capture the three forces which have been  
driving this company: 'Sustainability', 'People Power'  
and the **I CAN.** philosophy.

Together they have helped us redefine our thrust for tomorrow.

**Ambuja  
Cement**

Annual Report 2011

# CONTENTS

---

|                                                         |     |
|---------------------------------------------------------|-----|
| Financial Highlights of 5 Years                         | 4   |
| Chairman's Letter                                       | 5   |
| I Can - Some Highlights                                 | 6   |
| Directors' Report and Management Discussions & Analysis | 14  |
| Annexures to Directors' Report:                         |     |
| Conservation of Energy & Technology Absorption          | 27  |
| Corporate Governance Report                             | 30  |
| Auditors' Report                                        | 47  |
| Financial Statements                                    | 50  |
| Balance Sheet Abstract                                  | 86  |
| Consolidated Accounts with Auditors' Report             | 88  |
| Notice                                                  | 115 |

### 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. Bernard Fontana (w.e.f. 10th February, 2012)

Mr. Onne van der Weijde, Managing Director

### CHIEF FINANCIAL OFFICER

Mr. Sanjeev Churiwala

### BUSINESS HEADS

Mr. J.C. Toshniwal (North)

Mr. Ajay Kapur (West & South)

Mr. S.N. Toshniwal (East)

### COMPANY SECRETARY & CORPORATE SUSTAINABILITY OFFICER

Mr. B. L. Taparia

### CORPORATE OFFICE

Elegant Business Park,  
MIDC Cross Road "B",  
Off Andheri-Kurla Road,  
Andheri (East), Mumbai - 400 059.

### AUDITORS

M/s. S.R. Batliboi & Co.

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

### REGISTERED OFFICE

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

## FINANCIAL HIGHLIGHTS OF 5 YEARS

Rs. in crores

|                                            | 2011         | 2010  | 2009  | 2008  | 2007  |
|--------------------------------------------|--------------|-------|-------|-------|-------|
| <b>INCOME STATEMENT</b>                    |              |       |       |       |       |
| Net Sales                                  | <b>8,515</b> | 7,390 | 7,077 | 6,220 | 5,631 |
| Operating EBITDA                           | <b>1,994</b> | 1,951 | 1,971 | 1,804 | 2,116 |
| Profit Before Tax                          | <b>1,703</b> | 1,662 | 1,803 | 1,970 | 2,712 |
| Profit After Tax                           | <b>1,229</b> | 1,264 | 1,218 | 1,402 | 1,769 |
| <b>BALANCE SHEET</b>                       |              |       |       |       |       |
| Net Worth                                  | <b>8,069</b> | 7,330 | 6,468 | 5,669 | 4,655 |
| Borrowings                                 | <b>49</b>    | 65    | 166   | 289   | 330   |
| Capital Employed                           | <b>8,762</b> | 7,926 | 7,120 | 6,338 | 5,364 |
| Fixed Assets - Gross Block                 | <b>9,702</b> | 8,779 | 6,224 | 5,707 | 5,231 |
| Fixed Assets - Net Block                   | <b>6,186</b> | 5,628 | 3,440 | 3,193 | 2,960 |
| Current Assets                             | <b>3,828</b> | 3,135 | 1,979 | 2,339 | 1,587 |
| Current Liabilities                        | <b>2,694</b> | 2,394 | 1,741 | 1,474 | 1,169 |
| <b>CASH FLOW STATEMENT</b>                 |              |       |       |       |       |
| Net Cash Generated from Operations         | <b>1,617</b> | 1,876 | 2,126 | 968   | 1,552 |
| Cash and Cash Equivalents                  | <b>2,899</b> | 2,289 | 1,415 | 949   | 714   |
| <b>SIGNIFICANT RATIOS</b>                  |              |       |       |       |       |
| Operating EBITDA / Net Sales               | <b>23%</b>   | 26%   | 28%   | 29%   | 38%   |
| Return on Capital Employed (EBIT/ Avg. CE) | <b>21%</b>   | 23%   | 27%   | 34%   | 55%*  |
| Debt Equity Ratio (Debt/ (Debt+NW))        | <b>0.01</b>  | 0.01  | 0.03  | 0.05  | 0.07  |
| Price Earning Ratio #                      | <b>19.37</b> | 17.28 | 12.96 | 7.57  | 12.60 |
| Book Value Per Share (Rs.)                 | <b>52.67</b> | 48.01 | 42.47 | 37.23 | 30.63 |
| Basic Earning Per Share (Rs.)              | <b>8.02</b>  | 8.28  | 8.00  | 9.21  | 11.64 |
| Dividend Per Share (Rs.)                   | <b>3.20</b>  | 2.60  | 2.40  | 2.20  | 3.50  |
| Dividend Payout Ratio                      | <b>46%</b>   | 37%   | 35%   | 28%   | 35%   |
| Current Ratio                              | <b>1.42</b>  | 1.31  | 1.14  | 1.59  | 1.36  |
| <b>OPERATIONS</b>                          |              |       |       |       |       |
| Cement Capacity - Million Tonnes           | <b>27.35</b> | 25.00 | 22.00 | 22.00 | 18.50 |
| Cement Production - Million Tonnes         | <b>20.97</b> | 20.13 | 18.83 | 17.76 | 16.86 |

# Market Price as per BSE on last day of year

\* Year 2007 includes exceptional items of Rs. 785.89 crores

## CHAIRMAN'S LETTER



Dear Shareholders,

This year has had great significance for us, with the Company completing 25 years of successful operations. When I look back on our journey, I am proud of our amazing growth and success, and I'm sure you all share the same feeling.

In October 1986, the first bag of cement rolled out from the Ambujanagar Plant. In the span of 25 years, Ambuja has become India's foremost cement company, with a presence that extends to most parts of the country. The Company set many milestones and benchmarks in manufacturing excellence, cost efficiencies, quality, logistics, environment protection and community development. Our unique **I CAN.** philosophy, which is ingrained in each of our people, has helped us in achieving the coveted status of the most admired cement company, in India and across the world.

This year we faced many challenges. Economic growth started to falter in the second quarter. The GDP fell sharply from 8.5% in December 2010, to around 7% in the last quarter of 2011. Inflation, stoked by fuel and energy price hikes, went up to 10% in the same period. Containing inflation proved to be a major challenge for the Government and the Central Bank during the year.

The demand for cement was severely curtailed by the economic slowdown, subdued construction activities, prolonged monsoon and delay in execution of infrastructure projects.

In spite of these difficult market conditions, the Company managed to achieve the highest ever sales, in terms of volume and value, along with a growth of 5.4%. This was made possible by the dedication of our workforce, superior product quality, brand image and strong network of dealers and retailers.

Through it all, we did not forget our responsibilities as a corporate citizen. Over the year we took our leadership in CSR to new heights with many new initiatives. It is heartening to note that the Company was granted a 'Water Positive Assurance Statement' from a globally recognised independent agency, certifying that we generated twice the amount of water than the amount we consume at all our facilities. I believe we are the first company from the cement industry to achieve this distinction.

Going forward, we will continue to face challenges. But there is much to be optimistic about. I strongly believe the housing and infrastructure sector will once again regain its momentum. With the Government's commitment to provide affordable housing in semi urban and rural areas, cement demand will also see a healthy growth.

Finally, it is our people with their **I CAN.** spirit, that shine in the most challenging environments. I am confident they will excel in the year to come. We will continue to turn every challenge into an opportunity.

I would like to thank the management team and each one of you for your faith in the Company. I am confident that we will achieve even greater successes over the next 25 years, and beyond.

With warm regards,

*N.S. Sekhsaria*

N.S. Sekhsaria

9th February, 2012







Over 5000 voices passionately say

**I CAN.**

So we're **now turning** this into a  
**companywide symphony**

called: **People Power**

Ambuja Cement has always been driven by the strong culture of individual initiative encapsulated in its two word philosophy: **I CAN.**

In 2008, the Company decided it was time to embark on a new transformative journey that would create a strong leadership pipeline and achieve a progressive leap in plant performance and plant health. Code-named 'People Power', this game changing initiative was orchestrated through a comprehensive program architecture, consisting of 4 cornerstones:

1. A new org-structure that helps to constantly develop leaders for the future.
2. A performance management blueprint which includes a structured wave process and a rigorous review mechanism to achieve stretch aspirations.
3. Capability building mechanism through boot camps, an idea generation session, knowledge development and dissemination through best practice communities.
4. Enterprise-wide culture change programs driven by trained unit teams and a leadership program for the top leaders in manufacturing.

From individuals to teams and units, the 'People Power' program has been progressively rolled out across all 15 Ambuja Cement units by the end of 2011, creating a cascading wave of improvements. Three examples will suffice: Ropar became a front runner with a significant 7% reduction in specific electrical energy for grinding and an over 175% increase in MTBF (Mean Time Between Failures), after completion of the first wave.

At Bhatapara, they slashed shutdown time from 14 to 8 days. The Maratha Cements team replaced the crucial coal mill seal without stopping the kiln, in a record time of eight hours and they increased the MTBF by over 100%. They also set a new trend mark for the kiln with a continuous 90 day running spree.

'People Power' has begun to trigger change from the bottom-up; building a process driven organisation; redefining gravity, in a new efficiency paradigm, where what goes up must go still up, and up and up.



Sustaining the Vision

**Ambuja  
Cement**  
Annual Report 2011







What happens  
when you sail  
under a **Life-threatening**  
high-tension wire?

You **Think innovation**  
at 220 KV per second.

Testing the uncharted waters of a channel running under a high-tension wire is no ordinary challenge.

Engineers in the Ambuja Shipping team were aware that the existing river channel at the Surat terminal was silting. Ships had to carry lower than optimum cargo, resulting in higher costs and a possible about-turn to the **environment unfriendly** mode of road transportation. The team decided to again explore the Dumas channel – a different route through the same river. The only problem: a life-threatening overhead high-tension wire which made the whole idea a risky and reckless proposition.

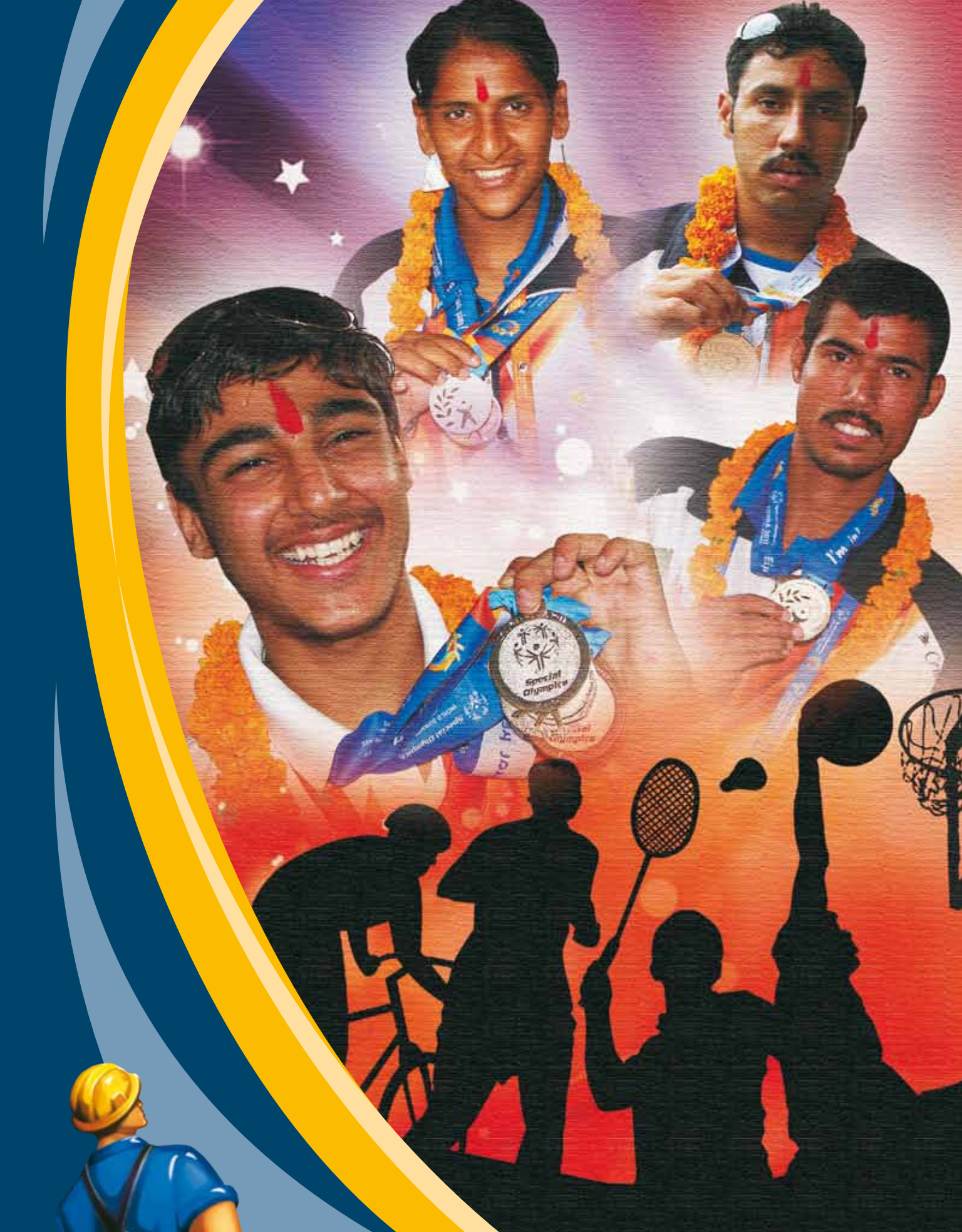
The Ambuja team decided that this was a fitting challenge for the **I CAN.** philosophy. A Bathymetry study was done to explore new insights from a professional hydrographer's perspective. The team then collaborated with the Gujarat Maritime Board and successfully placed buoys, like a string of pearls, to demarcate a new navigable route. This route was safer, away from the high traffic stream and offered a bonus of 445 tides (against 345 tides in the old route). This has not only enabled us to carry extra cargo load but it has reduced transit time by 33% and generated sizeable savings in fuel and operating costs. Most importantly, it has reinforced our resolve to keep our operations 'green' and 'sustainable'.

Where a lot of people looked up and saw a dangerous high tension hazard, the Ambuja team saw only clear blue sky above, and the inviting waters of the Dumas channel below!



Sustaining the Vision

**Ambuja  
Cement**  
Annual Report 2011



They were

**C**hildren with **disabilities**  
**Humiliated. Discriminated** against.  
A slur on the family.

Society gave them **labels**. Until the

**O**lympics gave them **m**edals.

Life is tough for a child with disabilities. He or she is regarded as a burden. An object of disdain.

At the Ambuja Manovikas Kendra (AMK), we look at these children from a refreshingly different perspective. We see them as a class of achievers whose true potential needs to be awakened.

The AMK uses sports as one powerful vehicle to transform the lives of these children and turn overarching disabilities into amazing capability. Idle rhetoric? You may rightly be tempted to ask.

Look at the latest report card: Four students from the Ambuja Manovikas Kendra (AMK) won 7 medals including golds at the World Summer Special Olympics at Athens, in 2011. This is creditable because more than 7500 athletes from 180 countries competed in 22 different categories.

The AMK Fab Four included Ramandeep Kaur, the only girl in the AMK team who won the Gold with her team-mates in the 4x100 relay race, and grabbed a Bronze in shotput;

Harbinder Singh won a silver in badminton singles and mixed doubles and a bronze in the doubles; Gurcharan Singh won a bronze in the 15 km cycling race and Ashish John won a gold in basketball. AMK students Shamsher Singh and Pawandeep Singh are among the list of probables in floor hockey for the 2013 World Special Olympics Winter Games in Pyongyang, Korea.

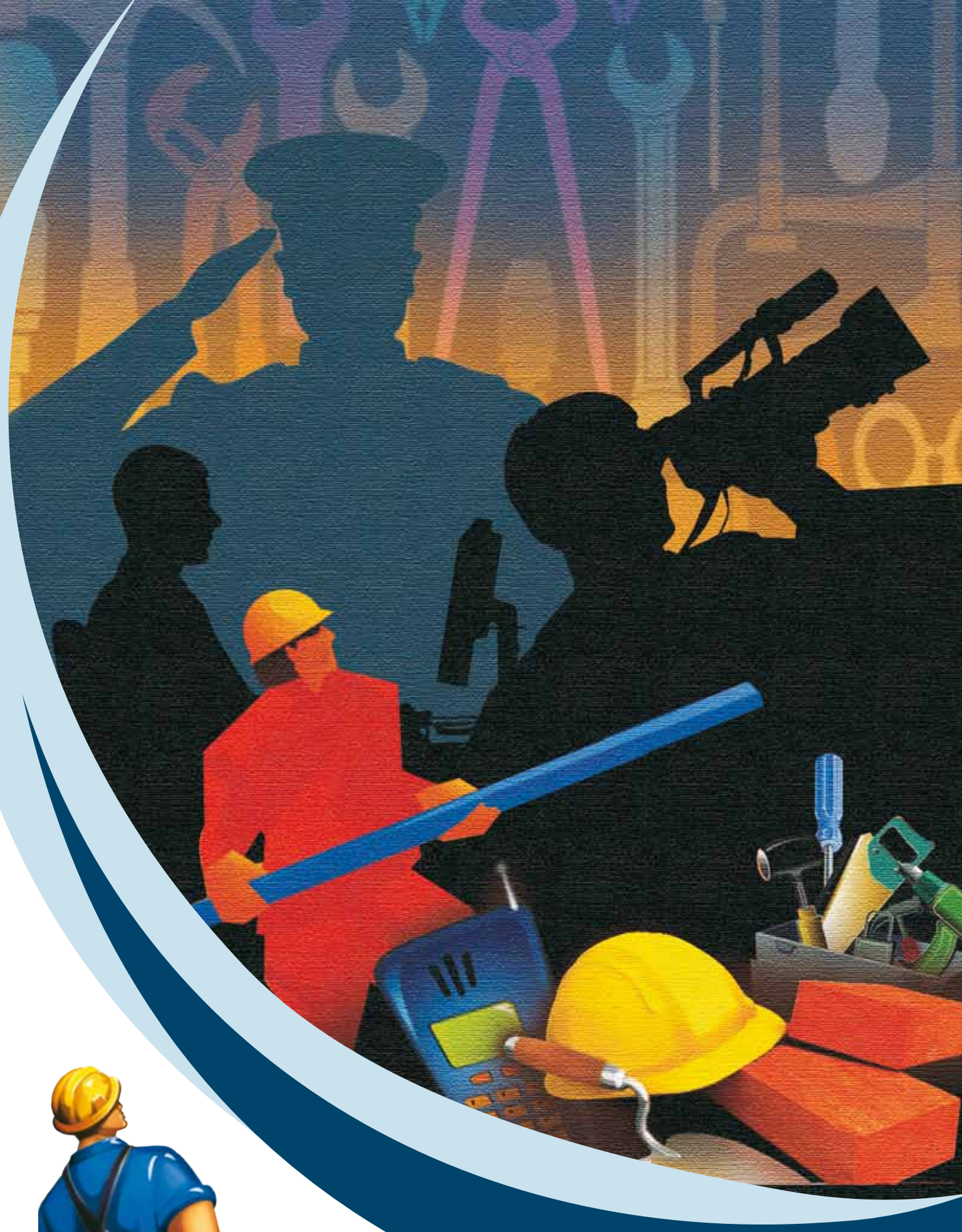
AMK, the school run for special children by the Ambuja Cement Foundation at Ropar, Punjab, provides therapy, training and the opportunity to get rehabilitated into the mainstream. The 'disabled' and 'handicapped' labels have been hard to struggle against. But the stories of these children demonstrate that they have amazing determination to overcome their disabilities and reach for the stars. In the process they have become stars in another firmament, standing tall beside the Chief Minister of the State as iconic symbols of the **I CAN.** spirit.



Sustaining the Vision

**Ambuja  
Cement**  
Annual Report 2011





They come to us

**without training** \_\_\_\_\_  
and with **no work experience.**

But they have **Stars in their eyes.**  
\_\_\_\_\_ For us, that is **good enough!**

Nearly 50% of India's population is below 25, and the majority live in rural areas. They represent vast potential and a demographic dividend waiting to be tapped.

The Ambuja Cement Foundation (ACF) has done pioneering work in this area through SEDI- the Skill & Entrepreneurial Development Institute which reaches out to young people desperately seeking a means of livelihood.

At SEDI, the focus is on providing skill sets that will open avenues for jobs or self-employment. In other words, turning learning into earning and self-doubt into self-reliance.

Teams from SEDI go from village to village, providing information on courses that can directly lead to income generation. From training in computers to repairing of mobile phones, mason training, plumbing, tailoring to videography and beauty culture - each course is selected for its earning potential.

During one SEDI session, Anwar from Jaitarn in the Pali district of Rajasthan heard about a course for security guards. He was a school drop-out, working as a labourer to support his family. In spite of putting in long and grueling hours, all he could manage to earn was Rs. 1200 to Rs. 1500 a month. Anwar enrolled in the course and got a job at a decent salary of Rs. 8300 a month. People like him become an inspiration for many who otherwise see nothing but a bleak future ahead.

ACF runs 13 Skill Training Institutes across locations, offering training in many different technical trades. Every year, more than 70% of the students get jobs or take up self-employed vocations.

Taking the 'I' out of learning and infusing it with the **I CAN.** spirit has indeed enabled many young people to take a new course that can completely change the course of their lives.



Sustaining the Vision

**Ambuja  
Cement**  
Annual Report 2011



# DIRECTORS' REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS

Dear Members,

We are pleased to present the Annual Report of the Company for the year 2011.

## 1. TWENTY FIVE EVENTFUL YEARS

The year 2011 is a year of great significance to the Company as it records completion of 25 years of operations. In October 1986, the first cement bag rolled out from the packer belt to the truck. The journey of 25 years has been very satisfying and full of pride. The Company has grown from 0.7 million tonne Cement Grinding capacity to 27.35 million tonnes. The net worth of the Company has multiplied from Rs. 17 crores to over Rs. 8000 crores and the market capitalisation from Rs. 18 crores to around Rs. 27500 crores during this period of 25 years. A salute to the visionary, dedicated and committed team who have made this happen!

## 2. YEAR 2011: SUSTENANCE IN TURBULENT TIMES

### *Indian economy facing short term headwinds*

India has had a strong economic growth in the past averaging 8.0% during 2007-2011 on the back of a high domestic savings and investment rates (both above 30% of GDP), favourable demographic trends, strengthening corporate competitiveness and increased infrastructure. While these structural factors are unlikely to change in the long-run, we do see a slowdown in the near-term growth.

GDP, after a healthy growth of 7.7% during Apr-Jun 2011 period, fell sharply to 6.9% in the subsequent July - Sept 2011 quarter due to high inflation, lower rate of growth of manufacturing, slower growth in government spending, and an uncertain global outlook especially the Euro zone concerns.

Industrial growth took the biggest hit, mainly due to poor performance of manufacturing and mining sector. Services sector growth moderated too, but remained above 9%. On the demand-side, total business spending on fixed assets and capital formation contracted due to high interest rates and policy log-jam.

Inflation during the year continued to remain high. In addition, the recent sharp depreciation in rupee of around 14% further increased the imported component of inflation. Domestic fuel price hikes, which are expected to continue, are likely to exert additional upward pressures on overall inflation numbers. The RBI with its continuous efforts and tight monetary policy, managed to arrest inflation at an average of 9% for 2011. Overall, the GDP is most likely to grow at around 7% for 2011-12.

While challenges do remain, it is encouraging that the reform agenda is moving in the right direction and the Company, on the back of sustainable economic growth, would be well positioned to attain a high growth trajectory.

### **Cement Industry**

Year 2011 began with an expectation of brighter outlook & double digit growth for the Indian cement industry but this could not be realised due to slow pace of housing / infrastructure development and global

slowdown. Demand trends in first half of 2011 remained below expectations. Channel checks suggest that the construction activity picked up in many pockets of the country during the second half of 2011. Overall cement industry grew by 6% on year on year basis for entire 2011. Export market continued its slowdown, mostly due to global macro economic slowdown.

On the supply side, the pace of capacity additions has slowed down in 2011, though overcapacity is still a major concern for the industry. The lower than expected demand growth resulted in lower capacity utilisation in the industry.

On the cost front, India's cement industry suffered early setbacks in February 2011 in the form of coal price hikes by over 30% by Coal India Ltd., the largest domestic supplier of coal to cement plants. The alternative of importing coal also turned costlier with the sharp depreciation of the rupee against the dollar. Consistently high inflation further added to the input cost, distribution costs and overhead cost increase. Industry margins were also impacted adversely due to 2% hike in excise duty announced in the Union Budget 2011-12.

Despite all the odds and challenges, the Company with its inherent potentials and strong financials has maintained its market position.

## 3. FINANCIAL RESULTS 2011

### *At a glance (Stand alone results):*

- **Cement production** increased by 4% to reach 20.97 million tonnes from 20.13 million tonnes. Clinker production increased to 14.70 million tonnes with a modest growth of 4.7% over 14.05 million tonnes in the year 2010.
- **Cement Sales volume** growth remained sluggish at 4.5% to reach 20.91 million tonnes from 20.00 million tonnes. Clinker sale (including exports) was up by 58% at 0.54 million tonne from 0.34 million tonne. Total cement exports were down by 27% to 0.37 million tonne. Thus, total volume increased from 20.34 million tonnes to 21.45 million tonnes, i.e. an increase of 5.45%.
- **Net sales** were 15% higher, at Rs. 8515 crores partly due to increased volumes and partly due to improved realisation. Average sales realisation improved by around 10%, to Rs. 3960 per tonne versus Rs. 3600 per tonne in 2010.
- **Total operating costs** in 2011 increased by 18% over that of year 2010.
- **EBITDA** improved by 2.23%, at Rs. 1994 crores vis-à-vis Rs. 1951 crores in the year 2010.
- **Net Profit** ended up lower by 2.75% at Rs. 1229 crores against Rs. 1264 crores during the previous year, due to higher tax incidence.

|                                                      | Standalone                 |                             | Consolidated               |                             |
|------------------------------------------------------|----------------------------|-----------------------------|----------------------------|-----------------------------|
|                                                      | Current Year<br>31.12.2011 | Previous Year<br>31.12.2010 | Current Year<br>31.12.2011 | Previous Year<br>31.12.2010 |
| Sales (net of excise duty)                           | 8514.52                    | 7390.21                     | 8531.23                    | 7390.21                     |
| Profit before interest and Depreciation              | 2224.90                    | 2071.22                     | 2225.14                    | 2070.60                     |
| Less: Interest                                       | 52.63                      | 48.69                       | 53.48                      | 48.69                       |
| Gross profit                                         | 2172.27                    | 2022.53                     | 2171.66                    | 2021.91                     |
| Less: Depreciation                                   | 445.15                     | 387.19                      | 446.17                     | 387.21                      |
| Profit before Tax and Exceptional Items              | 1727.12                    | 1635.34                     | 1725.49                    | 1634.70                     |
| Add: Exceptional Items                               | (24.25)                    | 26.53                       | (24.25)                    | 26.53                       |
| Profit before Tax                                    | 1702.87                    | 1661.87                     | 1701.24                    | 1661.23                     |
| Less: Provision for Tax                              | 474.01                     | 398.26                      | 473.75                     | 398.26                      |
| Profit after Tax but before Minority Interest        | 1228.86                    | 1263.61                     | 1227.49                    | 1262.97                     |
| Less: Minority Interest                              | -                          | -                           | (0.25)                     | -                           |
| <b>Net Profit after Tax</b>                          | <b>1228.86</b>             | 1263.61                     | <b>1227.74</b>             | 1262.97                     |
| Add: Balance brought forward from previous year      | 325.35                     | 349.23                      | 640.44                     | 664.96                      |
| Profit available for appropriation                   | 1554.21                    | 1612.84                     | 1868.18                    | 1927.93                     |
| <b>Appropriations:</b>                               |                            |                             |                            |                             |
| Debenture Redemption Reserve (Net)                   | -                          | 25.00                       | -                          | 25.00                       |
| General Reserve                                      | 700.00                     | 850.00                      | 700.00                     | 850.00                      |
| Provision for Dividend Distribution Tax written back | 0.83                       | 0.71                        | 0.83                       | 0.71                        |
| Dividend on Equity Shares (including interim)        | 490.69                     | 397.22                      | 490.69                     | 397.22                      |
| Corporate Dividend Tax                               | 79.60                      | 65.98                       | 79.60                      | 65.98                       |
| <b>Total Appropriations</b>                          | <b>1269.46</b>             | 1287.49                     | <b>1269.46</b>             | 1287.49                     |
| Balance carried forward to Balance Sheet             | 284.75                     | 325.35                      | 598.72                     | 640.44                      |
|                                                      | 1554.21                    | 1612.84                     | 1868.18                    | 1927.93                     |

#### 4. DIVIDEND

The Company has paid an interim dividend of 70 % (Rs. 1.40 per share) during the year. The directors are pleased to recommend a final dividend of 90% (Rs. 1.80 per share). Thus the aggregate dividend for the year 2011 works out to 160% (Rs. 3.20 per share) and the total payout will be Rs. 570.29 crores, including dividend distribution tax of Rs. 79.60 crores. This represents a payout ratio of 46%.

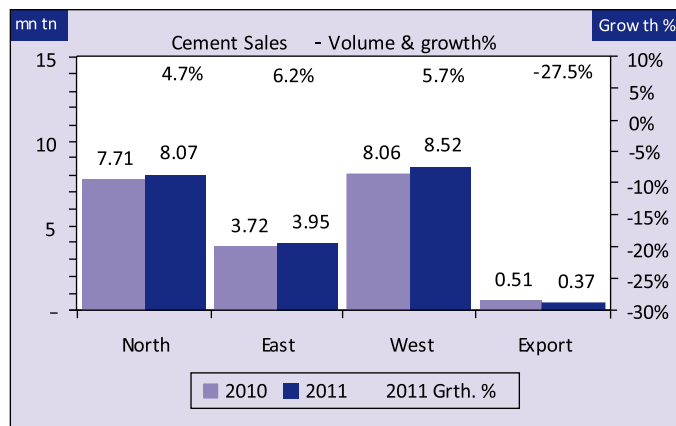
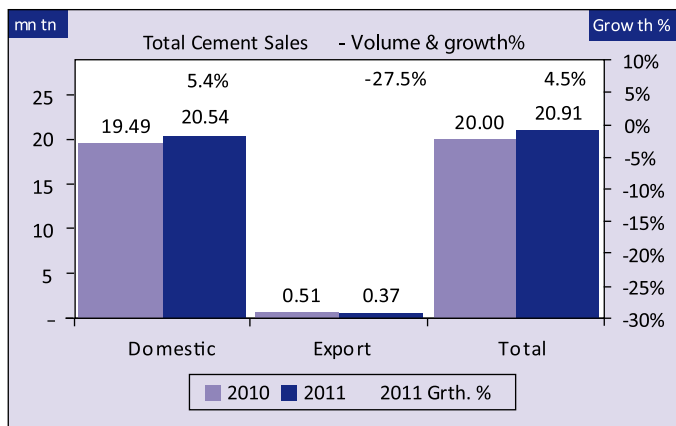
#### 5. MARKET DEVELOPMENTS

India's cement industry witnessed subdued demand growth of 6% in 2011, growing at par with 2010 growth level. Weak demand in various key cement consuming markets was primarily on account of lower infrastructure spending by the government, slowdown in the realty sector due to high interest rates, an extended monsoon and non-availability of railway wagons in some clusters.

Against this, the Company's domestic cement sales grew by 5.4% to 20.54 million tonnes as compared to 19.49 million tonnes achieved in 2010. Total cement sales (including exports) increased by 4.5% on YoY basis to 20.91 million tonnes as compared to 20.00 million tonnes achieved in 2010. The Company's clinker sales grew by 58% on YoY basis to 0.54 million tonne as compared to 0.34 million tonne achieved in 2010.

The Company has maintained its market share of around 9.5 % on pan-India basis, despite the prevalent challenging environment.

The region wise sales volume / growth figures are given below in the graph.



In the North region, domestic cement sales of the Company grew by 4.7% to 8.07 million tonnes as compared to 7.71 million tonnes achieved in 2010. Clinker sales during the year 2011 were 0.12 million tonne.

In the East region, our Company sold 3.95 million tonnes in domestic market, higher than 3.72 million tonnes in 2010 by 6.2%. Clinker sales growth was at 39%, i.e. from 0.30 million tonne in 2010 to 0.42 million tonne in 2011.

In the West / South region, Company's domestic cement sales grew by 5.7% to 8.52 million tonnes as compared to 8.06 million tonnes achieved in 2010.

Cement exports declined by 27.5% to 0.37 million tonne in 2011 as compared to 0.51 million tonne achieved in 2010.

The Company has built a large network of over 7,800 dealers and 25,000 retailers across 24 states in India. Its reach and penetration helps the Company to manage the last mile connectivity across our markets and gives us a strong position in our core rural and semi-urban 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 the Company 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. This has enhanced our capability to face the stiff competition resulting from a scenario of substantial oversupply.

The Company's network of port, bulk terminals and bulk cement ships on the West coast has supported a sustainable strong market position in Mumbai, Surat and Cochin. Mangalore Bulk Cement Terminal would further strengthen this position from third quarter of 2012, when it is expected to commence its commercial operations.

## 6. COST DEVELOPMENTS

Most of the costs moved up in line with prevailing stubborn inflation and hike in taxes. Demand constraints in some regions and consequent excessive inventory build-up during third quarter forced the Company to take

measures which resulted in lower plant utilisation at an average of 78% vis-a-vis previous year's average of 80%. New plants, Nalagarh and Dadri, are still in the process of achieving full capacity potential.

### Major cost movements:

i) Cost of **major raw materials**, namely, Fly ash and Gypsum increased by 11% and 20% respectively on per tonne basis on the back of costlier transportation and excise burden on Fly Ash which was introduced in the Union Budget 2011. Overall raw material costs reduced marginally compared to the previous year, mainly on account of substituting own produced clinker for purchased clinker. Clinker purchase in the year 2011 was negligible at around 0.04 million tonne, mainly to meet some exigencies.

ii) **Power and Fuel costs** continued its upward trend in 2011 with 18% increase in terms of absolute costs over last year.

**Coal costs** for kiln use and power plant increased 23% and 9% respectively on average basis over year 2010. This increase is even more, if considered at year end prevailing rates which are as high as 30% YoY in some cases. Non-availability of linkage coal commensurate with increase in production capacity, inordinate delay in conversion of allotted linkages into Fuel Supply Agreements (FSA) and deteriorating local coal quality has necessitated increasing reliance on higher quality but expensive imported coal. Recent depreciation in Indian currency made imported coal further costlier.

**Grid power cost** also increased 14% per kwh year on year. More of power requirements were met from grid power in view of relatively costlier coal based power, resulting in 62% increase in variable portion of grid power costs over that of year 2010 in absolute terms. Captive power generation supported only around 70% of total power requirements of the Company in 2011 as against close to 80% in 2010.

iii) **Freight forwarding costs** put additional burden of 20% in absolute terms over year 2010.

Average lead distance increased in view of the fact that we expanded to new markets while diesel prices pushed per tonne freight cost by close to 10%.

- iv) **Railway freight cost** moved up due to hike in development surcharge from 2% to 5% and 'busy season rail load' from 7% to 10%, both from mid October 2011.
- v) **Packing material cost** went up during 2011, as heavier and better quality bags were introduced to meet market expectations coupled with increase in PP granule prices in line with oil price increase.

#### **Cost mitigation/ Efficiency improvement measures:**

- i) The Company continued to focus on production of fly ash based PPC and maintained an average blending ratio of approximately 1.43.
- ii) The Company has taken up ambitious project named 'Geo20' in collaboration with Holcim to substitute costlier traditional fossil fuels by Alternative Fuels (AF) to support cost cutting measures besides being environment friendly. In the year 2011, the Company met higher thermal energy requirements from AF than in year 2010, i.e. 0.59% in 2011 against only 0.13%. This, coupled with continuous efficiency improvement in utilisation of fuels resulted in improved energy consumption with average consumption rate reducing from 750 kcal per kg in 2010 to 739 kcal per kg in 2011.
- iii) To address the problem of costlier but still inferior quality gypsum, coupled with dwindling supplies, the Company took up a project of manufacturing 'Synthetic Gypsum' at its Rabriyawas Plant in Rajasthan which promises cheaper, high purity and environment friendly Synthetic Gypsum.
- iv) A new shorter sea route to BCT Surat, the Dumas Channel, was explored for sea transportation for effective savings in coastal freight.

## **7. EXPANSION PROJECTS & NEW INVESTMENTS**

The Company has taken up several projects to maintain its market position in the industry besides focusing on various other efficiency improvements & pro-environment efforts.

#### **Capacity expansion projects:**

##### **i) Northern Region:**

Capacities added in the year 2010 were in optimisation stages and no new capacities came up in the region.

Manufacturing Process Review (MPR), conducted by Holcim, recommended capital expenditure to improve efficiency and remove capacity related bottlenecks. One such project is currently under progress at Rabriyawas plant. On its completion by the end of first quarter of 2012, clinker production capacity at Rabriyawas plant would increase to 2.01 million tonnes from current 1.86 million tonnes.

Bhatinda grinding unit in Punjab has been consistently producing higher than its declared installed capacity, thus, the same has been

increased by 0.1 million tonne to reach at 0.6 million tonne.

##### **ii) Eastern Region:**

A new cement mill started commercial production during the year at a cost of approx Rs. 185 crores at Bhatapara plant in the third quarter. This mill has a cement grinding capacity of 1.1 million tonnes.

Farraka grinding unit in West Bengal has been consistently producing higher than its declared installed capacity, thus, the same has been revised upwards by 0.25 million tonne to reach at 1.25 million tonnes.

##### **iii) West & South Region:**

A new cement mill of 0.9 million tonne cement grinding capacity was commissioned at Maratha Cement Works plant during second quarter of year 2011 at a cost of approx Rs. 61 crores.

In Kutch, Gujarat, a 7.5 MW Wind Mill project was commissioned at a cost of Rs. 46 crores. This marks the first foray of the Company into renewable energy sources in line with its commitment towards cleaner environment.

With the above additions, the Company has achieved cement grinding capacity of 27.35 million tonnes as at 31st December 2011.

#### **Efficiency improvement measures:**

- i) **Waste Heat Recovery System (WHRS)** project has been taken up at a cost of Rs. 35 crores at Rabriyawas to bring **efficiency in fuel utilisation** & optimise power costs.
- ii) In order to **develop logistics capability**, while one of the railway siding projects at Bhatinda is progressing as per schedule and is expected to complete shortly, other projects are also in an advanced stage of planning, land acquisition or execution.
- iii) To further strengthen cost effective **coastal transportation**, pioneered in India by the Company, two new ships named Ambuja Rohini and Ambuja Mukund have been added to its existing fleet of 8 ships in year 2011. With these additions, the total fleet carrying capacity has reached close to 32000 DWT, i.e. 2.8 million tonnes of cement.

#### **Upcoming capacities & investments:**

- i) To expand our footprints in southern markets of India, a **new Bulk Cement Terminal (BCT)** is under construction at Mangalore and is expected to commence operations in the third quarter of 2012.
- ii) A new **brown field expansion** project has been initiated at Sankrail Grinding Unit in the Eastern region comprising of a roller press and related logistics. This would add 0.8 million tonne grinding capacity to the unit.
- iii) An agreement was signed with the Rajasthan State Industrial Development and Investment Corporation in October 2010 to set up a 2.2 million tonnes **clinkerisation unit in Nagaur district**. Feasibility Study of the project is completed and environmental

clearance has been obtained. Technical offers for Plant & Machinery have been received and are being evaluated. Project Execution would start once mining land is acquired which is in progress. The Company is also under process of tying up water sources required for construction and operations.

- iv) The Company along with IST Steel & Power Ltd. (IST) and Lafarge India Pvt. Ltd. (Lafarge) were allotted a coal block in the State of Maharashtra by the Ministry of Coal for captive mining to meet the coal requirements. The Company has formed a Joint Venture company with IST & Lafarge and holds 27.27% of shareholding in it. The JV Company is in the process of obtaining various statutory clearances such as mining lease, environmental clearance, forest clearance etc. The opening of the mine and coal production is expected to commence from the first quarter of the year 2015. The estimated cost of the project is Rs. 350 crores in which the Company's share will be about Rs. 95 crores.

Around Rs. 1800 crores worth of capital expenditure is planned during the years 2012 & 2013. The entire plan is proposed to be financed by internal accruals.

#### **New Investments & initiatives:**

- i) Strategic investments were made in Dang Cement Industries Pvt. Ltd, Nepal (85% shareholding for Rs. 19.13 crores) to help further expansion of capacity in the northern region of India and Nepal.
- ii) Investments were made in Dirk India Pvt. Ltd., Maharashtra (60% shareholding for Rs. 16.51 crores), facility to manufacture superfine fly ash, with a view to support our future fly ash requirements.
- iii) A joint venture was entered into during the year for speciality cement manufacturing facility in Goa with Counto Microfine Products Pvt. Ltd. (50% shareholding for Rs. 10 crores).

## **8. OUTLOOK**

### **Economic revival much awaited**

Economic outlook for the years to come is expected to remain modest, with growth being slightly higher than during this year. It is widely believed that the real GDP would grow at an annual average of around 7% in the medium term on the backdrop of India's strong growth fundamentals. Factors such as high saving and investment rates, a rapid labour force growth, infrastructure development and an ever expanding middle class all promise a return to a steadier economic scenario.

Efforts to push structural economic and significant financial reforms may get delayed due to a shift in government's focus, which is to tackle immediate problems like high inflation. The Reserve Bank of India has put in immense efforts to tame the 9% plus inflation, which is now beginning to show results and is expected to come down to 6-7% in the medium term.

The concept of inclusive growth is expected to remain central to the economic policies, as well as for the stabilisation of the public finances. Fiscal slippages during 2011-12 may complicate the task of aggregate demand

management. Fiscal reforms, including the Direct Tax Code and the Goods and Services Tax are, therefore, needed to contain deficits.

The Planning Commission's 12<sup>th</sup> Five Year Plan document states that the two segments that are most important to India's construction activity are infrastructure and housing, and since the Infrastructure spending is expected to go up to around 9% of GDP or approx. US\$ One Trillion for the plan period, this should translate into a double digit growth of the demand segment. Housing and construction activities are expected to grow at over 8% over the next few years. Overall, demand is set to continue the growth trajectory seen over the last years at a robust pace of 8-9% per annum in the medium term.

Two events influencing the near term economy and markets would be the upcoming state elections and FY 2012-13 Union Budget in March 2012. Elections would determine the shape of policy decisions while Budget document would clarify fiscal measures of the Government in the area of fiscal consolidation, revenue raising, subsidy containment, structural reforms, particularly in the infrastructure/ agriculture space, etc.

### **Growth prospects for Cement Industry**

Cement demand emanates from four key segments namely: Housing, which accounts for 67% of cement demand, Infrastructure – 13%, Commercial Construction – 11% and industrial – 9%. Residential cement demand in the years to come will be driven by 5 key factors – Increase in per capita income, nucleus family, urbanization rate, change in population growth, and Government stimulus to various rural and affordable housing schemes, whereas the commercial demand will be driven by an increase in industrial, retail and office segments.

Long-term growth prospects for cement demand are favourable riding on the back of strong economic growth fundamentals and the impetus provided to the housing and infrastructure construction activities in the 12th Five-Year Plan period (2012-17).

Rising input costs, particularly energy, raw material and distribution, will remain a key challenge for the cement industry. Cost escalation is being mitigated through measures such as increased use of alternative fuels and higher production of blended cement. The Company will continuously strive to improve its solid operational platform to manage cost pushes, remain competitive and create value-addition for stakeholders with a long-term perspective.

## **9. RISKS AND AREAS OF CONCERN**

### **Energy Costs**

Securing energy resources, primarily coal, remains critical in view of availability *per se*, quality and substantial cost impact. Besides substantial increase in coal prices subsequent to adoption of Gross Calorific Value based pricing model by the largest domestic coal supplier, availability of linkage coal remains an important cost driver, and every effort is being made to maximise the quantity of linkage coal supplied. Development of our allocated captive coal block is progressing, but will still take



some time before it is operational. Further opportunities to acquire captive fuel sources are continually being explored.

From a longer term perspective, it is important to continue developing alternative fuels (AF) sources, in particular industrial and agricultural waste materials. The Company has taken up projects like Geo20 to increase usage of alternative fuels, Waste Heat Recovery (WHR) systems to improve fuel utilisation efficiency, etc. to mitigate the fuel associated risks. Renewable energy sources for power, such as wind and hydro, are also becoming increasingly important considering the increasing cost of Traditional Energy cost as well as to fulfil the Renewal Power Obligation (RPO) recently imposed by many States across India. The Company recently commissioned its first wind power project in Gujarat.

#### **Logistics Infrastructure**

Availability of adequate logistics infrastructure is just as critical for future success as building clinker and cement plants. Implementation of the ambitious plans for public road and highway construction, expansion of rail networks and rolling stock, port improvements, etc. will be vital to ensure cost efficient as well as safe movement of materials between cement plants, customers, and suppliers. Shortage of rail wagons is a common problem causing bottlenecks in the supply chain. The Company has taken steps to address this problem by investing in several projects to improve its own logistics infrastructure, in particular rail connectivity at plant locations.

#### **Land Acquisition, Rehabilitation and Resettlement Bill, 2011**

The proposed Land Acquisition Bill, in its present form, though well intentioned but is feared to be non conducive to economic growth and heavily loaded in favour of land owners. Provisions mandating payment of compensation as high as four times the highest amount of registered sale in the area in last three years would increase cost of setting up the industrial establishments, infrastructural projects and townships. Instead of allowing free market dynamism such as competitive land auction, it attaches an arbitrary mark-up to the historical market price to determine compensation amounts, along with its numerous entitlements to potentially unlimited number of claimants.

Potentially retarding effect of this Bill on housing sector development and industrial/ infrastructural development is a cause of concern for cement industry in general. The Company is in the process of acquiring mining/plant land at various locations and is experiencing hurdles.

#### **Taxation / Administrative burden**

As expected, the rollback of stimulus package continued in 2011 budget also including introduction of excise duty on Coal & Fly Ash, which are our major raw materials which had substantial negative impact on Cement Industry.

Further roll-back of stimulus measures could prove damaging for the industry during what already promises to be a challenging period. The implementation of GST & Direct Tax Code (DTC), which was expected to be introduced in 2012, most likely will happen only in 2013, This should bring much needed simplification making it

easier to do business, as well as a reduction in the overall administrative burden on the Cement Industry.

## **10. HUMAN RESOURCES**

### ***Developing Human Capital – An Ongoing Journey***

Talent development remained a key focus during the year. Well structured HR Systems were used for talent identification, development and retention. Alignment between individual aspirations and organization objectives has given shape to several initiatives like leadership forums, breakthrough projects, individual coaching and development councils. The organization continues to strive for developing home- grown leaders to support its growth and maintain its competitiveness and leadership in the industry. Systematic identification of successors to key positions has enabled a proper succession plan with their respective development plans in place.

To ensure a continuous leadership talent pipeline, leadership training starts early in career. The learning culture in the Company is a direct consequence of our philosophy of "I Can" and people always look forward to different kinds of functional, technical and soft skills trainings. Apart from the regular trainings, customized trainings are conducted to address specific development requirements of target groups. New initiatives, international exposure through specialized training and development programs, expansions and improved systems provide ample opportunities for employee development. Additionally, short-term overseas assignments & projects have provided tremendous learning & motivation to employees and proved to be excellent learning avenues.

Recognizing employee engagement as a critical element for Company's growth, the executive management drives, supports and periodically reviews the structured initiatives to enhance engagement. The engagement interventions ranges from a small team level up to the organization level including all plants & field employees, thus addressing all organizational issues from a local to an enterprise level. The Company continuously reviews its employee policies and systems to make them more progressive and employee friendly.

## **11. SUSTAINABILITY & ENVIRONMENT**

### ***Sustainability – Our way of Life***

This year has seen propitious implementation of initiatives and projects formulated in the previous year. In pursuant to our recent initiatives in the Corporate Sustainability, we now have an overarching "Sustainability Policy" for the organisation to supersede the earlier 'Sustainability Mission' statement. This policy is formed to embed "Sustainability" as our way of life. To achieve this objective, we have laid down some area specific policies or redefined the existing ones as sub-set of the overarching Sustainability Policy viz. "Environment Policy", "Corporate Social Responsibility Policy", "Climate Change Mitigation Policy" and "Green Procurement Policy".

In order to remain focussed, we have worked on the strategy and framework during the year with a top down approach. At both, the Corporate and Unit level, Sustainability Steering Committees have been constituted to assess, plan, act and monitor the sustainability initiatives.

Company's near term focus among others is on carbon neutrality, water neutrality, use of alternative fuel, renewable energy, bio-mass etc. We have participated in the Global Programme of Clean Development Mechanism (CDM) and our first project of the use of bio mass for power generation at Ropar plant earned 17,727 CERs (Certified Emission Reduction) which could earn us Rs. 1.60 crores. We are currently working on other CDM projects such as Blended Cement projects, Smokeless Chulha in Community around our plants, Waste Heat Recovery Project.

Our efforts on water management have made us proud of becoming water-positive in the year 2011. More details on water management are given in the later part of this report.

We released our fourth Corporate Sustainable Development Report. The report, in addition to be in line with Global Reporting Initiative (GRI) G3 guidelines was with A+ Level of reporting, having been "Assured" by an independent certifying agency.

Stepping up our efforts in the area of renewable energy, we installed our first wind mill of 7.5 MW at Kutch (Gujarat). Plans have been drawn for the Renewable Energy Portfolio till 2020, including Wind, Solar and Small Hydel projects.

The Company is a member of World Business Council for Sustainable Development (WBCSD) and is currently monitoring and reporting CO<sub>2</sub> emissions as per the WBCSD Cement Sustainability Initiative (CSI) protocol. The Company is also a part of the CSI - Working group on CO<sub>2</sub> mitigation and is working on a low Carbon Technology Road Map.

We are constantly reorienting our efforts to meet the goals we have set up for ourselves in the spheres of sustainability.

### **Proactive Environment Management**

The Company is the first cement manufacturer to have proactively installed Continuous Emission Monitoring Systems (CEMS) at all the nine kiln stacks for online monitoring of all vital pollution parameters. In addition, Continuous Ambient Air Quality Monitoring Systems are being installed at all the plants.

The Rabriyawas plant has set up Synthetic Gypsum producing unit with a capacity of 500 tonnes per day so as to conserve natural gypsum, which is a limited natural resource.

It is heartening to report that the Company's Darlaghat plant was showcased in the weekly Environmental Series broadcasted, jointly by the Central Pollution Control Board and Doordarshan. This program was focussed on the cement industry with reference to pollution control awareness and the systems installed. This was in recognition to our commitment and performance with regard to pollution control.

As in the previous years, this year too, we participated in Carbon Disclosure Project and shared our Carbon Emissions as per CSI Protocols.

### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

Building one of India's top cement companies in a sustainable and responsible way is ingrained in our ethos. The Company has since inception believed that

enhancing ecological and social capital around us is as important as the business per se for sustained growth. Consequently, we have continued to invest in community development and in building the resources and people around our manufacturing as well as future expansion sites. With a continuing scenario where the fruits of development do not adequately reach rural India, we believe that this investment enables us to create value, harmoniously coexist with our neighbouring communities and attain our larger goal of inclusive growth and sustainability. We are pleased to see our concern for society and sincere efforts translate into a noticeable change in the quality of life for our neighbours. The Company reaches out to communities in 21 locations, across 12 states in India through its dedicated community development arm called **Ambuja Cement Foundation (ACF)**.

The Company's CSR policy focuses on various development issues facing the community while addressing business needs. ACF implements various community development interventions and stakeholder engagement programs designed to strengthen relations, build trust with communities, and create positive changes in the lives of many. Our association and partnerships with various local, state and international government and non-government agencies ensure that our programs enjoy a wider support on the ground.

### **Community Development**

With **agriculture** being the primary occupation of people around our plants, our focused agro-based livelihood program supports farming communities to strengthen and enhance their livelihoods. ACF has been successfully working on building capacities of farmers in areas such as organic farming, growing 'better cotton', mushroom cultivation, honey collection and system of rice intensification; focussing on scientific and recommended agricultural practices. In some areas, seed production has been promoted, giving farmers a much better return as compared with conventional farming on their lands.

ACF began participating in the Better Cotton Initiative, a global initiative to make cotton production better for producers and the environment. The project has already reached out to about 4000 farmers. ACF is currently an implementing partner in this global alliance and has plans to scale up the program to reach out to more than 15000 farmers by the year 2015-16. The results from the first year have shown that farmers have reduced the use of pesticides and fertilisers by 26% and 20% respectively as compared to the base line year.

ACF has also focussed on significant secondary sources of livelihoods, namely, animal husbandry and dairy farming. Its aspects include breed improvement and cattle healthcare. An innovative model of para-vet has been initiated in Darlaghat by training village women in primary care and breeding of cattle. Called 'Pashu Swasthya Sevikas', these trained women are able to provide veterinary services right in the villages, a benefit that has untold impact, given the hilly terrain of the Himalayan country-side. The integrated cattle feeding and drinking system introduced by ACF is also gaining popularity.

An important livelihood generation program for youth is



the ACF run **Skill and Entrepreneurship Development Institutes (SEDI)**. With a large working age population but often with minimal levels of education in our neighbourhood, ACF decided to focus adequate efforts on the issue of skill training. This is expected to benefit our local communities as also the nation in general which is concerned with the existing gap between required and available skills. With 13 centers, SEDIs reach out to rural youths who are marginally educated, and have limited options for livelihood. SEDIs train youth in employable skills through short-term but intensive programs. Till date, SEDIs have trained more than 5000 trainees in 30 different trades. Many of these courses are affiliated either with the National Council of Vocational Training (NCVT); the State Council of Vocational Training and the Modular Employment Scheme of the Central Government. Basic computers, spoken English and other soft skills are compulsory components of all training programmes conducted in SEDI.

To ensure that the training programs at SEDI translate into gainful employment for those who undergo training, trades have been chosen after analysing the local demands for skills and maintaining market and industry linkages. We have also entered into partnerships with a few Companies and designed the training curriculum with them, to suit their specific industry demands.

ACF's **Mason Training** program initiated in Dahod, Gujarat is an exemplary collaboration between the Company, ACF and the Tribal Development Department, Government of Gujarat. The training module follows a mobile approach, reaching out to the migrating tribal population of Dahod, enhancing their skills for improved livelihood opportunities. The training includes life-skill components, leading to increased literacy and greater awareness on social issues and safety measures among the trainees. The program has trained over a 1000 trainees till date, and has a placement rate of 81%.

**Water resource management** is one of our key programs in Gujarat and Rabriyawas. In Gujarat, we have established partnerships with the Government of Gujarat to implement various programs in our areas of operation. ACF tied up with the State Government's water management program, and promoted micro irrigation system among farmers in our operational areas. This resulted in greater awareness among farmers about the benefits of micro irrigation system, and they have begun adopting it for all major crops. In 2011, ACF continued to support micro irrigation, potentially saving large quantity of water when compared to conventional methods of irrigation. ACF plans to scale this up further to a level which would give benefit of scale in terms of reduction in water usage in agriculture.

In Rajasthan, ACF's approach includes revival of traditional water harvesting systems like *khadins*, innovations like sub-dykes, and promoting roof rain water harvesting systems. These methods have had an impact on the irrigation potential; increased the area under cultivation; and addressed the issue of access to drinking water at the household level.

Continued community water management programs undertaken by the foundation contributed significantly for

Ambuja Cement receiving the '**Water Positive**' **Assurance Statement** from a third party global certifier, DNV (Det Norsk Veritas AS). Although our water initiatives are in practice for long, for the first time a third party data assessment and verification exercise was completed covering all our facilities for the calendar year 2011. Total harvesting and recharge (credit) is about two times (16860 million liters) the Company's water consumption or debit (8389 million liters). We will continue our efforts for giving back to nature and society by increasing water credits through conservation, water harvesting and recharge.

In continuation with our focus on the global issue of water sustainability, and our belief that there is a need to share experiences and knowledge among relevant stakeholders, ACF organised a two-day conference on "Water Resources Management for Rajasthan". ACF leveraged its network of different stakeholders – NGOs, relevant government departments, corporate houses and community practitioners to highlight the best practices and create networks to deliberate on possible solutions and partnerships.

As the Company gears up to evaluate its water foot print, ACF has been mapping the results of water harvesting programs across all locations for certification. A detailed impact study on ACF's land and water-based intervention programs for coastal Gujarat and Western Rajasthan was conducted by the Institute of Resources Analysis and Policy, Hyderabad, revealing the economic impact on the lives of farmers due to water management projects supported by the Company.

Our **health projects** focus on addressing basic health care issues but have gradually evolved into a comprehensive program providing essential clinical, preventive and promotive healthcare, and working towards sustainable community health action. Sakhis (village health functionaries) have been playing a key role in spearheading the programme in the community. The process include an ongoing capacity building of Sakhis; village health & sanitation committees (VHSCs), village assemblies and Panchayats, aiming to build community ownership of the health and development action.

On one hand, the intervention is generating a community demand for timely and quality health care from the public health system, while on the other it is also strengthening the existing health system through various PPP initiatives. 'Timely health care access' is no more a dream for many villages due to the strong linkages being built with the block and the district level health system.

Based on regular community need assessments, ACF is now working on issues such as maternal and child health, water and sanitation and community nutrition, with a greater emphasis. In 2011, ACF launched a focused intervention towards complete sanitation and safe drinking water in Chandrapur, Maharashtra in partnership with UNICEF and the state government. The programme aims at bringing effective changes in the sanitation condition of 160 villages under 73 Gram Panchayats in three blocks, to make them visibly clean by the end of 2012. This process is being replicated and scaled up to other locations, to ensure clean and hygienic surroundings and thus healthy neighbourhoods around all our Company sites.

ACF also works on the issue of HIV and AIDS, reaching out to the high-risk group of truckers and migrant population around the Company's plants with a focus on HIV/ AIDS awareness and prevention.

**Ambuja Manovikas Kendra**, our school for mentally challenged children, made us proud, yet again. 4 of our children from the school were selected to represent India as part of the contingent at the World Special Olympics which were held at Greece. The joint efforts of the children, the staff at our school and their parents paid off when all our 4 students returned with 7 medals between them.

### **Stakeholder Engagement**

ACF prioritizes its activities and projects based on regular need assessment and review with the communities, thus making a meaningful difference to community development. The ACF team in each location continuously engages with community leaders, self help groups, PRI institutions and local authorities to formulate & implement various projects at the village level. Additionally, we have recently established Community Advisory Panels at our plant sites comprising representatives from the Company and the community including local stakeholders, youth, women, and local government & non-government organizations. These committees exchange ideas, share experiences and plan for the future.

The **Ambuja Volunteerism Program** launched earlier this year takes our CSR efforts one step ahead. At all locations, the Company's employees have signed up to work in projects in and around the community. Employees participated in plantation drives, painted village schools & aanganwadis, participated in the events for underprivileged & disabled children, supported health camps in the villages, etc. These processes underscore the Company's commitment to community development and meaningful engagement with stakeholders and ensured that its ethos is shared across the Company.

Project Affected People (PAP) is an important stakeholder group for the Company. Apart from ensuring just compensation for their land, the Company has also consistently focussed implementing sustainable livelihood programs for them. When the Company's Marwar Mundwa project was conceptualized in Rajasthan, we carried out a detailed **Social Impact Assessment (SIA)** as well. Subsequently, a detailed base line survey of all the PAP was conducted. To focus on livelihood, in 2011 ACF initiated several agro based and skill training programs specifically for youth from PAP families. In response to a need felt, we have now developed indicators for monitoring and evaluation, which will enable us to review the impact of various interventions periodically.

The process of administering the **Social Engagement Scorecard (SES)** in all our project sites continued this year as well. This tool enables us to review and evaluate our work directly with the communities through focus group discussions and interviews held with people. The results of the SES process this year have revealed a positive review for ACF's activities, with a rating of 75 to 100% across locations.

The Company continues to remain committed to contribute to the triple bottom line and along with its financial success, will deliver and measure its social and

ecological contribution, securing long term sustainability of our business, our society and our nation.

## **12. OCCUPATIONAL HEALTH & SAFETY (OH&S)**

### ***Towards "Zero Harm"***

OH&S is one of our core values and we are committed to strive for "Zero Harm" to our employees, contractors and visitors. We believe it is one of the most important primary criteria to become 'Most Admired' company.

As a part of structured approach, the Company has reviewed its past OH&S performance and decided to continue with its previous Objectives and Targets with addition of few more. The key focus areas were:

- 1) Increase visible leadership in OHS by the Line Management. To achieve this objective we have trained Management personnel in Managing Operational Safety, conducting Safety Observation Tours (SOT) to focus on high risk activities, sharing of OH&S leadership experience between unit heads;
- 2) No reoccurrence of fatal incidents within the organization (fatalities reported since 1st January 2008). All plants have taken steps to implement all actions from fatal incident investigation reports, implement identified Fatality Prevention Elements (FPE) and baseline assessments carried out to assess the status of implementation of FPEs at sites.
- 3) A formal OHS management system which is aligned with Holcim OHS Pyramid System and other directives has been established across the organization. Sites were assessed for implementation of the pyramid elements through external certifying agency. Implementation of the OHS Directives for Contractor Safety Management (CSM) has also been introduced.
- 4) Establishing capability & capacity for Managing OH&S in projects. The Company has prepared Project OH&S Manual and Tender Document related to projects, established risk profile for all major project related activities. Vehicle and Traffic management requirements are established at the Project Planning Stage itself. Project Performance Indicator has been established for measuring project OH&S performance.
- 5) Reduce Risk Exposure through application of Engineering Control Measures. To achieve this, each operation has established plans to reduce labour intensive activities through improved engineering designs and automation. Process safety audits are completed for all coal handling and milling system along with action plan to address audit findings. Structural integrity surveys are conducted at all the sites.
- 6) Establish risk specific and competency based trainings as per the requirement of targeted Fatality Prevention Elements and other OHS directives. The Company has also developed a training cell to develop training modules and conduct training programs.

The Company committed in its continuous efforts to reduce OH&S risks through integration of OH&S requirements with other business processes.

### 13. EMPLOYEE STOCK OPTION SCHEME

During the year, the Company has not granted any fresh stock option to its employees.

#### Change in method of valuation of ESOS 2010

During the year, the Company has retrospectively changed its method of valuation of compensation cost relating to the employee stock option 2010 from intrinsic value method to fair value method so as to align with the best globally followed practice and in line with International Financial Reporting Standards (IFRS).

This has resulted in an additional charge to the Profit & Loss Account of Rs. 33.21 crores out of which Rs. 24.25 crores pertaining to the earlier period has been disclosed as an exceptional item. Had the Company continued to use the earlier method of valuation, the profit after taxation for the year ended 31<sup>st</sup> December 2011 would have been higher by Rs. 33.21 crores.

#### Cumulative disclosure

The particulars as on 31<sup>st</sup> December, 2011 as required to be disclosed pursuant to Clause 12 of SEBI (Employees Stock Option Scheme) Guidelines 1999, in respect of past ESOS are as follows:

Cumulative position as on 31<sup>st</sup> December, 2011:

| Nature of disclosure                                                                                                                           | Particulars                                                                                               |                                                                                                                                                                                                                                    |         |                          |         |         |         |
|------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|--------------------------|---------|---------|---------|
| a. Options granted                                                                                                                             | 37776800                                                                                                  |                                                                                                                                                                                                                                    |         |                          |         |         |         |
| b. The pricing formula                                                                                                                         | 2007 to 2010                                                                                              | 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                                                                                                                              | 33456750                                                                                                  |                                                                                                                                                                                                                                    |         |                          |         |         |         |
| d. Options exercised                                                                                                                           | 14865725                                                                                                  |                                                                                                                                                                                                                                    |         |                          |         |         |         |
| 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 44041507 shares of Rs. 2 each. |                                                                                                                                                                                                                                    |         |                          |         |         |         |
| f. Options lapsed / surrendered                                                                                                                | 4320050                                                                                                   |                                                                                                                                                                                                                                    |         |                          |         |         |         |
| g. Variation of terms of option                                                                                                                | -                                                                                                         |                                                                                                                                                                                                                                    |         |                          |         |         |         |
| h. Money realised by exercise of options.                                                                                                      | Rs. 220.84 crores                                                                                         |                                                                                                                                                                                                                                    |         |                          |         |         |         |
| i. Total number of options in force                                                                                                            | 18591025                                                                                                  |                                                                                                                                                                                                                                    |         |                          |         |         |         |
| j. Details of options granted/ exercised by the Managing Director and Whole-time Directors                                                     | No. of options granted                                                                                    |                                                                                                                                                                                                                                    |         | No. of options exercised |         |         |         |
| NIL                                                                                                                                            | NIL                                                                                                       |                                                                                                                                                                                                                                    |         | NIL                      |         |         |         |
| 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. 8.00                                                                                                  |                                                                                                                                                                                                                                    |         |                          |         |         |         |
|                                                                                                                                                | 2003-04                                                                                                   | 2004-05                                                                                                                                                                                                                            | 2005-06 | 2007                     | 2008    | 2009    | 2010    |
| m. Weighted average exercise price of options                                                                                                  | 310*                                                                                                      | 443*                                                                                                                                                                                                                               | 69.60** | 113**                    | 82**    | 96**    | 119**   |
| Weighted average fair value of options                                                                                                         | 67.44*                                                                                                    | 96.73*                                                                                                                                                                                                                             | 19.23** | 29.28**                  | 16.95** | 26.38** | 39.37** |

\*Options related to Equity Shares of the face value of Rs. 10/-.

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

As required under SEBI guidelines on ESOS, the information disclosed in respect of item (m) is for grants made after June 30, 2003.

## 14. CORPORATE GOVERNANCE

The Company has complied with the Corporate Governance requirements 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.

### **Corporate Governance Voluntary Guidelines:**

The majority of the Corporate Governance Voluntary Guidelines, 2009, stand complied while complying with the requirements under the Companies Act, 1956, the Listing Agreement, and the Company's own governance policies.

## 15. DEPROMOTORIZATION OF FOUNDER PROMOTERS

The Founder Promoters Mr. Suresh Neotia and Mr. Narotam Sekhsaria together with their associate companies sold their remaining shareholding in the Company to another promoter viz. Holderind Investments Ltd. (ultimate subsidiary of Holcim Ltd.) on 15th December, 2011. With the transfer of these remaining shares, Mr. Suresh Neotia, Mr. Narotam Sekhsaria and their associate companies ceased to be the promoter of the Company with effect from that date.

## 16. DIRECTORS

### **Cessation**

Mr. Markus Akermann who was on the Company's Board ever since Holcim acquired the management control in 2006, has resigned from the Board w.e.f. 28th March, 2012.

The Board placed on record its appreciation for the valuable services rendered by Mr. Akermann during his tenure.

### **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 these 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.

### **Appointment**

Mr. Bernard Fontana has been appointed as Additional Director under Section 260 of the Companies Act to hold office upto the date of ensuing Annual General Meeting and being eligible has offered himself for appointment.

Mr. Bernard Fontana, aged 51 years is a French national. He holds a degree in Engineering from the Ecole Polytechnique and the Ecole Nationale Supérieure des Techniques Avancées in Paris. He began his career with Groupe SNPE in France where he held various positions including the head of its US operations. From 2001 to 2004 he was the member of the Executive Committee. In

the year 2004 he joined Arcelor Mittal where he was given the responsibility for HR, IT and Business Development at Flat Carbon. From 2006 to 2007 he was a member of the Management Committee of Arcelor Mittal with responsibility for the Automotive Worldwide Business Unit. Since 2010 Mr. Fontana has been the CEO of Aperam, a Luxembourg-domiciled listed corporate group that was spun off from Arcelor Mittal. He has been appointed as CEO of Holcim Ltd. w.e.f. 1st February, 2012 upon retirement of Mr. Markus Akermann.

The Board of Directors recommend his appointment.

## 17. 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, except for the change in accounting policies stated in notes to the accounts 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, 2011, and of the profit and cash flow of the Company for the period ended 31st December, 2011.
- 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.

## 18. INTERNAL CONTROL SYSTEM

The Company has documented a robust and comprehensive internal control framework for all the major processes to ensure reliability of financial reporting, timely feedback on achievement of operational and strategic goals, compliance with policies, procedures, laws & regulations, safeguarding of assets and economical & efficient use of resources.

The formalized systems of control facilitate effective compliance as per Clause 49 of the Listing Agreement, and article 728 (a) of the Swiss Code of Obligations applicable to the Holcim Group since 2008.

The Company's Internal Audit department objectively and independently tests the design and operating effectiveness of the internal control system to provide a credible assurance to the Board and the Audit Committee regarding the adequacy and effectiveness of the internal control system.

The Internal Audit function monitors the effectiveness of controls, and also provides an independent and objective assessment of the overall governance processes in the Company, including the application of a systematic risk management framework.

The scope and authority of the Internal Audit activity 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.

## 19. MANAGING FRAUD RISK

Transparency and fraud free work culture has been the part of the Company's DNA all along. In view of the potential risk of fraud due to rapid growth and geographical spread of the operations, the Company has put even greater emphasis to address this risk. To meet this objective a comprehensive Fraud Risk Management Policy (FRMP) has been laid down and implemented across the organization. The policy and its implementation is closely monitored by the Audit Committee. More details on FRMP have been given in Corporate Governance Report under the head Whistle Blower Policy.

## 20. AUDITORS

### **Statutory Auditors**

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

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

### **Cost Auditors and Cost Audit Report**

Pursuant to section 233B(2) of the Companies Act 1956, the Board of Directors on the recommendation of the Audit Committee appointed M/s. P.M. Nanabhoy & Co. Cost Accountants, as the Cost Auditors of the Company for the Financial Year 2012. M/s. P.M. Nanabhoy & Co. have confirmed that their appointment, is within the limits of the Section 224 (1B) of the Companies Act, 1956 and have also certified that they are free from any disqualifications specified under Section 233B(5) read with Section 224 sub section (3) or sub section (4) of Section 226 of the Companies Act 1956.

The Audit Committee has also received a Certificate from the Cost Auditor Certifying their independence and arm's length relationship with the Company. Pursuant to Cost Audit (Report) Rules 2001 the due date for filing the Cost Audit Report for the financial year 2011 was 30.06.2011 and the same was filed on 18.05.2011 vide SRN No.B12380093 on the MCA website.

## 21. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

The Company has transferred a sum of Rs. 44 Lacs during the financial year 2011 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 dividends which were lying with the Company for a period of 7 years from their respective due dates of payment. Prior to transferring the aforesaid sum, the Company has sent

reminders to the shareholders for submitting their claims for unclaimed dividend.

## 22. 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.

## 23. PARTICULARS OF EMPLOYEES

The information required under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, in respect of the employees of the Company, is provided in the Annexure forming part of this Report. In terms of Section 219(1)(b) (iv) of the Act, the Report and Accounts are being sent to the members and others entitled thereto, excluding the aforesaid Annexure. The Annexure is available for inspection by the members at the Registered Office of the Company during business hours on working days upto the date of the ensuing Annual General Meeting. If any member is interested in obtaining a copy thereof, such member may write to the Company Secretary, whereupon a copy would be sent.

## 24. SUBSIDIARY COMPANIES

### **Additions**

#### (i) **Dang Cement Industries Pvt. Ltd (DCIPL)**

During the year the Company acquired 85% shares in the equity capital of Dang Cement Industries Pvt. Ltd. (DCIPL) for Rs. 19.31 crores. DCIPL is a company incorporated in Nepal and holds approximately 49 acres of factory land. Additionally, it also holds limestone mining lease in Dang & Tulsipur district of Nepal (close to northern UP) covering approximately 25 sq. k.m. area.

#### (ii) **Dirk India Pvt. Ltd (DIPL)**

During the year, the Company also acquired 60% shares in the equity capital of Dirk India Pvt Ltd. (DIPL) for Rs. 16.51 crores. DIPL is having 2500 TPD capacity fly ash processing unit located at Nasik. DIPL also have a Wholly Owned Subsidiary, Dirk Pozzocrete (MP) Pvt. Ltd. which is also into the business of fly ash processing.

### **Annual Reports**

Ministry of Corporate Affairs, Government of India, vide its circular dated 8th February, 2011 has exempted companies from attaching the Annual Reports and other particulars of its subsidiary companies along with the Annual Report of the Company required u/s 212 of the Companies Act 1956. Therefore, the Annual Reports of the subsidiary companies viz. (1) Chemical Limes Mundwa Pvt Ltd (2) M.G.T. Cements Pvt Ltd. (3) Kakinada Cements Ltd. (4) Dang Cement Industries Pvt. Ltd. (5) Dirk



India Pvt. Ltd. and (6) Dirk Pozzocrete (MP) Pvt. Ltd. are not attached with this Annual Report. However, a statement giving certain information as required vide aforesaid circular dated 8th February, 2011 is placed alongwith the Consolidated Accounts.

The Annual Accounts of the Subsidiary Companies are kept for inspection by the shareholders at the Corporate (Head) Office of the Company. The Company shall provide free of cost, the copy of the Annual Accounts of its subsidiary companies to the shareholders upon their request.

## 25. 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. 1227.73 crores for the corporate financial year ended on 31st December, 2011 as compared to Rs. 1228.85 crores on a standalone basis.

## 26. 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.

## 27. AWARDS AND ACCOLADES

- (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, environment protection etc.
- (b) Ministry of Water Resources conferred Bhumijal Smvardhan Purskar – 2009 for ground water augmentation at Ambujanagar plant.
- (c) The Company bagged Confederation of Indian Industry (CII) National Award on Sustainability in the category 'Commendation for Strong Commitment for Sustainable Development'.
- (d) The CII conferred "National Award for Excellence in Water Management" to our Rabriyawas plant in 'Beyond the Fence' Category.

- (e) National Council for Cement and Building Materials (a government institution for research and development) awarded the Ambujanagar plant for Best Environmental Performance in Plant Operations and for Best Environmental Performance in Limestone Mines for the Year 2010-11.
- (f) The Ambujanagar and MCW plants received the "Environment Award – 2011 - Gold Category" by Greentech Foundation, New Delhi in cement sector for outstanding achievement in environment management.

## 28. 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 and domestic demand and supply conditions affecting selling prices, new capacity additions, availability of critical materials and their 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.

## 29. 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 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  
9th February, 2012

## 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 at Various Locations:
  - (i) Modification of 1st, 2nd and 3rd stage cyclones (Bhatapara)
  - (ii) Raw Mill nozzle ring area increased by 21% along with revamping of separator. (Bhatapara)
  - (iii) Optimization of compressed air system (Sankrail, Dadri, Ropar, Nalagarh)
  - (iv) Optimization of fans and bag filters (Sankrail, Rabriyawas, Bhatinda, Dadri, Ropar, Nalagarh)
  - (v) Grinding Aid & Grinding Media Optimization in cement mill (Bhatinda)
  - (vi) Optimization of raw mills (Rabriyawas, Gaj Line I)
  - (vii) Optimization of water pumps (Bhatinda, Nalagarh) and P&V system (Nalagarh)
  - (viii) Optimization of crusher motor by reducing idle running (Maratha)
  - (ix) Fly ash unloading of bulker changed from side to bottom (Dadri)
  - (x) Mid tap from Gaj Line I cooler for raw mill (Ambujanagar)
  - (xi) Removal of gypsum belt feeder (Nalagarh)
  - (xii) Installation of high efficiency impeller for Pre heater and raw mill fan (Suli)
- (2) Installation of Speed Control Devices:
  - (i) Installation of Grid Rotor Resistance control in Raw mill and coal mill #1 fan (Rabriyawas) and mill Bag house fan (Nalagarh).
  - (ii) Installation of speed control devices like VVF (Variable Frequency) drive in fans of various equipments. (Farakka, Sankrail, Bhatapara, Rabriyawas, Bhatinda, Maratha, Ropar)
- (3) Energy Conservation Measures for Plant & Township lighting:
  - (i) Energy audit for plant by CII (Rabriyawas)
  - (ii) Optimization of operating voltage of lighting transformers (Maratha, Ropar, Nalagarh, ).
  - (iii) Installed PIR(Pulse Infra Red) activated timer for switching ON/OFF (Maratha)
  - (iv) Installation of Light Emitting Diode (LED) lights in plant / colony area (Maratha, Bhatinda, Sankrail)
  - (v) Installed lighting transformer for plant lighting (Ropar)
  - (vi) Installation of motion sensor to control the lighting of offices (Ropar)
  - (vii) Installation of Energy Monitoring system (Sankrail)
- (4) Installation Of Energy Efficient Equipments:
  - (i) Installation of close circuit and VRPM at Cement mill #2 (Bhatapara)
  - (ii) Installed Neutral compressor at Coal Mill area (Maratha)
  - (iii) Installed lighting transformer for plant lighting (Ropar)
  - (iv) Replace the fan of cement mill cooling blower from MS to FRP (Ropar)
  - (v) New generation Cooler to be installed (Suli)
  - (vi) Installation of High efficiency coal mill classifier (Suli)
  - (vii) Installation of High Momentum Burner- Novafiam Burner (Suli)
- (5) Solar and Wind Power Utilization:
  - (i) Solar lights installed in street lighting (Nalagarh, Sankrail)
  - (ii) Installation of 7.5 MW Wind Mill (Surat)

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

- (1) Optimization of Process & Equipments at various locations:
  - (i) Improvement of major process fans by retrofitting of higher efficiency impeller (Bhatapara).
  - (ii) Shortening of cement mill #2 chamber length and optimization of grinding media (Rabriyawas)
  - (iii) Optimization of raw mill #2 fan by modifications (Rabriyawas)

- (iv) Raw mix and fuel mix optimization (Rabriyawas)
- (v) Dip tube installation in lower cyclone stage. (Rabriyawas)
- (vi) Trials with other grinding aids (Bhatinda)
- (vii) Modification of Ambuja Raw mill (Ambujanagar)
- (viii) Gaj line I up gradation with dynamic separator (Ambujanagar)
- (ix) Optimization of bag filters (Nalagarh)
- (x) Installation of high efficiency impeller in coal mill #2 fan (Rabriyawas)
- (2) Installation of Speed Control Devices:
  - (i) Variable Frequency drives (VVF) in fans, blowers, Pumps and belt conveyor (Rabriyawas, Sankrail, Farakka, Bhatapara, Maratha, Ropar, Suli)
  - (ii) Installation of Grid Rotor Resistance (GRR) bag house fan (Dadri).
  - (iii) Installed SPRS speed control raw mill fan (Rabriyawas, Suli)
  - (iv) Coal feeder dynodrive of boiler to be replaced by VVF drives (Maratha)
  - (v) MV drive for SA Fan for TPP (Ambujanagar)
- (3) Energy Conservation Measures for Plant & Township lighting:
  - (i) Mid tap from cooler to Raw mill in Ambuja unit (Ambujanagar)
  - (ii) Implementation of CII Recommendations to mitigate PAT (Rabriyawas)
  - (iii) Installation of Capacitor Banks (Surat, Bhatapara)
  - (iv) Replacement of Fluorescent Tube light Fitting with 24 W LED Light Fitting (Maratha)
  - (v) Installed lighting transformer for plant lighting and replacement of HPMV light with HPSV (Sankrail)
  - (vi) Installation of Light Emitting Diode (LED) lights (Sankrail, Ropar, Surat)
- (4) Installation Of Energy Efficient Equipments:
  - (i) Installation of WHR for ILC PH & Cooler – Power generation approx. 6.5 MW( Gross) (Rabriyawas)
  - (ii) Power Transmission Line to BCT-Muldwarka from plant (Ambujanagar)
  - (iii) Grid connectivity with 3.5 MVA CD (Ambujanagar)
  - (iv) Installation of high efficiency fan for separator fan (Ambujanagar, Suli)
  - (v) Lime stone screening and crushing (Ambujanagar)
  - (vi) Fuel blending system (Ambujanagar)
- (5) Solar and Wind Power Utilization:
  - (i) Installation of solar lights and water heating system at various locations

#### (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.22 crores per annum. Measures referred to in (b) is expected to result in saving of Rs. 77 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:
- (b) Total foreign exchange used and earned:

| Category | Current Year<br>(Rs. in crores) | Previous Year<br>(Rs. in crores) |
|----------|---------------------------------|----------------------------------|
| Used     | 552.43                          | 531.79                           |
| Earned   | 72.00                           | 100.01                           |



# FORM - A

(See Rule 2)

Form for Disclosure of Particulars with respect to Conservation of Energy

|                                             | Current Year<br>Jan to Dec 2011 | Previous Year<br>Jan to Dec 2010 |
|---------------------------------------------|---------------------------------|----------------------------------|
| <b>A. POWER &amp; FUEL CONSUMPTION</b>      |                                 |                                  |
| <b>1 Electricity *</b>                      |                                 |                                  |
| (a) Purchased                               |                                 |                                  |
| Units (Kwh) Crores                          | 53.16                           | 40.20                            |
| Total amount (Rs. in Crores)                | 257.85                          | 169.69                           |
| Rate / Unit (Rs.)                           | 4.85                            | 4.22                             |
| (b) Own Generation                          |                                 |                                  |
| ( i ) Through DG Generator                  |                                 |                                  |
| Net Units (Kwh) Crores                      | 5.61                            | 18.64                            |
| Net Units / Ltr. of LDO/Furnace Oil         | 3.77                            | 3.90                             |
| LDO/Furnace Oil Cost / Unit Generated (Rs.) | 8.94                            | 7.02                             |
| ( ii ) Through Steam Generator              |                                 |                                  |
| Net Units (Kwh) Crores #                    | 120.01                          | 120.93                           |
| Net Units / T of Fuel                       | 764                             | 842                              |
| Oil/Gas Cost / Unit                         | 3.51                            | 3.14                             |
| ( iii ) Through Wind Mill                   |                                 |                                  |
| Net Units (Kwh) Crores \$                   | 1.04                            | NIL                              |
| Net Units/T of Fuel                         | NIL                             | NIL                              |
| Oil/Gas Cost / Unit                         | NIL                             | NIL                              |
| <b>2 Coal &amp; Other Fuels :</b>           |                                 |                                  |
| Quantity (Million K. Cal)                   | 10869166                        | 10533678                         |
| Total Cost (Rs. in Crores)                  | 1124                            | 893                              |
| Average Rate (Rs. / Million K. Cal)         | 1034.02                         | 847.53                           |
| <b>3 Light Diesel Oil/HSD :</b>             |                                 |                                  |
| Quantity (K. Litres)                        | 3299.15                         | 3508.87                          |
| Total Cost (Rs. in Crores)                  | 13.38                           | 12.69                            |
| Average Rate (Rs. / K. Litres)              | 40546                           | 36178                            |
| <b>4 Others / Internal Generation :</b>     |                                 |                                  |
| 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            | 85.2 | 85.9 |
| LDO (Ltr. / T. of Clinker)                                                                                                                                                                                              | N.A.           | 0.22 | 0.24 |
| Coal & Other Fuels (K.Cal / Kg. of Clinker)                                                                                                                                                                             | 800            | 739  | 750  |
| * Total power consumed includes 0.34 Crore kwh consumed for Capital Work in progress for project work (previous year 2.91 Crore kwh) and also for distribution activities 0.70 crore kwh (previous year 0.87 crore kwh) |                |      |      |
| ** Does not include Electricity consumed in residential colony which is 0.63 kwh /tonne of cement. (previous year 0.53 kwh/Tonne of cement).                                                                            |                |      |      |
| # Includes 3.21 crore units of TG-power sold (previous year 5.77 crore units)                                                                                                                                           |                |      |      |
| \$ Includes 0.19 crore units of Wind Mill power sold                                                                                                                                                                    |                |      |      |
| Power generation data mentioned under 1(b) above excludes power generated from power plant under trial run at Bhatapara, with details as below:                                                                         |                |      |      |
| Net Units (Kwh) Crores NIL (previous year (kwh) crore 2.70), Net Units/T of Fuel NIL (previous year 557),                                                                                                               |                |      |      |
| Oil/Gas Cost Rs. / Unit NIL (previous year Rs. / unit 3.22).                                                                                                                                                            |                |      |      |

# FORM - B

(See Rule 2)

Form for disclosure of particulars with respect to Technology Absorption

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

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

- Investigation on usage of waste derived fuels from various industries as a replacement of traditional fossil fuel (Ambujanagar, Bhatapara, Rabriyawas and Darla)
- Explored various options to improve fly ash absorption in PPC by using additives, imported gypsum and using different sources fly ash with respect to their mineralogical composition and reactivity. (Ropar, Bhatinda)

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

- Conservation of resources by replacing traditional fuels, reduction in CO2 emission and reduction in manufacturing cost.
- Improved productivity, energy efficiency and environmental challenges.

### 3) Future plan of action:

- Exploring use of product enhancer/Grinding aid and imported gypsum to increase strength and productivity.
- Development of techniques for utilizing industrial waste plastic in kilns (Ambujanagar, Rabriyawas, Bhatapara, Maratha, Darla)
- Development of new product.

### 4) Expenditure on R&D

|                                                                 | Current Year<br>31.12.2011<br>(Rs. Crores) | Previous Year<br>31.12.2010<br>(Rs.Crores) |
|-----------------------------------------------------------------|--------------------------------------------|--------------------------------------------|
| Capital Expenditure                                             | 0.50                                       | 1.08                                       |
| Recurring Expenditure                                           | 0.27                                       | 0.68                                       |
| Total Expenditure                                               | 0.77                                       | 1.66                                       |
| Total R & D expenditure<br>as a percentage of total<br>turnover | 0.01%                                      | 0.02%                                      |

## B. TECHNOLOGY ABSORPTION, ADAPTION & INNOVATION

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

- Installation of Particle Size Analyzer to optimize the particle size of distribution of product (Farakka)
- Installation of Pfister Roto Scale for Kiln Feed and Coal firing system to have better feed and temperature control (Bhatapara I)
- Installed four Turbo blowers for power saving (about 35%) Bhatapara
- Dorol Initiatives in Raw Mill along with revamping of separator for energy efficiency.
- Separator worn out static guide vanes replaced with double sided wear resist plate to increases life about three times(Sankrail)
- Acoustic Horns installed on silos that will reduce cement coating on the silo wall (Sankrail)
- KIMA sound level sensors are installed on both the mills for better analysis in process and maintenance (Sankrail)
- Replaced Screw Conv. Below ESP and Osepa Bag Filter with air slides In cement mills (Ropar)
- Up gradation of Packer 3 from 8 spout to 12 spout to Increase capacity (Ropar)
- Conversion of RABH(Reverse Air Bag House) to jet pulse filter to reduce pressure drop (Rabriyawas)
- Various modifications of kiln for operational consistency (Rabriyawas)
- Installation of New Duoflex Burner to facilitate 100 % pet coke utilization in Kiln main burner (Rabriyawas)
- Cooler extension by additional 22 RFT grate rows to increase grate area and installation of fourth cooler drive ((Rabriyawas)
- Installation of Heavy Roller crusher for clinker crushing in place of hammer crusher (Rabriyawas)
- Installation of new Coriolis coal feeding system (Rabriyawas)

- Replacement of Packer from 6 spout to 08 spout to improve packer efficiency (Rabriyawas)
- Installation of Synthetic Gypsum Manufacturing plant (Rabriyawas)
- Installation of Solid Feed Feeder (SFF) for fly ash for better control of feeding and higher dosing rate (Bhatinda)
- Up gradation of plant control system (Bhatinda)
- Installation of Two Nos. High Mast Tower Lighting at Transport Garage & Laterite Yard (Maratha)
- Installation of Neutral Compensator at Coal Mill Area SLDB for energy Saving (Maratha)
- Photo Cell timer provided to colony street light by replacing Dial Type Timer. (Maratha)
- Pulse Infrared Times (PIR) activated Timer installed for switching ON-OFF Tube lights at Substation (Maratha)
- Solar Plate Lighting Provided at Thutra Pump House (Maratha)
- Rotoscale Installation for PC Firing in place of LIW Feeder Technology. (Maratha)
- Replacement of STG-2 Exciter with Double Diode Ckt.Excitor (Maratha)
- Gaj-1 Raw Mill modification to increase Raw mill out put by 10TPH (Ambujanagar)
- Microscope for clinker quality improvement (Ambujanagar)

### 2) Benefits derived as a result of the above efforts in the year 2011

- Improved operational efficiencies, equipment reliability, productivity and quality.
- Reduction in manufacturing cost, increase safety and protection of environment.

### 3) Information regarding Technology Imported during last 5 years

- DALOG system for Raw mill & Coal mill gear box health monitoring.
- X-ray analyzer for better quality analysis
- Kiln shell scanner to improvement in kiln monitoring, refractory management and online measurement of tyre sleep.
- Continuous emission monitoring system (CEMS) installation in all Baghouse Stack for online monitoring of emission.
- World best fine coal feeding Coriolis system for Kiln.
- PGNAA cross belt analyzer installed on stacker belts
- Mechanical Kiln Monitoring (MKM) System to improve mechanical reliability
- Kima Sound level sensor in Cement Mill
- Unipulse electronic in packers for fine tuning of weight, individual weight screen and online parameters
- Particle Size Analyzer for optimization of grinding media
- Wireless Software for Bag Counters in Packers
- Automatic Bag printing machine
- Grinding Aid usage in cement grinding
- Hybrid ESP in place of conventional existing ESP of Cement Mills
- Pfister system for Kiln Feed system and Coal firing system
- TIS (Technical Information system) at Bhatapara Unit
- VRPM for Cement Mill and Close circuiting for Cement mill
- Third generation Multi Channel Burner (Novaflam from Fives Pillard) in place of conventional burner pipe
- Use of HT Line Tester for Railway Traction Line Checking
- New Energy Management System in Cement Plant & power plant
- Power Analyzer.
- High Mast Tower Lighting and Solar Blinkers for roads and Transport Garage.
- Kiln feed actuator of Beck Make (Germany)
- Variable speed travel cage and oxy acetylene cutting machine
- Microscope for clinker quality improvement.

# REPORT ON 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 laws coupled with adherence to the highest standards of transparency and business ethics. These main drivers, together with the Company's ongoing contributions to the local communities through meaningful Corporate Social Responsibility initiatives will play a pivotal role in fulfilling our vision to be the most admired and competitive company in our industry and our mission to create value for all our stakeholders.

The Company places great emphasis on values such as empowerment and integrity of its employees, safety of the employees & communities surrounding our plants, 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 being followed since the inception 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 & targets, policies, reporting mechanism & accountability and decision making process to be followed.
- (ii) Committees of Directors - such as Audit Committee, Compliance Committee, Capex Committee etc. are focused on financial reporting, audit & internal controls, compliance issues and critical assessment & review of large capex.
- (iii) Executive Management – The entire business including the support services are run with clearly demarcated responsibilities and authorities at different levels.
  - (a) Executive Committee - The Company has formed an Executive Committee which comprises of the Managing Director, Business Heads and a few Corporate Functional Heads. This committee is a brain storming committee where important business issues are discussed and decisions are taken. This Committee reviews and monitors the monthly performances, addresses challenges faced by the business, draws strategies and policies. The Managing Director chairs the Executive Committee meetings.
  - (b) Managing Director - The Managing Director is responsible for achieving the mission and vision set for the Company and for overall performance and growth of the Company. He provides strategic directions, policy guidelines and extends support to the Business Heads in achieving their targets. He ensures implementation of the decisions of the Board of Directors and its various Committees. He reports to the Board of Directors.
  - (c) Business Heads - With a view to decentralize the powers and responsibilities and to build leaders, the business operations have been divided into three regions, viz.(i) North, (ii) West & South and (iii) East. Each region is headed by a Business Head, who is responsible for all the business and related functions within their respective regions. The Business Heads report to the Managing Director.
  - (d) Unit Heads - Unit Head is responsible for operation and maintenance of the plant as well as for all the other functions at the respective plant locations, including all local issues and compliances as may be applicable. He reports to the Business Head.

## 2. BOARD OF DIRECTORS

### 2.1 Composition:

The Company has a very balanced structure of the Board of Directors, which primarily takes care of the business needs and stakeholders' interest. The composition of the Board also complies with the provisions of the Companies Act, 1956 and the Listing Agreement.

As at the end of corporate financial year 2011, the total Board strength of 10 Directors includes a Non Executive Independent Chairman, 2 Non-executive Promoter Directors, 6 other Independent Directors and a Managing Director.

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. Directors are appointed

or re-appointed with the approval of the shareholders and shall remain in office in accordance with the retirement policy as laid down by the Board from time to time. 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 and play critical role on strategic issues, which enhances the transparency and add value in the decision making process of the Board of Directors.

The brief profile of each Director is given below:

**(i) Mr. N. S. Sekhsaria (Non-Executive Chairman, 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 31 years, he has introduced new standards in manufacturing, 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 in Chemical Engineering, from the University of Bombay. As a founder promoter of Ambuja Cement he was 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 and was appointed as Non-executive Vice Chairman 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.

In view of depromotorization of Mr. Sekhsaria, he has been considered as Independent Director with effect from 16th December, 2011.

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 on 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 a pan-India Company which set the bench mark for the Cement Industry across every 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 of Mr. Sekhsaria.

**(ii) 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, 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.

**(iii) 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 erstwhile 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.

**(iv) 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 55 years and has vast experience in the legal field and particularly on matters relating to corporate laws, banking and taxation.

During his long career Mr. Bhakta has been Joint Honorary Secretary and later one of the Vice Presidents of the Income Tax Appellate Tribunal Bar Association, director of Bennet, Coleman & Co. Ltd., Larsen & Toubro Ltd., SKF Bearings Ltd., Kirloskar Oil Engines Ltd. and many other leading companies. Presently, he is on Board of several large corporates including Reliance Industries Ltd.

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 five consecutive years from 2006 to 2010 and again for the sixth consecutive year in 2011 by Asialaw, Hong Kong.

He joined the Board in September 1985.

**(v) 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 deep interest for rural development, housing finance, urban issues, specially the development of modern cities and humanitarian causes. He is also the Chairman of Development Credit Bank and of two other Aga Khan institutions in India. He was the President of the Bombay Chamber of Commerce and Industry – the city's oldest Chamber of Commerce and he has served on numerous Government Task Forces on Housing and Urban Development. 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.

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

Mr. Chitale, an eminent Chartered Accountant, is the Managing Partner of M/s M. P. Chitale & Co., a leading boutique international structuring, tax and legal advisory firm. He is a member of the Insurance Advisory Committee of the Insurance and Regulatory Development 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.

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

A 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 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.

**(viii) 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 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. During his career spanning over 30 years, he has been associated as advisor to several Government committees and international organizations like the World Bank, the OECD, the IMF and the ADB. He has also served as the Editor of "Business India", one of India's prestigious business magazines and as the Chief Economist of the Confederation of Indian Industry. Dr. Goswami is the Founder and Executive Chairman of CERG Advisory Pvt. Ltd., a company engaged in corporate advisory and consulting services for companies in India and abroad. He is also on the Board of several large corporates.

He joined the Board in July 2006.

**(ix) 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 of ACC and several other reputed companies.

He joined the Board in July 2008.

**(x) Mr. Onne van der Weijde (Promoter Director representing Holcim Ltd., Managing Director, 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 possesses more than 15 years of experience in cement industry including 7 years in Indian cement industry. Recently Holcim Ltd. has given him additional responsibility by appointing him as the Area Manager and a member of its Senior Management Team.

He joined the Board in January 2009.

**2.2 Meetings, agenda, attendance & proceedings etc. of the Board Meeting:**

Meetings:

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. During the year ended on 31st December, 2011 the Board of Directors had 5 meetings. These were held on 3rd February, 2011, 26th April, 2011, 28th July, 2011, 1st November 2011 and 15th December, 2011.

Attendance at the Board and Annual General Meeting

The last Annual General Meeting (AGM) was held on 11th April, 2011. The attendance record of the Directors at the Board Meetings during the year ended on 31st December, 2011, 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. N. S. Sekhsaria     | Chairman<br>Non Executive, Independent*         | 4                              | No                     |
| 2.      | Mr. Paul Hugentobler    | Vice Chairman<br>Non Executive, Non Independent | 5                              | Yes                    |
| 3.      | Mr. Markus Akermann     | Non-Executive, Non Independent                  | 2                              | No                     |
| 4.      | Mr. M. L. Bhakta        | Non-Executive, Independent                      | 5                              | No                     |
| 5.      | Mr. Nasser Munjee       | Non-Executive, Independent                      | 4                              | Yes                    |
| 6.      | Mr. Rajendra Chitale    | Non-Executive, Independent                      | 5                              | No                     |
| 7.      | Mr. Shailesh Haribhakti | Non-Executive, Independent                      | 5                              | No                     |
| 8.      | Dr. Omkar Goswami       | Non-Executive, Independent                      | 5                              | Yes                    |
| 9.      | Mr. Naresh Chandra      | Non-Executive, Independent                      | 4                              | No                     |
| 10.     | Mr. Onne van der Weijde | Managing Director, Non Independent              | 5                              | Yes                    |

\* Independent w.e.f. 16.12.2011

Agenda:

All the meetings are conducted as per well designed and structured agenda. All the agenda items are backed by necessary supporting information and documents to enable the Board to take informed decisions. Agenda also includes minutes of the meetings of all the Board Committees and Subsidiaries for the information of the Board. Additional agenda items in the form of "Other Business" are included with the permission of the Chairman. Agenda papers are generally circulated seven days prior to the Board Meeting.

Invitees & Proceedings:

Apart from the Board members, the Company Secretary, 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. The CFO makes presentation on the quarterly and annual operating & financial performance and on annual operating & capex budget. The Managing Director, Business Heads and other senior executives make presentations on capex proposals & progress, operational health & safety and other business issues. The Chairman of various Board Committees brief the Board on all the important matters discussed & decided at their respective committee meetings, which are generally held prior to the Board meeting.

Post Meeting Action:

Post meetings, all the important decisions taken at the meeting are communicated to the concerned officials and departments. Action Taken Report is prepared and reviewed periodically by the Company Secretary for the action taken / pending to be taken.

### 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, 2011, 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. N. S. Sekhsaria        | 2                          | 1                     | -                | 1             | -                                     |
| 2.      | Mr. Paul Hugentobler       | 4                          | -                     | 2                | 2             | 1                                     |
| 3.      | Mr. Markus Akermann        | 1                          | -                     | -                | -             | -                                     |
| 4.      | Mr. M. L. Bhakta           | 5                          | -                     | 6                | 4             | 1                                     |
| 5.      | Mr. Nasser Munjee          | 13                         | 2                     | 9                | 22            | 4                                     |
| 6.      | Mr. Rajendra P. Chitale    | 8                          | -                     | 5                | 3             | 1                                     |
| 7.      | Mr. Shailesh V. Haribhakti | 13                         | -                     | 9                | -             | 4                                     |
| 8.      | Dr. Omkar Goswami          | 9                          | -                     | 8                | 13            | 4                                     |
| 9.      | Mr. Naresh Chandra         | 11                         | 2                     | 10               | -             | 1                                     |
| 10.     | Mr. Onne van der Weijde    | 1                          | 1                     | -                | -             | -                                     |

The number of Directorships, Chairmanships and Committee memberships of each Director is in compliance with the relevant provisions of the Companies Act, 1956 and the Listing Agreement.

### 2.4 Compensation and Remuneration:

#### (i) Remuneration to Directors:

- (a) The remuneration of the Managing Director is decided based on the Company's size, industry practice, current trend and the overall performance of the Company. The Compensation and Remuneration Committee submits its recommendation to the Board, which after consideration approves the remuneration payable to the Managing Director (which also includes the annual increments and performance bonus) 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 of Rs.20,000/- per meeting for attending the Board and Audit Committee meetings and Rs.10,000/- per meeting for attending other committee meetings, except Share Transfer Committee, for which no sitting fees is paid.

In addition to the sitting fees, the Company also pays commission to the Non-executive Directors for their overall engagement and contribution for the Company's business. The Commission is paid on a uniform basis to reinforce the principle of collective responsibility. Accordingly, the Company has provided for payment of commission of Rs.13 lacs to each of the Non-Executive Directors for the financial year 2011. Considering the accountability and the complexities of issues handled by the Audit and Compliance Committees respectively, the Company has provided additional commission of Rs. 9 lacs for each of the Non-Executive Member Directors of the Audit Committee and Compliance Committee for the financial year 2011.

The maximum commission payable to each Non-Executive Director has been capped at Rs. 22 lacs.

None of the Directors hold any convertible instruments.

The details of remuneration, sitting fees, performance bonus, and commission paid to each of the Directors during the year ended on 31st December, 2011 are given below:-

| Sr. No. | Name of the Directors   | Salary (Rs.)<br>(see note below) | Sitting Fees<br>(Rs.) | Commission<br>(Rs.) | No. of<br>shares held |
|---------|-------------------------|----------------------------------|-----------------------|---------------------|-----------------------|
| 1.      | Mr. N. S. Sekhsaria     | Nil                              | 90000                 | 13,00,000           | 1000                  |
| 2.      | Mr. Markus Akermann     | Nil                              | 40000                 | 13,00,000           | Nil                   |
| 3.      | Mr. Paul Hugentobler    | Nil                              | 280000                | 22,00,000           | Nil                   |
| 4.      | Mr. M. L. Bhakta        | Nil                              | 360000                | 22,00,000           | 225000                |
| 5.      | Mr. Nasser Munjee       | Nil                              | 110000                | 13,00,000           | Nil                   |
| 6.      | Mr. Rajendra P. Chitale | Nil                              | 320000                | 22,00,000           | Nil                   |



| Sr. No.      | Name of the Directors        | Salary (Rs.)<br>(see note below) | Sitting Fees<br>(Rs.) | Commission<br>(Rs.) | No. of<br>shares held |
|--------------|------------------------------|----------------------------------|-----------------------|---------------------|-----------------------|
| 7.           | Mr. Shailesh Haribhakti      | Nil                              | 300000                | 22,00,000           | Nil                   |
| 8.           | Dr. Omkar Goswami            | Nil                              | 130000                | 22,00,000           | Nil                   |
| 9.           | Mr. Naresh Chandra           | Nil                              | 120000                | 22,00,000           | 4                     |
| 10.          | Mr. Onne van der Weijde, MD* | 3,33,32,710                      | –                     | –                   | Nil                   |
| <b>TOTAL</b> |                              | <b>3,33,32,710</b>               | <b>17,50,000</b>      | <b>1,71,00,000</b>  |                       |

\*Appointment of MD is governed by a service contract for a period of 5 years and the notice period of 3 months.

Note: Salary includes basic salary, performance bonus, allowances, contribution to provident, superannuation and gratuity funds and perquisites (including monetary value of taxable perquisites) etc. and excludes shares worth Rs.0.13 crore (31.12.2010 – Rs.Nil) allotted as a non-monetary perquisite by Holcim Ltd., Switzerland, the ultimate holding company.

## 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 environment, 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 to that effect 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 Composition:-

The Audit Committee comprises of the following members

- |    |                         |   |          |
|----|-------------------------|---|----------|
| 1. | Mr. Shailesh Haribhakti | – | Chairman |
| 2. | Mr. M. L. Bhakta        | – | Member   |
| 3. | Mr. Paul Hugentobler    | – | Member   |
| 4. | Mr. Rajendra P. Chitale | – | Member   |

Mr. Onne van der Weijde, the Managing Director is the permanent invitee and Mr. B. L. Taparia, Company Secretary acts as secretary to 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 on accounts, audit, finance, internal controls etc.

## 3.2 Meetings:-

The Audit Committee during the year ended on 31st December, 2011 had 5 meetings. The attendance of each Committee member was as under:-

| Sr. No. | Name of the Directors     | No. of Meetings attended |
|---------|---------------------------|--------------------------|
| 1.      | Mr. Shailesh Haribhakti * | 5                        |
| 2.      | Mr. M. L. Bhakta          | 5                        |
| 3.      | Mr. Paul Hugentobler      | 5                        |
| 4.      | Mr. Rajendra P. Chitale   | 5                        |

\*Mr. Shailesh Haribhakti, the Chairman of the Audit Committee could not attend the last AGM due to unavoidable reasons. On his behalf, Mr. Paul Hugentobler, member of the Audit Committee replied to the Shareholders' queries.

### 3.3 Invitees / Participants:-

1. The Managing Director is the permanent invitee to all Audit Committee meetings.
2. Head of Internal Audit department attends all the Audit Committee Meetings as far as possible and briefs the Committee on all the matters covered in the Internal Audit Report as well as the other issues that come up during discussions.
3. The representatives of the Statutory Auditors have attended all the 5 Audit Committee meetings held during the year.
4. The representatives of the Cost Auditors have attended 1 Audit Committee Meeting when the Cost Audit Report was discussed.
5. The Business Heads also attend Committee meetings so as to facilitate responses on internal audit findings and to provide inputs on issues relating to internal controls, risk management etc.
6. The Committee also 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.

### 3.4 Private Meetings:-

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

### 3.5 Terms of Reference:-

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 (i) approval of annual internal audit plan, (ii) review of financial reporting systems, (iii) review of internal control systems, (iv) discussions on quarterly, half yearly and annual financial results, (v) interaction with statutory, internal & cost auditors, (vi) recommendation for appointment of statutory & cost auditors and their remuneration and (vii) 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) Fraud Risk Assessment Reports,
- (d) Findings of any special investigations carried out either by the Internal Auditors or by the external investigating agencies,
- (e) Letters of Statutory Auditors to management on internal control weakness, if any,
- (f) Appointment, removal and terms of remuneration of Chief Internal Auditor,
- (g) Significant related party transactions,
- (h) Quarterly and annual financial statements including investments made by the subsidiary companies.
- (i) Major non routine transactions recorded in the financial statements involving exercise of judgment by the management.

### 3.6 Other matters:

1. The Audit Committee has framed its Charter for the purpose of effective compliance of clause 49 of the listing agreement. The Charter is reviewed by the Committee annually and necessary amendments as may be required are made in it from time to time.
2. In view of large number of laws & regulations applicable to the Company's business, their complexities and the time required for monitoring the compliances, the task of monitoring and review of legal & regulatory compliances has been assigned to a separate committee of directors called as the "Compliance Committee" under the chairmanship of Mr. Shailesh Haribhakti, Independent Director. The composition and the scope/function of Compliance Committee are given under point no. 4 of this report.

## 4. COMPLIANCE COMMITTEE

With the rapid growth of business and its complexities coupled with increasing regulatory compliances, the Board felt it necessary to have zero non compliance regime for sustainable business operations. With this object, a structured mechanism for ensuring full compliance of various statutes, rules & regulations has been put in place and a separate Committee of Directors by the name "Compliance Committee" has been constituted by the Board. The Committee consists of the

members as stated below. During the year 2011 the Committee held 5 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     | 3                        |
| 3.      | Mr. Naresh Chandra                | Independent Director     | 4                        |
| 4.      | Mr. Paul Hugentobler              | Non Independent Director | 5                        |
| 5.      | Mr. Onne van der Weijde           | Managing Director        | 4                        |

The terms of reference of the Committee are to:

- periodically review the Legal Compliance Audit report of various Units / Department submitted by the Corporate Legal Department;
- 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 significant amendments in the laws, rules & regulations;
- review the significant legal cases filed by and against the Company;
- review the judgments of various court cases not involving the Company as a litigant but having material impact on the Company's operations;
- periodically review the Code of Business Conduct & Ethics and Code of Conduct for prevention of Insider Trading.

The Legal and Corporate Secretarial departments provides 'backbone' support to all the business segments in timely compliance of all the applicable laws, rules & regulations by putting in place the robust compliance mechanism with adequate checks & balances and thus facilitates the management in practicing the highest standards of Corporate Governance.

The Compliance Committee on its part gives valuable guidance to ensure full compliance of all significant laws, rules & regulations as may be applicable to the Company on top priority.

## 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, 2011 had 2 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 | Independent Director     | 2                        |
| 2.      | Mr. N. S. Sekhsaria        | Independent Director*    | 1                        |
| 3.      | Mr. Paul Hugentobler       | Non Independent Director | 2                        |
| 4.      | Mr. Nasser Munjee          | Independent Director     | 2                        |
| 5.      | Mr. Shailesh Haribhakti    | Independent Director     | 2                        |

\* independent w.e.f. 16.12.2011

Mr. Onne van der Weijde, Managing Director is the permanent invitee for all the Committee meetings.

The Committee is empowered -

- to recommend to the Board on the appointment, terms & conditions of appointment, remuneration including payment of performance bonus to the Managing Director within the limits sanctioned by the shareholders;
- to recommend to the Board the remuneration of CFO.  
The remuneration to the Managing Director and CFO are decided on the basis of following broad criteria:-
  - industry trend
  - remuneration package in other comparable corporates
  - job responsibilities and individual's KRAs.
  - Company's performance and individual's performance
- to approve and recommend the Employee Stock Option Scheme for the approval of the Shareholders. Once approved by the Shareholders, the Committee decides the grant of stock options to the Managing Director and other EXCO members and based on the recommendation of Corporate HR and EXCO, the committee decides the eligibility of other employees and grant options to them;
- to supervise the implementation of the Employee Stock Option Scheme.

## 6. SHARE ALLOTMENT AND INVESTORS' GRIEVANCES COMMITTEE

This 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 satisfactory 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, 2011, this Committee had 11 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 | 10                       |
| 2.      | Mr. Rajendra Chitale       | Independent Director | 11                       |
| 3.      | Mr. Onne van der Weijde    | Managing Director    | 6                        |

Mr. B. L. Taparia, Company Secretary & Corporate Sustainability Officer is designated as the "Compliance Officer" who is overseeing the investors' grievances redressal.

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     | NIL                      | NIL      | NIL                |
| Non Receipt of Transferred Shares             | NIL     | NIL                      | NIL      | NIL                |
| Non Receipt of Dividend                       | NIL     | NIL                      | NIL      | NIL                |
| Non Receipt of Revalidated Dividend Warrants  | NIL     | NIL                      | NIL      | NIL                |
| Letters from SEBI / Stock Exchanges, MCA etc. | NIL     | 40                       | 40       | NIL                |
| Demat Queries                                 | NIL     | NIL                      | NIL      | NIL                |
| Miscellaneous Complaints                      | NIL     | 3                        | 3        | NIL                |
| TOTAL                                         | NIL     | 43                       | 43       | NIL                |

None of the complaints is 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 7000 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 Committees of Directors to look into various business matters :-

### (A) Capex Committee

The large CAPEX needs critical evaluation of all the aspect of the projects. The detailed engineering, the profile of equipment suppliers, cost estimates & contingencies, schedule of implementation and safety & security of people are some of the critical areas where focused appraisal is required at the highest level. In view of the same, a separate CAPEX Committee of Directors was formed w.e.f 1st May 2010. The Committee comprises of Mr. Paul Hugentobler, Chairman, Mr. Nasser Munjee and Mr. Rajendra P. Chitale as the Members. Mr. Onne van der Weijde, Managing Director and Mr. M.L. Narula (former Managing Director of ACC Ltd.) are the permanent invitees for all the Committee meetings.

The Roles and Responsibilities of the Committee are as follows:

- (a) To approve and recommend to the Board, all CAPEX proposals for green field plants, new kilns or power plants;
- (b) To critically evaluate all the aspect of techno commercial feasibility and financial viability of these projects.

The Committee had one meeting during the year which was attended by all the members.

## **(B) 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. Four committee meetings were held during the year 2011. The committee comprises of Mr. M.L. Bhakta, Chairman, Mr. Shailesh Haribhakti and the Managing Director as the Members.

## **(C) Share Transfer Committee**

Share Transfer Committee regularly approves transfer & transmission of shares / debentures / bonds, issue of duplicate / re-materialized shares and consolidation & splitting of certificates etc. The committee comprises of Mr. Onne van der Weijde, Chairman, Mr. Shailesh Haribhakti and Mr. Rajendra P. Chitale as the Members.

## **8. WHISTLE BLOWER POLICY**

With the rapid expansion of business in terms of volume, value and geography, various risks associated with the business have also increased considerably. One such risk identified is the risk of fraud & misconduct. The Audit Committee is committed to ensure fraud free work environment and to this end the Committee has laid down a Fraud Risk Management Policy providing a platform to all the employee, vendors and customers to report any suspected or confirmed incident of fraud/misconduct through any of the following reporting protocols:

- E.mail : [acl@ethicalview.com](mailto:acl@ethicalview.com)
- National Toll Free Phone Line : 18002091005
- Fax Number : 022 – 66459796
- Written Communication to : PO Box No. 25, HO, Pune – 411 001

In order to instil more confidence amongst Whistleblowers, the management of the above referred reporting protocols has been recently outsourced to an independent agency.

This policy is applicable to all the directors, employees, vendors and customers of the Company and contains features similar to the Whistle Blower Policy.

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

The main objectives of the policy are as under:

- (i) To protect the brand, reputation and assets of the Company from loss or damage, resulting from suspected or confirmed incidents of fraud / misconduct.
- (ii) To provide guidance to the employees, vendors and customers on reporting any suspicious activity and handling critical information and evidence.
- (iii) To provide healthy and fraud free work culture.

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

- (i) Mr. B. L. Taparia, Company Secretary & Corporate Sustainability Officer - Chairman
- (ii) Mr. R. R. Darak, President (Accounts & IT) - Member
- (iii) Mr. A. J. Pandya, Chief Internal Auditor - Member

Mr. Rajiv Gandhi, Jt. Company Secretary acts as the Response Manager and Secretary to the Committee.

The FRMC is responsible for the following:

- (i) implementation of the policy and spreading awareness amongst employees;
- (ii) review all reported cases of suspected fraud / misconduct;
- (iii) order investigation of any case either through internal audit department or through external investigating agencies or experts;
- (iv) recommend to the management for taking appropriate actions such as disciplinary action, termination of service, changes in policies & procedure and review of internal control systems;
- (v) annual review of the policy.

The FRMC functions independently and reports directly to the Audit Committee.

## 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 |
|------|---------------------------------------------------------|-------------------|-----------------------------------|
| 2008 | 26th AGM held on Monday, 6th April, 2009 at 10.00 a.m.  | Registered Office | Yes                               |
| 2009 | 27th AGM held on Monday, 5th April, 2010 at 10.00 a.m.  | Registered Office | Yes                               |
| 2010 | 28th AGM held on Monday, 11th April, 2011 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 either proposed last year or 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 that had potential conflict 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) The Company has followed all relevant Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 while preparing Financial Statements.
- (iv) 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.
- (v) The Company has in place a mechanism to inform the Board members about the Risk assessment and mitigation plans and periodical reviews to ensure that the critical risks are controlled by the executive management.
- (vi) The Company does not have material non-listed subsidiary companies as defined in Clause 49 of the Listing Agreement.
- (vii) The Independent Directors have confirmed that they meet the criteria of 'Independence' as stipulated under Clause 49 of the Listing Agreement.

## 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 UNDER CLAUSE 49 OF LISTING AGREEMENT

The status of compliance with non-mandatory recommendations of the Clause 49 of the Listing Agreement with Stock Exchanges is provided below:

- 12.1 Non-Executive Chairman's Office:** The Company now does not maintain a separate office for the Chairman as there is no need felt for this.
- 12.2 Tenure of Independent Directors:** No maximum tenure for Independent Directors has been specifically determined.
- 12.3 Remuneration Committee:** The Board has set up a Compensation & Remuneration Committee for which details have been provided in this report under point no. 5.
- 12.4 Shareholders' Rights:** As the quarterly and half yearly financial performance are published in the news papers and are also posted on the Companies website, the same are not being sent separately to the shareholders.
- 12.5 Audit Qualifications:** The Company's financial statement for the year 2011 does not contain any audit qualification.
- 12.6 Training of Board Members:** The Board members are well experienced to perform their role best suited to the business. The Board members are fully updated on all the new initiatives proposed by the Company, developments in the domestic/global corporate and industry scenario, changes in the statutes/legislation & economic environment and critical business issues. On the matters of specialized nature, the Company engages outside experts/consultants for presentation and discussion with the Board members.



**12.7 Mechanism for evaluation of Non-Executive Directors:** At present there is no structured mechanism for evaluation of Non-Executive Directors. However, collectively the Board provides direction and exercise overall supervision to ensure that the Company is managed in a manner that fulfils stakeholders' expectations.

**12.8 Whistle Blower Policy:** The Audit Committee has laid down a Whistle Blower Policy in the name of Fraud Risk Management Policy, the details of which have been given in point no. 8 above.

### 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, Jaihind and other newspapers.

These results are simultaneously posted on the website of the Company at [www.ambujacement.com](http://www.ambujacement.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, if any, 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:

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

- i. Ambujanagar, Taluka Kodinar, District Junagadh, Gujarat.
- ii. Darlaghat, District Solan, Himachal Pradesh.
- iii. Maratha Cement Works, Dist. Chandrapur, Maharashtra.
- iv. Rabriyawas, Dist. Pali, Rajasthan.
- v. Bhatapara, Dist. Raipur, Chhattisgarh.

##### Grinding Stations

- i. Roopnagar, Punjab.
- ii. Bathinda, Punjab.
- iii. Sankrail, Dist. Howrah, West Bengal.
- iv. Roorkee, Dist. Haridwar, Uttaranchal.
- v. Farakka, Dist. Murshidabad, West Bengal.
- vi. Dadri, Dist Gautam Budh Nagar, Uttar Pradesh.
- vii. Nalagarh, Dist. Solan, Himachal Pradesh.
- viii. Magdalla, Dist. Surat, Gujarat.

##### Bulk Cement Terminals

- i. Muldwarka, District Junagadh, Gujarat.
- ii. Panvel, District Raigad, Maharashtra.
- iii. Cochin, Kerala.

#### 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 : Tuesday, 27th March, 2012  
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 the 15th February 2012 till the 22nd February 2012 (both days inclusive) for payment of final dividend.

#### 14.7 Dividend Payment Date:

Dividend shall be paid to all the eligible shareholders from 2nd April 2012 onwards.

#### 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.<br>Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 023.                                                              | 500425              |
| (ii) National Stock Exchange of India Ltd.<br>Exchange Plaza, 5th Floor, Plot No. C/1, G Block,<br>Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051. | AMBUJACEM           |

##### B. Debentures

There are no outstanding debentures.

##### C. GDRs

The GDRs are listed under the EURO MTF Platform (Code:US02336R2004) 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:

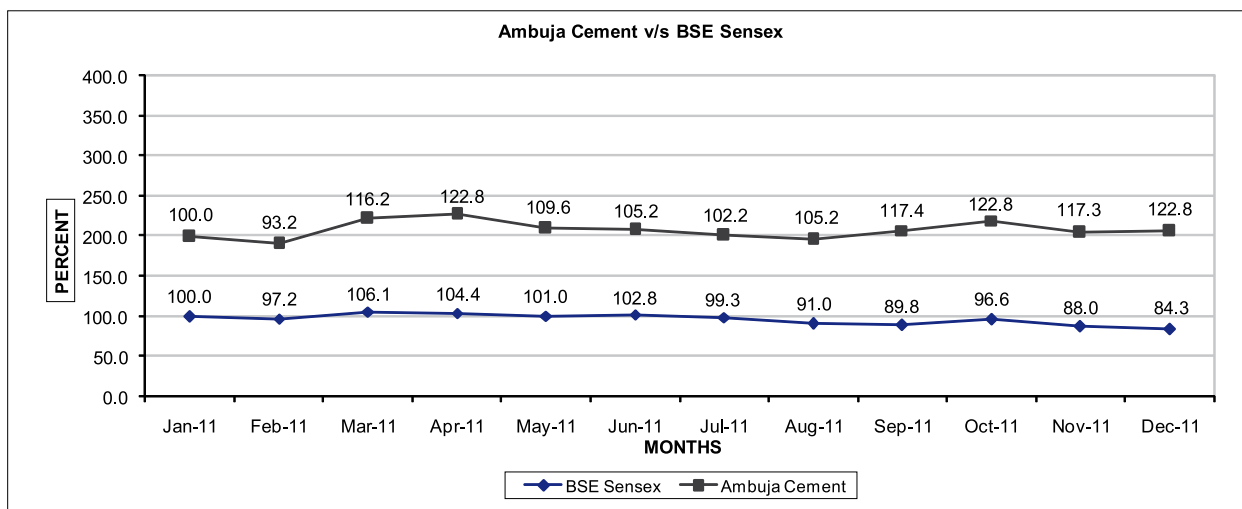
The Company has paid listing fees upto 31st March, 2012 to the Bombay Stock Exchange (BSE) and National Stock Exchange of India Ltd. (NSE) where Company's shares are listed.

#### 14.10 Market Price Data:

The high / low market price of the shares during the year 2011 at the Bombay Stock Exchange and at National Stock Exchange of India Ltd. were as under:-

| Month        | Bombay Stock Exchange |        | National Stock Exchange |        |
|--------------|-----------------------|--------|-------------------------|--------|
|              | High                  | Low    | High                    | Low    |
| January-11   | 146.65                | 124.00 | 146.90                  | 123.50 |
| February-11  | 129.45                | 112.00 | 129.95                  | 111.60 |
| March-11     | 152.00                | 120.25 | 151.90                  | 118.05 |
| April-11     | 159.70                | 145.05 | 159.00                  | 145.00 |
| May-11       | 156.50                | 127.10 | 156.90                  | 127.15 |
| June-11      | 144.95                | 124.00 | 144.95                  | 123.55 |
| July-11      | 134.60                | 120.65 | 134.90                  | 120.35 |
| August-11    | 137.80                | 119.90 | 138.35                  | 120.10 |
| September-11 | 152.00                | 131.45 | 152.40                  | 131.10 |
| October-11   | 161.00                | 142.60 | 161.25                  | 142.55 |
| November-11  | 164.80                | 141.35 | 164.90                  | 141.15 |
| December-11  | 165.50                | 148.00 | 165.45                  | 147.70 |

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



#### 14.12 Distribution of Shareholding:

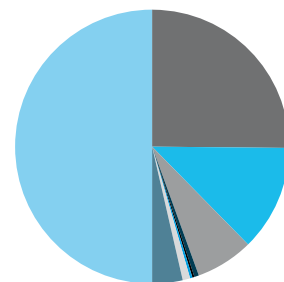
The shareholding distribution of the equity shares as on 31st December, 2011 is given below:-

| No. of Equity Shares | No. of Shareholders | No. of Shares     | Percentage of Shareholding |
|----------------------|---------------------|-------------------|----------------------------|
| Less than 50         | 104452              | 2523016           | 0.16                       |
| 51 to 100            | 29522               | 2598568           | 0.17                       |
| 101 to 500           | 29159               | 7572836           | 0.50                       |
| 501 to 1000          | 8686                | 6821585           | 0.45                       |
| 1001 to 5000         | 16652               | 44343318          | 2.89                       |
| 5001 to 10000        | 3352                | 24068422          | 1.57                       |
| 10001 to 50000       | 1924                | 35920906          | 2.34                       |
| 50001 to 100000      | 109                 | 7883033           | 0.51                       |
| 100001 to 500000     | 180                 | 41923265          | 2.73                       |
| 500001 & above       | 131                 | 1360714312        | 88.68                      |
| <b>TOTAL</b>         | <b>194140</b>       | <b>1534369261</b> | <b>100.00</b>              |

#### 14.13 Shareholding Pattern:

The shareholding of different categories of the shareholders as on 31st December, 2011 is given below:-

| Category                               | No. of Shares     | Percentage %  |
|----------------------------------------|-------------------|---------------|
| Foreign Promoters                      | 771703110         | 50.29         |
| Foreign Institutional Investors (FIIs) | 383684568         | 25.01         |
| Mutual Funds, Banks & Institution      | 208978596         | 13.62         |
| OCB NRIs                               | 16577822          | 1.08          |
| Body Corporates                        | 7607005           | 0.50          |
| GDR - Promoter & Promoter Group        | 8605443           | 0.56          |
| GDRs - Public                          | 27171443          | 1.77          |
| Others                                 | 110041274         | 7.17          |
| <b>TOTAL</b>                           | <b>1534369261</b> | <b>100.00</b> |



During the year, pursuant to the acquisition of shares of the Company by Holcim Ltd. through its subsidiary Holderind Investments Ltd. Mauritius, (Holderind) the Company has become a subsidiary of Holderind & ultimate subsidiary of Holcim Ltd. Switzerland.

#### 14.14 Dematerialisation of Shares:

About 98% of total equity share capital is held in dematerialised form with NSDL and CDSL as on 31st December, 2011.

#### 14.15 Reconciliation of Share Capital Audit:

As stipulated by Securities and Exchange Board of India (SEBI), a qualified practicing Company Secretary carries out the Share Capital 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. No discrepancies were noticed during these audits.

#### 14.16 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, 35776886 GDRs are outstanding as on 31st December, 2011 which is listed on the Luxembourg Stock Exchange. 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 share capital of the Company.
- (ii) The Company has granted stock options from time to time in the past. At the same time, the Company had also issued warrants which can be converted into equity shares. The outstanding position of these convertible instruments as on 31st December, 2011 and their likely impact on the equity share capital is as under:-

| Sr. No.                  | Issue Particulars                                                                                                                             | Conversion rate | Likely impact on full conversion |                                  |
|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|-----------------|----------------------------------|----------------------------------|
|                          |                                                                                                                                               | (Rs. per share) | Share Capital<br>(Rs. in crores) | Share Premium<br>(Rs. in crores) |
| <b>A.</b>                | <b>Employee Stock Options</b>                                                                                                                 |                 |                                  |                                  |
| (i)                      | 3618550 Outstanding options granted under ESOS 2007, one stock option convertible into 1 equity share upto 6th June, 2012                     | 113.00          | 0.72                             | 40.17                            |
| (ii)                     | 31550 Outstanding options granted under ESOS 2007 (SAP CORE TEAM) one stock option convertible into 1 equity share upto 30th June, 2013       | 82.00           | 0.01                             | 0.25                             |
| (iii)                    | 2670250 Outstanding options granted under ESOS 2008, one stock option convertible into 1 equity share upto 30th June, 2013                    | 82.00           | 0.53                             | 21.36                            |
| (iv)                     | 71775 Outstanding options granted under ESOS 2008 (SAP CORE TEAM) one stock option convertible into 1 equity share upto 18th June, 2014       | 96.00           | 0.01                             | 0.67                             |
| (v)                      | 4043550 Outstanding options granted under ESOS 2009, one stock option convertible into 1 equity share upto 18th June, 2014                    | 96.00           | 0.81                             | 38.01                            |
| (vi)                     | 8155350 Outstanding options granted under ESOS 2010, one stock option convertible into 1 equity share upto 21st April, 2015                   | 119.00          | 1.63                             | 95.42                            |
| <b>SUB-TOTAL (A)</b>     |                                                                                                                                               |                 | <b>3.71</b>                      | <b>195.88</b>                    |
| <b>B.</b>                | <b>Rights entitlement kept in abeyance out of the Rights Issue of equity shares and warrants to equity shareholders made in the year 1992</b> |                 |                                  |                                  |
| (i)                      | Right shares                                                                                                                                  | 6.66*           | 0.03                             | 0.07                             |
| (ii)                     | warrants                                                                                                                                      | 7.50*           | 0.04                             | 0.10                             |
| <b>SUB-TOTAL (B)</b>     |                                                                                                                                               |                 | <b>0.07</b>                      | <b>0.17</b>                      |
| <b>GRAND TOTAL (A+B)</b> |                                                                                                                                               |                 | <b>3.78</b>                      | <b>196.05</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. 310.65 crores.

#### 14.17 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.

#### 14.18 Mandatory requirement of PAN:

SEBI vide its circular dated 7th January, 2010 has made it mandatory to furnish PAN copy in the following cases:

- (i) Deletion of name of deceased shareholder(s), where the shares are held in the name of two or more shareholders.
- (ii) Transmission of shares to the legal heir(s), where deceased shareholder was the sole holder.
- (iii) Transposition of shares – in case of change in the order of names in which physical shares are held jointly in the names of two or more shareholders.

#### 14.19 Financial Calendar 2012:

|                                                                   |   |               |
|-------------------------------------------------------------------|---|---------------|
| First quarterly results                                           | : | April 2012    |
| Second quarterly / Half yearly results                            | : | July 2012     |
| Third quarterly results                                           | : | October 2012  |
| Annual results for the year ending on 31st December, 2012         | : | February 2013 |
| Annual General Meeting for the year ending on 31st December, 2012 | : | April 2013    |

#### 14.20 Dividend Policy:

The first issue of shares was made by the Company in the year 1985 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, the Company has been increasing dividend almost every year. This year, the Board has recommended total dividend of 160% (Rs.3.20 per share) including 70% (Rs.1.40 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 40% in the ordinary circumstances.

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

| Financial year | Interim Dividend Rate (%) | Final Dividend Rate (%) | Total Dividend Rate (%) | Dividend Amount (Rs. in Crores) |
|----------------|---------------------------|-------------------------|-------------------------|---------------------------------|
| 2005-06*       | 125                       | 40                      | 165                     | 461.22                          |
| 2007**         | 125                       | 50                      | 175                     | 532.64                          |
| 2008           | 60                        | 50                      | 110                     | 334.96                          |
| 2009           | 60                        | 60                      | 120                     | 365.59                          |
| 2010           | 60                        | 70                      | 130                     | 396.92                          |

\* In the year 2005-06, the company had declared two interim dividend.

\*\*Includes 65% special interim dividend on account of non-recurring income.

#### 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, to the extent applicable.

### AUDITORS' CERTIFICATE

To

The Members of Ambuja Cements Limited

We have examined the compliance of conditions of Corporate Governance by Ambuja Cements Limited, for the year ended on December 31, 2011, 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 & CO.  
Firm registration number: 301003E  
Chartered Accountants

per Ravi Bansal  
Partner  
Membership Number: 49365

Mumbai, February 09, 2012

## 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 2, 2012

Onne van der Weijde  
Managing Director

## 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, 2011 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,

Sanjeev Churiwala  
Chief Financial Officer

Onne van der Weijde  
Managing Director

Mumbai, February 9, 2012



## 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, 2011 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, as on December 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on December 31, 2011 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, 2011;
    - 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 & Co.  
Firm registration number: 301003E  
Chartered Accountants

per Ravi Bansal  
Partner  
Membership Number: 49365

Place: Mumbai  
Date: February 09, 2012

## ANNEXURE

### Annexure referred to in paragraph 4 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 disposal of substantial part 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. Discrepancies noted on physical verification of inventories were not material, and have been properly dealt with in the books of accounts.
- (iii) (a) According to the information and explanations given to us, 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, the provisions of clause 4(iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon.
- (e) According to information and explanations given to us, 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, the provisions of clause 4(iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- (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, we have not observed any major weakness or continuing failure to correct any major weakness in internal control system of the company in respect of these areas.
- (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, related to the manufacture of cement 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, no 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 material statutory dues which were outstanding, at the yearend for a period of more than six months from the date they became payable.
- (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 Statue           | Nature of Dues                                 | Amount **<br>(Rs. In crores) | Period to which the<br>amount relates | Forum where dispute is<br>pending revised |
|--------------------------|------------------------------------------------|------------------------------|---------------------------------------|-------------------------------------------|
| Income Tax Act, 1961     | Demand for Income<br>Tax & Interest<br>thereon | 158.55                       | 2006-2007                             | Commissioner (A)                          |
| Central Excise Act, 1944 | Demand of Excise                               | 0.92                         | 2005-2007                             | CESTAT                                    |
|                          | Duty on clearance of                           | 0.25                         | 2006-2007                             | CESTAT *                                  |
|                          | Cement & Others                                | 0.37                         | 1996-2010                             | Commissioner (A)                          |
|                          | Denial on Cenvat                               | 9.23                         | 2000-2009                             | CESTAT                                    |
|                          | credit on                                      | 3.18                         | 2001-2005                             | CESTAT *                                  |
|                          | inputs and Capital                             | 9.08                         | 1994-2004                             | Commissioner (A)                          |
|                          | Goods                                          | 0.43                         | 1995-2007                             | Commissioner (A) *                        |
|                          |                                                | 0.75                         | 1993-2004                             | High Court *                              |
|                          |                                                | 2.06                         | 1996-2002                             | Supreme Court *                           |

| Name of Statute                                           | Nature of Dues                                       | Amount **<br>(Rs. In crores) | Period to which the<br>amount relates | Forum where dispute is<br>pending revised |
|-----------------------------------------------------------|------------------------------------------------------|------------------------------|---------------------------------------|-------------------------------------------|
| Finance Act, 1994<br>(Service Tax)                        | Denial of Service<br>Tax Credit on input<br>services | 0.23                         | 2005-2006                             | CESTAT *                                  |
|                                                           |                                                      | 2.19                         | 2005-2007                             | CESTAT                                    |
|                                                           |                                                      | 9.09                         | 2005-2006                             | Commissioner (A)                          |
|                                                           |                                                      | 0.01                         | 2005-2006                             | High Court*                               |
| Central Sales Tax Act,<br>1956 and Various State<br>Sales | Demand of Sales Tax<br>/ Additional Purchase<br>Tax  | 156.89                       | 1991-2011                             | Commissioner                              |
|                                                           |                                                      | 5.27                         | 2005-2010                             | High Court                                |
|                                                           |                                                      | 3.30                         | 1999-2008                             | Supreme Court                             |
|                                                           |                                                      | 7.66                         | 1992-2008                             | Tribunal                                  |
| Customs Act, 1962                                         | Demand of Customs<br>Duty                            | 0.94                         | 1996-2007                             | CESTAT *                                  |
|                                                           |                                                      | 0.03                         | 1996-2007                             | Deputy Commissioner *                     |
|                                                           |                                                      | 0.52                         | 1996-2009                             | CESTAT                                    |
|                                                           |                                                      | 0.44                         | 2000-2008                             | Deputy Commissioner                       |
| Rajasthan Provisional Collection<br>of Taxes Act, 1956    | Environment Cess                                     | 12.39                        | 2008-2011                             | High Court                                |
| Chattisgarh Upskar (Sanshodhan<br>Adhiniyam), 2004        | Mineral Area<br>Development Cess                     | 4.33                         | 1982-1991                             | High Court                                |
| Chattisgarh Upskar (Sanshodhan<br>Adhiniyam), 2004        | Cess on Electricity<br>Generation                    | 11.96                        | 2006-2011                             | Supreme 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) The Company did not have any outstanding debentures during the year.
- (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 year *except for instances of misappropriation by employees, the amount of which is not determinable (Refer Note 33 of Schedule P of the financial statements).*

For S.R. Batliboi & Co.  
Firm registration number: 301003E  
Chartered Accountants

per Ravi Bansal  
Partner  
Membership Number: 49365

Place: Mumbai  
Date: February 09, 2012

# BALANCE SHEET

## AS AT 31ST DECEMBER, 2011

|                                                             | Schedule | Rs. in Crores | As at<br>31.12.2011<br>Rs. in Crores | As at<br>31.12.2010<br>Rs. in Crores |
|-------------------------------------------------------------|----------|---------------|--------------------------------------|--------------------------------------|
| <b>SOURCES OF FUNDS</b>                                     |          |               |                                      |                                      |
| <b>Shareholders' Funds</b>                                  |          |               |                                      |                                      |
| Share Capital .....                                         | A        | 306.87        |                                      | 305.97                               |
| Share Application Money, pending allotment .....            |          | 0.01          |                                      | -                                    |
| Employee Stock Option Outstanding (Refer Note 10 (e)) ..... |          | 32.11         |                                      | 1.34                                 |
| Reserves and Surplus .....                                  | B        | 7,730.45      |                                      | 7,022.79                             |
|                                                             |          |               | 8,069.44                             | 7,330.10                             |
| <b>Loan Funds</b> Unsecured Loans .....                     | C        |               | 49.36                                | 65.03                                |
| <b>Deferred Tax Liability, net</b> (Refer Note 7) .....     |          |               | 643.60                               | 530.88                               |
| TOTAL .....                                                 |          |               | 8,762.40                             | 7,926.01                             |
| <b>APPLICATION OF FUNDS</b>                                 |          |               |                                      |                                      |
| <b>Fixed Assets</b>                                         |          |               |                                      |                                      |
| Gross Block .....                                           | D        | 9,702.29      |                                      | 8,778.82                             |
| Less: Depreciation .....                                    |          | 3,515.83      |                                      | 3,151.07                             |
| Net Block .....                                             |          | 6,186.46      |                                      | 5,627.75                             |
| Capital Work in Progress (Refer Note 23) .....              |          | 531.99        |                                      | 803.65                               |
|                                                             |          | 6,718.45      |                                      | 6,431.40                             |
| Advances against capital expenditure .....                  |          | 45.29         |                                      | 127.05                               |
|                                                             |          |               | 6,763.74                             | 6,558.45                             |
| <b>Investments</b> .....                                    | E        |               | 864.31                               | 625.95                               |
| <b>Current Assets, Loans and Advances</b>                   |          |               |                                      |                                      |
| Inventories .....                                           | F        | 924.97        |                                      | 901.86                               |
| Sundry Debtors .....                                        | G        | 240.85        |                                      | 128.18                               |
| Cash and Bank Balances .....                                | H        | 2,071.23      |                                      | 1,648.17                             |
| Other Current Assets .....                                  | I        | 23.66         |                                      | 16.57                                |
| Loans and Advances .....                                    | J        | 567.61        |                                      | 440.55                               |
|                                                             |          | 3,828.32      |                                      | 3,135.33                             |
| Less: Current Liabilities and Provisions                    | K        |               |                                      |                                      |
| Current Liabilities .....                                   |          | 1,588.13      |                                      | 1,297.61                             |
| Provisions .....                                            |          | 1,106.11      |                                      | 1,096.57                             |
|                                                             |          | 2,694.24      |                                      | 2,394.18                             |
| <b>Net Current Assets</b> .....                             |          |               | 1,134.08                             | 741.15                               |
| <b>Miscellaneous Expenditure</b>                            |          |               |                                      |                                      |
| (to the extent not written off or adjusted)                 |          |               |                                      |                                      |
| Quarry / Mines Development Expenses .....                   |          |               | 0.27                                 | 0.46                                 |
| TOTAL .....                                                 |          |               | 8,762.40                             | 7,926.01                             |
| Notes to Accounts .....                                     | P        |               |                                      |                                      |

The schedules referred to above and notes to accounts form an integral part of the Balance Sheet.

As per our attached report of even date

For and on behalf of the Board

For S. R. BATLIBOI & CO.  
Firm Registration No. 301003E  
Chartered Accountants

Sanjeev Churiwala  
Chief Financial Officer

N.S. Sekhsaria  
Chairman

Shailesh Haribhakti  
Chairman - Audit Committee

B.L. Taparia  
Company Secretary &  
Corporate Sustainability Officer

Paul Hugentobler  
Vice Chairman

Nasser Munjee  
Director

per Ravi Bansal  
Partner  
Membership No. 49365

M.L. Bhakta  
Director

Rajendra P. Chitale  
Director

Markus Akermann  
Director

Omkar Goswami  
Director

Onne van der Weijde  
Managing Director

Naresh Chandra  
Director

Mumbai, 9th February, 2012



# PROFIT AND LOSS ACCOUNT

## FOR THE YEAR ENDED 31ST DECEMBER, 2011

|                                                                                                                          | Schedule | Rs. in Crores   | 2011<br>Rs. in Crores | 2010<br>Rs. in Crores |
|--------------------------------------------------------------------------------------------------------------------------|----------|-----------------|-----------------------|-----------------------|
| <b>INCOME</b>                                                                                                            |          |                 |                       |                       |
| Sales (Refer Note 13 (e)) .....                                                                                          |          | <b>9,588.33</b> |                       | 8,257.03              |
| Less : Excise duty (Refer Note 29) .....                                                                                 |          | <b>1,073.81</b> |                       | 866.82                |
|                                                                                                                          |          |                 | <b>8,514.52</b>       | 7,390.21              |
| Other Income .....                                                                                                       | <b>L</b> |                 | <b>318.82</b>         | 247.60                |
|                                                                                                                          |          |                 | <b>8,833.34</b>       | 7,637.81              |
| <b>EXPENDITURE</b>                                                                                                       |          |                 |                       |                       |
| Manufacturing and other expenses .....                                                                                   | <b>M</b> | <b>6,615.18</b> |                       | 5,577.95              |
| Interest and Finance Charges .....                                                                                       | <b>N</b> | <b>52.63</b>    |                       | 48.69                 |
| Depreciation and Amortisation .....                                                                                      |          | <b>445.15</b>   |                       | 387.19                |
|                                                                                                                          |          | <b>7,112.96</b> |                       | 6,013.83              |
| Self consumption of clinker, cement and limestone (net off excise duty Rs. 0.61 crore; 31.12.2010-Rs. 1.27 crores) ..... |          | <b>(6.74)</b>   |                       | (11.36)               |
|                                                                                                                          |          |                 | <b>7,106.22</b>       | 6,002.47              |
| Profit before tax and exceptional items .....                                                                            |          |                 | <b>1,727.12</b>       | 1,635.34              |
| Exceptional items .....                                                                                                  | <b>O</b> |                 | <b>(24.25)</b>        | 26.53                 |
| Profit before tax .....                                                                                                  |          |                 | <b>1,702.87</b>       | 1,661.87              |
| Provision for Taxation :                                                                                                 |          |                 |                       |                       |
| For the current year :                                                                                                   |          |                 |                       |                       |
| - Current tax .....                                                                                                      |          | <b>482.00</b>   |                       | 446.25                |
| - Deferred tax .....                                                                                                     |          | <b>59.29</b>    |                       | (10.88)               |
|                                                                                                                          |          | <b>541.29</b>   |                       | 435.37                |
| Relating to earlier years :                                                                                              |          |                 |                       |                       |
| - Current tax .....                                                                                                      |          | <b>(120.71)</b> |                       | (92.76)               |
| - Deferred tax .....                                                                                                     |          | <b>53.43</b>    |                       | 55.92                 |
| - Fringe benefits tax .....                                                                                              |          | <b>-</b>        |                       | (0.27)                |
|                                                                                                                          |          | <b>(67.28)</b>  |                       | (37.11)               |
|                                                                                                                          |          |                 | <b>474.01</b>         | 398.26                |
| Net Profit .....                                                                                                         |          |                 | <b>1,228.86</b>       | 1,263.61              |
| Balance as per last Account .....                                                                                        |          |                 | <b>325.35</b>         | 349.23                |
| Transferred from Debenture Redemption Reserve .....                                                                      |          |                 | <b>-</b>              | 25.00                 |
| Transferred to General Reserve .....                                                                                     |          |                 | <b>700.00</b>         | 850.00                |
| Provision for Dividend Distribution Tax written back .....                                                               |          |                 | <b>0.83</b>           | 0.71                  |
| Interim Dividend On Equity Shares .....                                                                                  |          | <b>214.50</b>   |                       | 183.04                |
| Dividend Distribution Tax on above .....                                                                                 |          | <b>34.80</b>    |                       | 30.41                 |
|                                                                                                                          |          |                 | <b>249.30</b>         | 213.45                |
| Proposed Final Dividend On Equity Shares .....                                                                           |          | <b>276.19</b>   |                       | 214.18                |
| Dividend Distribution Tax on above .....                                                                                 |          | <b>44.80</b>    |                       | 35.57                 |
|                                                                                                                          |          |                 | <b>320.99</b>         | 249.75                |
| Balance carried to Balance Sheet .....                                                                                   |          |                 | <b>284.75</b>         | 325.35                |
| Earnings Per Equity Share of Rs. 2 each (31.12.2010- Rs. 2 each) (Refer Note 5)                                          |          |                 | <b>Rs.</b>            | <b>Rs.</b>            |
| Basic .....                                                                                                              |          |                 | <b>8.02</b>           | 8.28                  |
| Diluted .....                                                                                                            |          |                 | <b>8.00</b>           | 8.26                  |

Notes to Accounts .....

**P**

The schedules referred to above and notes to accounts form an integral part of the Profit and Loss Account.

As per our attached report of even date

For and on behalf of the Board

For S. R. BATLIBOI & CO.  
Firm Registration No. 301003E  
Chartered Accountants

Sanjeev Churiwala  
Chief Financial Officer

N.S. Sekhsaria  
Chairman

Shailesh Haribhakti  
Chairman - Audit Committee

B.L. Taparia  
Company Secretary &  
Corporate Sustainability Officer

Paul Hugentobler  
Vice Chairman

Nasser Munjee  
Director

per Ravi Bansal  
Partner  
Membership No. 49365

M.L. Bhakta  
Director

Rajendra P. Chitale  
Director

Markus Akermann  
Director

Omkar Goswami  
Director

Mumbai, 9th February, 2012

Onne van der Weijde  
Managing Director

Naresh Chandra  
Director

# CASH FLOW STATEMENT

## FOR THE YEAR ENDED 31ST DECEMBER, 2011

|                                                                                                             | 2011<br>Rs. in Crores | 2010<br>Rs. in Crores |
|-------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
| <b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>                                                               |                       |                       |
| PROFIT BEFORE TAX .....                                                                                     | 1,702.87              | 1,661.87              |
| Adjustment for :                                                                                            |                       |                       |
| Depreciation and Amortisation .....                                                                         | 445.15                | 387.19                |
| Surplus on Sale of Assets .....                                                                             | (12.24)               | (13.78)               |
| Exceptional Items .....                                                                                     | 24.25                 | (26.53)               |
| Loss on Assets sold, discarded and written off .....                                                        | 20.89                 | 3.27                  |
| Capital Spares consumed .....                                                                               | 0.49                  | 2.77                  |
| Part of Deferred Revenue expenditure, written off .....                                                     | 0.19                  | 0.61                  |
| Profit on Sale of Current Investments (net) (excluding exceptional items) .....                             | (59.16)               | (34.47)               |
| Interest and Finance Charges .....                                                                          | 52.63                 | 48.69                 |
| Interest income .....                                                                                       | (155.51)              | (71.88)               |
| Provision for slow and non moving spares (excluding exceptional items) .....                                | 6.67                  | 14.93                 |
| Discounting income on sales tax loan .....                                                                  | (15.78)               | (13.89)               |
| Employee Compensation Expenses under ESOS (excluding exceptional items) .....                               | 9.45                  | 1.34                  |
| Sales tax loan liability written back on assessment .....                                                   | (0.34)                | (1.87)                |
| Unrealized Exchange (gain) / loss, net .....                                                                | 0.30                  | (0.43)                |
| Dividend income from current investment - other than trade .....                                            | -                     | (0.02)                |
| Provisions no longer required .....                                                                         | (23.97)               | (27.11)               |
| Inventories written off .....                                                                               | 10.61                 | 2.80                  |
| Bad Debts, Sundry Debit Balances and Claims written off .....                                               | 2.36                  | 2.80                  |
| Provision for doubtful debts and advances (net) .....                                                       | 1.08                  | 0.63                  |
| Wealth Tax .....                                                                                            | 0.17                  | 0.18                  |
|                                                                                                             | <b>307.24</b>         | 275.23                |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES .....                                                       | 2,010.11              | 1,937.10              |
| Adjustment for :                                                                                            |                       |                       |
| Sundry Debtors, Other Current Assets & Loans and Advances .....                                             | (237.75)              | (56.64)               |
| Inventories .....                                                                                           | (40.39)               | (282.45)              |
| Current Liabilities and Provisions .....                                                                    | 357.62                | 314.36                |
|                                                                                                             | <b>79.48</b>          | (24.73)               |
| CASH GENERATED FROM OPERATIONS .....                                                                        | 2,089.59              | 1,912.37              |
| Direct Taxes paid net of refund Rs. 104.19 crores (31.12.2010-Rs. 349.92 crores) (Refer Note 2 below) ..... | (472.47)              | (36.76)               |
| NET CASH GENERATED FROM OPERATING ACTIVITIES .....                                                          | 1,617.12              | 1,875.61              |
| <b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>                                                               |                       |                       |
| Purchase of Fixed Assets and advances for capital expenditure .....                                         | (730.54)              | (850.86)              |
| Sale of Fixed Assets .....                                                                                  | 31.42                 | 16.62                 |
| Proceeds from sale of Investments .....                                                                     | -                     | 203.01                |
| Acquisition / Investment in Joint Venture .....                                                             | (10.28)               | (22.77)               |
| Acquisition of Subsidiaries .....                                                                           | (35.65)               | -                     |
| Loans given to Subsidiaries .....                                                                           | (5.19)                | -                     |
| Profit on sale of investment in mutual fund (considered as cash and cash equivalents) .....                 | 59.16                 | 34.47                 |
| Unclaimed sale proceeds of the odd lot shares of erstwhile ACEL and ACRL paid .....                         | (0.30)                | (0.02)                |
| Fixed Deposits with banks having original maturity over three months placed .....                           | (35.08)               | (41.26)               |
| Fixed Deposits with banks having original maturity over three months matured .....                          | 30.05                 | 33.15                 |
| Interest received .....                                                                                     | 145.40                | 65.08                 |
| Interest on income tax received .....                                                                       | 19.13                 | 35.27                 |
| Dividend received .....                                                                                     | -                     | 0.02                  |
| NET CASH USED IN INVESTING ACTIVITIES .....                                                                 | (531.88)              | (527.29)              |
| Carried forward .....                                                                                       | 1,085.24              | 1,348.32              |

# CASH FLOW STATEMENT (Contd.)

|                                                                               | Rs. in Crores   | 2011<br>Rs. in Crores | 2010<br>Rs. in Crores |
|-------------------------------------------------------------------------------|-----------------|-----------------------|-----------------------|
| <b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>                                 |                 |                       |                       |
| Brought forward .....                                                         |                 | <b>1,085.24</b>       | 1,348.32              |
| Proceeds from issue of Share Capital (including Securities premium) .....     | <b>46.24</b>    |                       | 53.74                 |
| Proceeds from borrowings .....                                                | <b>57.22</b>    |                       | 58.80                 |
| Repayment of borrowings .....                                                 | <b>(56.77)</b>  |                       | (143.71)              |
| Interest and Finance Charges paid .....                                       | <b>(25.12)</b>  |                       | (19.37)               |
| Unclaimed Application Money on Securities Rs. (76/-) {31.12.2010-Rs. (114/-)} |                 |                       |                       |
| Subsidy received .....                                                        | -               |                       | 0.50                  |
| Dividend paid .....                                                           | <b>(426.81)</b> |                       | (364.07)              |
| Dividend Distribution Tax .....                                               | <b>(69.54)</b>  |                       | (60.77)               |
| NET CASH USED IN FINANCING ACTIVITIES .....                                   |                 | <b>(474.78)</b>       | (474.88)              |
| NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS .....                  |                 | <b>610.46</b>         | 873.44                |
| CASH AND CASH EQUIVALENTS as at the beginning of the year :                   |                 |                       |                       |
| Earmarked for specific purposes (Refer Note 3 below) .....                    | <b>19.06</b>    |                       | 17.26                 |
| Other balances .....                                                          | <b>2,269.85</b> |                       | 1,398.21              |
|                                                                               |                 | <b>2,288.91</b>       | 1,415.47              |
| CASH AND CASH EQUIVALENTS as at the end of the year :                         |                 |                       |                       |
| Earmarked for specific purposes (Refer Note 3 below) .....                    | <b>20.62</b>    |                       | 19.06                 |
| Other balances .....                                                          | <b>2,878.75</b> |                       | 2,269.85              |
|                                                                               |                 | <b>2,899.37</b>       | 2,288.91              |
| <b>Components of cash and cash equivalents :</b>                              |                 |                       |                       |
| Cash and cheque on hand .....                                                 |                 | <b>0.27</b>           | 0.35                  |
| With banks - in current accounts .....                                        |                 | <b>154.54</b>         | 178.99                |
| With banks - in fixed deposits .....                                          |                 | <b>1,895.80</b>       | 1,449.77              |
| With banks - earmarked for specific purposes (Refer Note 3 below) .....       |                 | <b>20.62</b>          | 19.06                 |
| Cash and Bank Balance as per schedule "H" .....                               |                 | <b>2,071.23</b>       | 1,648.17              |
| Less : Fixed deposits not considered as cash and cash equivalents .....       |                 | <b>(40.80)</b>        | (35.77)               |
| Add : Deposits with Housing Development Finance Corporation Limited .....     |                 | <b>100.00</b>         | 100.00                |
| Add : Investment in Mutual Funds .....                                        |                 | <b>768.94</b>         | 576.51                |
| <b>CASH AND CASH EQUIVALENTS in Cash Flow Statement .....</b>                 |                 | <b>2,899.37</b>       | 2,288.91              |

## Notes :

- Figures in brackets represent outflow.
- Direct taxes paid are treated as arising from operating activities and are not bifurcated between investing and financing activities.
- These balances are not available for use by the Company as they represent corresponding unpaid dividend liabilities and unclaimed sale proceeds of the odd lot shares belonging to the Shareholders of erstwhile ACRL and ACEL.

As per our attached report of even date

For and on behalf of the Board

For S. R. BATLIBOI & CO.  
Firm Registration No. 301003E  
Chartered Accountants

Sanjeev Churiwala  
Chief Financial Officer

N.S. Sekhsaria  
Chairman

Shailesh Haribhakti  
Chairman - Audit Committee

B.L. Taparia  
Company Secretary &  
Corporate Sustainability Officer

Paul Hugentobler  
Vice Chairman

Nasser Munjee  
Director

per Ravi Bansal  
Partner  
Membership No. 49365

M.L. Bhakta  
Director

Rajendra P. Chitale  
Director

Markus Akermann  
Director

Omkar Goswami  
Director

Mumbai, 9th February, 2012

Onne van der Weijde  
Managing Director

Naresh Chandra  
Director

## SCHEDULES 'A' TO 'P'

Annexed to and forming part of the Balance Sheet as at and  
Profit And Loss Account for the year ended 31st December, 2011

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Rs. in Crores | As at<br>31.12.2011<br>Rs. in Crores | As at<br>31.12.2010<br>Rs. in Crores |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|--------------------------------------|--------------------------------------|
| <b>SCHEDULE 'A' - SHARE CAPITAL</b>                                                                                                                                                                                                                                                                                                                                                                                                                            |               |                                      |                                      |
| <b>Authorised :</b>                                                                                                                                                                                                                                                                                                                                                                                                                                            |               |                                      |                                      |
| 2,500,000,000 (31.12.2010-2,500,000,000) Equity Shares of Rs. 2 each .....                                                                                                                                                                                                                                                                                                                                                                                     | 500.00        |                                      | 500.00                               |
| 150,000,000 (31.12.2010-150,000,000) Preference Shares of Rs. 10 each .....                                                                                                                                                                                                                                                                                                                                                                                    | 150.00        |                                      | 150.00                               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                |               | <b>650.00</b>                        | <b>650.00</b>                        |
| <b>Issued :</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                |               |                                      |                                      |
| 1,534,695,781 (31.12.2010-1,530,185,606) Equity Shares of Rs. 2 each fully paid-up .....                                                                                                                                                                                                                                                                                                                                                                       |               | <b>306.94</b>                        | 306.04                               |
| <b>Subscribed :</b>                                                                                                                                                                                                                                                                                                                                                                                                                                            |               |                                      |                                      |
| 1,534,369,261 (31.12.2010-1,529,859,086) Equity Shares of Rs. 2 each fully paid-up .....                                                                                                                                                                                                                                                                                                                                                                       |               | <b>306.87</b>                        | 305.97                               |
| <b>Notes:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                  |               |                                      |                                      |
| 1) Out of above Equity Shares :                                                                                                                                                                                                                                                                                                                                                                                                                                |               |                                      |                                      |
| a) 973,157,405 (31.12.2010-973,157,405) 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) 24,719,490 (31.12.2010-24,719,490) 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) 13,312,370 (31.12.2010-13,312,370) 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) 153,961,356 (31.12.2010-153,961,356) 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.                                                                                                                                                                                                                                          |               |                                      |                                      |
| e) 621,032,990 (31.12.2010-544,723,597) and 150,670,120 (31.12.2010-150,670,120) Equity Shares of Rs. 2 each fully paid-up are held by Holderind Investments Limited, Mauritius (HIL), the holding company and Ambuja Cement India Private Limited (ACIPL) (subsidiary of HIL, since amalgamated with Holcim India Private Limited) respectively. HIL and ACIPL are subsidiaries of Holcim Limited, Switzerland, the ultimate holding Company (Refer Note 22). |               |                                      |                                      |
| 2) a) Outstanding Employee stock options exercisable into 18,591,025 (31.12.2010-24,915,750) Equity Shares of Rs. 2 each fully paid-up (Refer Note 10 (b)).                                                                                                                                                                                                                                                                                                    |               |                                      |                                      |
| b) Outstanding tradable warrants and right shares kept in abeyance exercisable into 186,690 (31.12.2010-186,690) and 139,830 (31.12.2010-139,830) 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                                                                                                                                                                                                                                                                                                                                                                                                       |               |                                      |                                      |
| As per last Account .....                                                                                                                                                                                                                                                                                                                                                                                                                                      | 4.60          |                                      | 1.60                                 |
| Additions during the year, as capital investment subsidy from State Governments .....                                                                                                                                                                                                                                                                                                                                                                          | -             |                                      | 3.00                                 |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>4.60</b>   |                                      | 4.60                                 |
| (b) Grant-in-aid Subsidy from DANIDA .....                                                                                                                                                                                                                                                                                                                                                                                                                     | 0.12          |                                      | 0.12                                 |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                |               | <b>4.72</b>                          | 4.72                                 |
| <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 .....                                                                                                                                                                                                                                                                                                                                                                                                                                      | 1,247.60      |                                      | 1,194.85                             |
| Additions on exercise of employee stock options and others .....                                                                                                                                                                                                                                                                                                                                                                                               | 48.26         |                                      | 52.75                                |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                |               | <b>1,295.86</b>                      | 1,247.60                             |
| <b>Debenture Redemption Reserve :</b>                                                                                                                                                                                                                                                                                                                                                                                                                          |               |                                      |                                      |
| As per last Account .....                                                                                                                                                                                                                                                                                                                                                                                                                                      | -             |                                      | 25.00                                |
| Transferred to Profit and Loss Account .....                                                                                                                                                                                                                                                                                                                                                                                                                   | -             |                                      | 25.00                                |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                |               | -                                    | -                                    |
| <b>General Reserve :</b>                                                                                                                                                                                                                                                                                                                                                                                                                                       |               |                                      |                                      |
| As per last Account .....                                                                                                                                                                                                                                                                                                                                                                                                                                      | 5,304.48      |                                      | 4,454.48                             |
| Add : Set aside this year .....                                                                                                                                                                                                                                                                                                                                                                                                                                | 700.00        |                                      | 850.00                               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                |               | <b>6,004.48</b>                      | 5,304.48                             |
| <b>Surplus as per Profit and Loss Account</b> .....                                                                                                                                                                                                                                                                                                                                                                                                            |               | <b>284.75</b>                        | 325.35                               |
| Total .....                                                                                                                                                                                                                                                                                                                                                                                                                                                    |               | <b>7,730.45</b>                      | 7,022.79                             |



|                                                                                                                                                                | Rs. in Crores | As at<br>31.12.2011<br>Rs. in Crores | As at<br>31.12.2010<br>Rs. in Crores |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|--------------------------------------|--------------------------------------|
| <b>SCHEDULE 'C' - UNSECURED LOANS</b>                                                                                                                          |               |                                      |                                      |
| Short term loan from a bank - export credit facility (Due within one year Rs. Nil ; 31.12.2010-Rs. 8.53 crores) .....                                          |               | -                                    | 8.53                                 |
| Sales Tax Deferment Loan under Sales Tax Incentive Scheme of various State Governments (Due within one year Rs. 6.56 crores; 31.12.2010-Rs. 6.80 crores) ..... |               | <b>49.36</b>                         | 56.50                                |
| Total .....                                                                                                                                                    |               | <b>49.36</b>                         | 65.03                                |

## SCHEDULE 'D' - FIXED ASSETS

| DESCRIPTION                                | Rs. in Crores         |           |                          |                     |                             |                     |                          |                    |                     |                     |
|--------------------------------------------|-----------------------|-----------|--------------------------|---------------------|-----------------------------|---------------------|--------------------------|--------------------|---------------------|---------------------|
|                                            | GROSS BLOCK (at Cost) |           |                          |                     | DEPRECIATION / AMORTISATION |                     |                          |                    | NET BLOCK           |                     |
|                                            | As at<br>01.01.2011   | Additions | Deductions/<br>Transfers | As at<br>31.12.2011 | Upto<br>01.01.2011          | For the<br>year (g) | Deductions/<br>Transfers | Upto<br>31.12.2011 | As at<br>31.12.2011 | As at<br>31.12.2010 |
| <b>Tangible Assets :</b>                   |                       |           |                          |                     |                             |                     |                          |                    |                     |                     |
| Freehold Land .....                        | 409.36                | 101.47    | 0.34                     | <b>510.49</b>       | -                           | -                   | -                        | -                  | <b>510.49</b>       | 409.36              |
| Leasehold Land .....                       | 90.77                 | 29.07     | -                        | <b>119.84</b>       | 9.71                        | 2.13                | -                        | <b>11.84</b>       | <b>108.00</b>       | 81.06               |
| Buildings, Roads and Water Works (a) ..... | 1,157.76              | 161.73    | 3.97                     | <b>1,315.52</b>     | 167.28                      | 31.76               | 0.91                     | <b>198.13</b>      | <b>1,117.39</b>     | 990.48              |
| Marine Structures (b) .....                | 95.58                 | -         | -                        | <b>95.58</b>        | 52.09                       | 3.82                | -                        | <b>55.91</b>       | <b>39.67</b>        | 43.49               |
| Plant and Machinery (c) .....              | 5,915.71              | 507.76    | 96.96                    | <b>6,326.51</b>     | 2,459.82                    | 333.52              | 70.58                    | <b>2,722.76</b>    | <b>3,603.75</b>     | 3,455.89            |
| Electrical Installations .....             | 586.28                | 68.76     | 1.93                     | <b>653.11</b>       | 191.33                      | 31.37               | 1.81                     | <b>220.89</b>      | <b>432.22</b>       | 394.95              |
| Railway Sidings and Locomotives (d) .....  | 65.83                 | -         | -                        | <b>65.83</b>        | 27.08                       | 2.92                | -                        | <b>30.00</b>       | <b>35.83</b>        | 38.75               |
| Railway wagons given on lease (e) .....    | 6.43                  | -         | -                        | <b>6.43</b>         | 4.23                        | 0.30                | -                        | <b>4.53</b>        | <b>1.90</b>         | 2.20                |
| Furniture, Fixtures and Office Equipments  | 132.95                | 11.91     | 1.99                     | <b>142.87</b>       | 67.40                       | 10.54               | 1.52                     | <b>76.42</b>       | <b>66.45</b>        | 65.55               |
| Ships .....                                | 161.81                | 88.69     | -                        | <b>250.50</b>       | 76.37                       | 9.93                | -                        | <b>86.30</b>       | <b>164.20</b>       | 85.44               |
| Vehicles .....                             | 51.76                 | 12.20     | 7.72                     | <b>56.24</b>        | 31.00                       | 6.57                | 5.74                     | <b>31.83</b>       | <b>24.41</b>        | 20.76               |
| Power Lines (f) .....                      | 37.33                 | 54.79     | -                        | <b>92.12</b>        | 9.56                        | 2.26                | -                        | <b>11.82</b>       | <b>80.30</b>        | 27.77               |
| Sub Total .....                            | 8,711.57              | 1,036.38  | 112.91                   | <b>9,635.04</b>     | 3,095.87                    | 435.12              | 80.56                    | <b>3,450.43</b>    | <b>6,184.61</b>     | 5,615.70            |
| <b>Intangible Assets :</b>                 |                       |           |                          |                     |                             |                     |                          |                    |                     |                     |
| Water Drawing Rights .....                 | 6.16                  | -         | -                        | <b>6.16</b>         | 5.06                        | 0.51                | -                        | <b>5.57</b>        | <b>0.59</b>         | 1.10                |
| Computer Software (h) .....                | 61.09                 | -         | -                        | <b>61.09</b>        | 50.14                       | 9.69                | -                        | <b>59.83</b>       | <b>1.26</b>         | 10.95               |
| Sub Total .....                            | 67.25                 | -         | -                        | <b>67.25</b>        | 55.20                       | 10.20               | -                        | <b>65.40</b>       | <b>1.85</b>         | 12.05               |
| Total .....                                | 8,778.82              | 1,036.38  | 112.91                   | <b>9,702.29</b>     | 3,151.07                    | 445.32              | 80.56                    | <b>3,515.83</b>    | <b>6,186.46</b>     | 5,627.75            |
| Previous year's Total .....                | 6,224.13              | 2,585.80  | 31.11                    | 8,778.82            | 2,784.09                    | 389.25              | 22.27                    | 3,151.07           | 5,627.75            |                     |

### NOTES:

(a) Includes :

- Premises on ownership basis of Rs. 93.34 crores (31.12.2010-Rs. 95.75 crores) and Rs. 8.26 crores (31.12.2010-Rs. 7.31 crores) being the depreciation thereon upto 31st December, 2011 and cost of shares in Co-operative Societies are Rs. 12,630/- (31.12.2010-Rs. 13,130/-).
- Rs. 18.33 crores (31.12.2010-Rs. 13.91 crores) being cost of roads constructed by the Company, ownership of which vests with the Government / Local Authorities and Rs. 1.34 crores (31.12.2010-Rs. 1.05 crores) being the depreciation thereon upto 31st December, 2011.

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

(c) Includes Rs. 31.68 crores (31.12.2010-Rs. 34.02 crores) being cost of bulkers and tippers used as Material Handling Equipment, which are being depreciated under the "Written Down Value Method" at the rate applicable to vehicles and Rs. 20.48 crores (31.12.2010-Rs. 18.54 crore) being the depreciation thereon upto 31st December, 2011.

(d) Includes Rs. 10.08 crores (31.12.2010-Rs. 6.84 crores) being cost of Railway siding constructed by the Company, ownership of which vests with the Government / Railway Authorities and Rs. 2.83 crores (31.12.2010-Rs. 1.03 crores) being the depreciation thereon upto 31st December, 2011.

(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. 0.17 crore (31.12.2010-Rs. 2.06 crores) capitalised as pre-operative expenses.

(h) Computer software is amortized over a period of three years. The remaining amortization period ranges from three months to two years.

## SCHEDULE 'E' - INVESTMENTS

### Long-Term Investments other than Trade (at cost) :

#### In Government & Trust Securities :

##### Unquoted:

National Savings Certificate Rs. 31,500/- (31.12.2010 - Rs. 31,500/-)  
deposited with Government Department as Security .....

#### In Fully Paid Shares, Debentures and Bonds:

##### Unquoted:

##### In Fully Paid Equity Shares :

|           |                                                                                     |      |      |
|-----------|-------------------------------------------------------------------------------------|------|------|
| 1,000,000 | (1,000,000) 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 |
|           |                                                                                     | -    | -    |

#### In Subsidiary Companies :

##### In Fully Paid Equity Shares :

##### Unquoted:

|           |                                                                                          |       |      |
|-----------|------------------------------------------------------------------------------------------|-------|------|
| 50,000    | (50,000) Equity Shares of Rs. 10 each in Kakinada Cements Limited                        | 0.05  | 0.05 |
| 749,990   | (749,990) Equity Shares of Rs. 10 each in M.G.T. Cements Private Limited .....           | 3.05  | 3.05 |
| 139,990   | (139,990) Equity Shares of Rs. 10 each in Chemical Limes Mundwa Private Limited .....    | 1.47  | 1.47 |
| 1,236,405 | (-) Equity Shares of Nepali Rs. 100 each in Dang Cement Industries Private Limited ..... | 19.13 | -    |
| 1,245,230 | (-) Equity Shares of Rs. 10 each in Dirk India Private Limited .....                     | 16.52 | -    |
|           |                                                                                          | 40.22 | 4.57 |

#### In Joint Venture Companies: (Refer Note 26)

##### In Fully Paid Equity Shares :

##### Unquoted:

|           |                                                                                           |       |      |
|-----------|-------------------------------------------------------------------------------------------|-------|------|
| 4,010,002 | (-) Equity Shares of Rs. 10 each in Counto Microfine Products Private Limited .....       | 10.00 | -    |
| 545,400   | (272,700) Equity Shares of Rs. 10 each in Wardha Vaalley Coal Field Private Limited ..... | 0.55  | 0.27 |
|           |                                                                                           | 10.55 | 0.27 |

##### In Fully Paid Preference Shares :

##### Unquoted:

|            |                                                                                                                             |       |       |
|------------|-----------------------------------------------------------------------------------------------------------------------------|-------|-------|
| 15,000,000 | (15,000,000) 6.50% Redeemable Cumulative Preference Shares of Rs.10 each in Counto Microfine Products Private Limited ..... | 15.00 | 15.00 |
|------------|-----------------------------------------------------------------------------------------------------------------------------|-------|-------|

#### In Public Sector Bonds :

##### Unquoted:

|     |                                                                                                                                   |       |       |
|-----|-----------------------------------------------------------------------------------------------------------------------------------|-------|-------|
| 296 | (296) 5.13% taxable redeemable bonds of Rs. 1,000,000 each of Himachal Pradesh Infrastructure Development Bonds (Refer Note 2(b)) | 29.60 | 29.60 |
|-----|-----------------------------------------------------------------------------------------------------------------------------------|-------|-------|

#### Current Investments other than trade (at cost or fair value, whichever is lower) :

##### In Units of Mutual Funds - Fully paid-up :

##### Unquoted:

|               |                                                                                                                                     |        |       |
|---------------|-------------------------------------------------------------------------------------------------------------------------------------|--------|-------|
| 384,954.326   | (116,831.629) units of Axis Liquid Fund - Institutional Growth of Rs. 1,000 each in Axis Mutual Fund .....                          | 44.27  | 12.22 |
| -             | (8,344,609.223) units of Baroda Pioneer Liquid Fund - Institutional Growth Plan of Rs.10 each in Baroda Pioneer Mutual Fund .....   | -      | 9.01  |
| 219,590.890   | (-) units of Baroda Pioneer Liquid Fund - Institutional Growth Plan of Rs. 1,000 each in Baroda Pioneer Mutual Fund .....           | 25.91  | -     |
| -             | (11,177,817.390) units of Birla Sunlife Cash Plus - Institutional Premium - Growth of Rs.10 each in Birla Sunlife Mutual Fund ..... | -      | 17.17 |
| 3,079,472.772 | (-) units of Birla Sunlife Cash Plus - Institutional Premium - Growth of Rs.100 each in Birla Sunlife Mutual Fund .....             | 50.95  | -     |
| 6,237,602.765 | (11,120,939.002) units of BNP Paribas Overnight - Institutional Growth of Rs.10 each in BNP Paribas Mutual Fund .....               | 10.00  | 16.16 |
|               | Carried forward .....                                                                                                               | 131.13 | 54.46 |
|               | Carried forward .....                                                                                                               | 95.37  | 49.44 |

**SCHEDULE 'E' - INVESTMENTS (Contd.)**

|                                                                                                                                                                     | Rs. in Crores | As at<br>31.12.2011<br>Rs. in Crores | As at<br>31.12.2010<br>Rs. in Crores |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|--------------------------------------|--------------------------------------|
| Brought forward .....                                                                                                                                               |               | <b>95.37</b>                         | 49.44                                |
| Brought forward .....                                                                                                                                               | <b>131.13</b> |                                      | 54.46                                |
| 157,599.536 (-) units of Canara Robeco Liquid Super Institutional Growth Fund of Rs. 1,000 each in Canara Robeco Mutual Fund .....                                  | <b>20.00</b>  |                                      | -                                    |
| - (7,290,452.571) units of DWS Insta Cash Plus Fund - Super Institutional Plan Growth of Rs.10 each in Deutsche Mutual Fund .....                                   | -             |                                      | 8.97                                 |
| 2,130,499.179 (-) units of DWS Insta Cash Plus Fund - Super Institutional Plan Growth of Rs.100 each in Deutsche Mutual Fund .....                                  | <b>28.85</b>  |                                      | -                                    |
| 257,481.082 (116,259.574) units of DSP BlackRock Liquidity Fund - Institutional Plan - Growth of Rs. 1,000 each in DSP BlackRock Mutual Fund .....                  | <b>38.10</b>  |                                      | 15.97                                |
| 19,307,578.079 (24,028,814.783) units of HDFC Liquid Fund - Premium Plan - Growth of Rs.10 each in HDFC Mutual Fund .....                                           | <b>40.41</b>  |                                      | 46.23                                |
| 3,862,138.926 (1,758,566.519) units of ICICI Prudential Liquid Super Institutional Plan - Growth of Rs.100 each in ICICI Prudential Mutual Fund .....               | <b>59.50</b>  |                                      | 24.97                                |
| - (3,373,421.703) units of IDFC Cash Fund - Super Institutional Plan C - Growth of Rs.10 each in IDFC Mutual Fund .....                                             | -             |                                      | 3.92                                 |
| 208,785.783 (-) units of IDFC Cash Fund - Super Institutional Plan C - Growth of Rs. 1,000 each in IDFC Mutual Fund .....                                           | <b>26.23</b>  |                                      | -                                    |
| 326,944.911 (-) units of IDBI Liquid Fund - Growth Plan of Rs. 1,000 each in IDBI Mutual Fund .....                                                                 | <b>36.50</b>  |                                      | -                                    |
| 24,257,983.546 (8,077,674.922) units of JP Morgan India Liquid Fund - Super Institutional Growth Plan of Rs.10 each in JP Morgan Mutual Fund .....                  | <b>32.32</b>  |                                      | 10.00                                |
| 27,055,820.971 (6,661,183.411) units of JM High Liquidity Fund - Super Institutional Plan - Growth of Rs.10 each in JM Financial Mutual Fund .....                  | <b>44.16</b>  |                                      | 10.00                                |
| 11,917,636.358 (-) units of Kotak Liquid Fund Institutional Premium Growth of Rs.10 each in Kotak Mutual Fund .....                                                 | <b>24.76</b>  |                                      | -                                    |
| - (3,882,681.232) units of L&T Liquid Super Institutional Plan - Cumulative of Rs.10 each in L&T Mutual Fund .....                                                  | -             |                                      | 5.00                                 |
| 151,389.498 (-) units of L&T Liquid Super Institutional Plan - Cumulative of Rs. 1,000 each in L&T Mutual Fund .....                                                | <b>21.54</b>  |                                      | -                                    |
| - (5,658,321.440) units of Principal Cash Management Fund - Growth of Rs.10 each in Principal Mutual Fund .....                                                     | -             |                                      | 8.42                                 |
| 80,128.699 (-) units of Principal Cash Management Fund - Growth of Rs. 1,000 each in Principal Mutual Fund .....                                                    | <b>13.03</b>  |                                      | -                                    |
| - (9,689,979.553) units of Reliance Liquid Fund - Cash Plan - Growth Option - Growth Plan of Rs.10 each in Reliance Mutual Fund .....                               | -             |                                      | 15.00                                |
| 29,182,968.425 (-) units of Reliance Liquidity Fund - Growth Option of Rs.10 each in Reliance Mutual Fund .....                                                     | <b>45.81</b>  |                                      | -                                    |
| - (3,883,553.836) units of Religare Liquid Fund - Super Institutional Growth of Rs.10 each in Religare Mutual Fund .....                                            | -             |                                      | 5.09                                 |
| 257,573.013 (-) units of Religare Liquid Fund - Super Institutional Growth of Rs. 1,000 each in Religare Mutual Fund .....                                          | <b>36.79</b>  |                                      | -                                    |
| - (4,713,300.873) units of SBI - Magnum Insta Cash Fund - Cash Option of Rs.10 each in SBI Mutual Fund .....                                                        | -             |                                      | 10.03                                |
| 15,298,849.638 (4,045,361.993) units of SBI Premier Liquid Fund - Super Institutional - Growth of Rs.10 each in SBI Mutual Fund .....                               | <b>25.06</b>  |                                      | 6.00                                 |
| 121,440.229 (-) units of Tata Liquid Super High Inv. Fund - Appreciation of Rs. 1,000 each in TATA Mutual Fund .....                                                | <b>22.82</b>  |                                      | -                                    |
| 71,453.003 (-) units of Tata Liquidity Management Fund - Growth of Rs. 1,000 each in TATA Mutual Fund .....                                                         | <b>10.00</b>  |                                      | -                                    |
| 112,819.189 (90,450.358) units of UTI Liquid Cash Plan Institutional - Growth Option of Rs.1,000 each in UTI Mutual Fund .....                                      | <b>18.93</b>  |                                      | 14.17                                |
| 129,888.960 (-) units of UTI Money Market Fund Institutional Growth Plan of Rs.1,000 each in UTI Mutual Fund .....                                                  | <b>15.00</b>  |                                      | -                                    |
| 10,000,000.000 (-) units in Baroda Pioneer 90 Day FMP Series - 5 - Growth Plan of Rs. 10 each of Baroda Pioneer Mutual Fund .....                                   | <b>10.00</b>  |                                      | -                                    |
| 10,000,000.000 (-) units of DSP BlackRock FMP - Series 19 -3M - Growth Option of Rs. 10 each of DSP BlackRock Mutual Fund .....                                     | <b>10.00</b>  |                                      | -                                    |
| 4,499,356.000 (-) units of ICICI Prudential Interval Fund Quarterly Interval Plan I Institutional - Cumulative of Rs. 10 each of ICICI Prudential Mutual Fund ..... | <b>5.00</b>   |                                      | -                                    |
| Carried forward .....                                                                                                                                               | <b>715.94</b> |                                      | 238.33                               |
| Carried forward .....                                                                                                                                               |               | <b>95.37</b>                         | 49.44                                |

**SCHEDULE 'E' - INVESTMENTS (Contd.)**

|                |                                                                                                                                                                             | As at<br>31.12.2011<br>Rs. in Crores | As at<br>31.12.2010<br>Rs. in Crores |
|----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
|                | Brought forward .....                                                                                                                                                       | 715.94                               | 49.44                                |
|                | Brought forward .....                                                                                                                                                       |                                      | 238.33                               |
| 4,758,686.000  | (-) units of ICICI Prudential Interval Fund II - Quarterly Interval Plan C Institutional - Cumulative of Rs. 10 each of ICICI Prudential Mutual Fund .....                  | 5.00                                 | -                                    |
| 3,988,258.567  | (-) units Kotak Quarterly Interval Plan Series 7 - Growth of Rs. 10 each of Kotak Mutual Fund .....                                                                         | 5.00                                 | -                                    |
| 10,000,000.000 | (-) units L & T FMP -V (November 90D A) - Growth Option of Rs. 10 each of L & T Mutual Fund .....                                                                           | 10.00                                | -                                    |
| 3,000,000.000  | (-) units Taurus Fixed Maturity Plan Series K 91 Days Growth Plan of Rs. 10 each of Taurus Mutual Fund.....                                                                 | 3.00                                 | -                                    |
| 9,008,603.216  | (-) units UTI Fixed Income Interval Fund-Series II - Quarterly Interval Plan V - Institutional Growth Plan of Rs. 10 each of UTI Mutual Fund .....                          | 10.00                                | -                                    |
| 7,170,669.095  | (-) units UTI Fixed Income Interval Fund- Quarterly Plan - Series III - Institutional Growth Plan of Rs. 10 each of UTI Mutual Fund .....                                   | 10.00                                | -                                    |
| 8,694,064.562  | (-) units UTI Fixed Income Interval Fund- Quarterly Interval Plan - Series I - Institutional Growth of Rs. 10 each of UTI Mutual Fund .....                                 | 10.00                                | -                                    |
|                | - (6,858,287.211) units of Canara Robeco Floating Rate Short Term Growth Fund of Rs. 10 each in Canara Robeco Mutual Fund .....                                             | -                                    | 10.00                                |
|                | - (5,651,539.322) units of JM Money Manager Fund Regular Plan - Growth of Rs. 10 each in JM Financial Mutual Fund .....                                                     | -                                    | 7.35                                 |
|                | - (7,836,560.690) units of Reliance Monthly Interval Fund - Series I - Institutional Growth Plan of Rs. 10 each in Reliance Mutual Fund .....                               | -                                    | 10.00                                |
|                | - (3,841,927.726) units of Reliance Monthly Interval Fund - Series II - Institutional Growth Plan of Rs. 10 each in Reliance Mutual Fund .....                              | -                                    | 5.00                                 |
|                | - (6,422,306.018) units of Tata Fixed Income Portfolio Fund Scheme A2 Institutional Growth of Rs. 10 each in Tata Mutual Fund .....                                         | -                                    | 6.63                                 |
|                | - (10,000,000.000) units of Birla Sunlife Short Term FMP Series 2 Growth of Rs. 10 each in Birla Sunlife Mutual Fund .....                                                  | -                                    | 10.00                                |
|                | - (8,131,072.895) units of Birla Sunlife Quarterly Interval - Series 4 - Growth of Rs. 10 each in Birla Sunlife Mutual Fund .....                                           | -                                    | 10.00                                |
|                | - (10,000,000.000) units of Birla Sunlife Interval Income Fund - Institutional - Quarterly - Series 1 - Growth of Rs. 10 each in Birla Sunlife Mutual Fund .....            | -                                    | 10.00                                |
|                | - (5,000,000.000) units of BNP Paribas Fixed Term Fund Series 17D Growth of Rs. 10 each in BNP Paribas Mutual Fund .....                                                    | -                                    | 5.00                                 |
|                | - (4,629,029.570) units of Canara Robeco Interval Scheme Series-2 Quarterly Interval Plan-2-Growth of Rs. 10 each in Canara Robeco Mutual Fund .....                        | -                                    | 5.00                                 |
|                | - (15,000,000.000) units of DSP BlackRock FMP - 3M Series 22 - Growth of Rs. 10 each in DSP BlackRock Mutual Fund .....                                                     | -                                    | 15.00                                |
|                | - (5,000,000.000) units of DSP BlackRock FMP - 3M Series 25 - Growth of Rs. 10 each in DSP BlackRock Mutual Fund .....                                                      | -                                    | 5.00                                 |
|                | - (10,000,000.000) units of DSP BlackRock FMP - 3M Series 26 - Growth of Rs. 10 each in DSP BlackRock Mutual Fund .....                                                     | -                                    | 10.00                                |
|                | - (9,840,098.401) units of ICICI Prudential Interval Fund II Quarterly Interval Plan B Institutional Cumulative of Rs. 10 each in ICICI Prudential Mutual Fund .....        | -                                    | 10.00                                |
|                | - (10,000,000.000) units of IDFC Fixed Maturity Plan - Quarterly Series 61 - Growth of Rs. 10 each in IDFC Mutual Fund .....                                                | -                                    | 10.00                                |
|                | - (8,293,937.132) units of Kotak Quarterly Interval Plan Series 3 - Growth of Rs. 10 each in Kotak Mutual Fund .....                                                        | -                                    | 10.00                                |
|                | - (8,283,151.242) units of Kotak Quarterly Interval Plan Series 4 - Growth of Rs. 10 each in Kotak Mutual Fund .....                                                        | -                                    | 10.00                                |
|                | - (7,268,138.921) units of Kotak Quarterly Interval Plan Series 8 - Growth of Rs. 10 each in Kotak Mutual Fund .....                                                        | -                                    | 8.16                                 |
|                | - (8,070,913.838) units of Kotak Quarterly Interval Plan Series 1 - Growth of Rs. 10 each in Kotak Mutual Fund .....                                                        | -                                    | 10.00                                |
|                | - (3,319,105.780) units of Kotak Quarterly Interval Plan Series 6 - Growth of Rs. 10 each in Kotak Mutual Fund .....                                                        | -                                    | 4.04                                 |
|                | - (9,286,661.000) units of L & T FMP -II (November 91D A) - Growth of Rs. 10 each in L&T Mutual Fund .....                                                                  | -                                    | 9.29                                 |
|                | - (10,345,726.560) units of L & T FMP -II (December 91D A) - Growth of Rs. 10 each in L&T Mutual Fund.....                                                                  | -                                    | 10.34                                |
|                | - (2,000,000.000) units of Principal PNB Fixed Maturity Plan (FMP 65) 91 Days - Series XXVI - Nov 10 - Regular Growth Plan of Rs. 10 each in Principal PNB Mutual Fund..... | -                                    | 2.00                                 |
|                | Carried forward .....                                                                                                                                                       | 768.94                               | 431.14                               |
|                | Carried forward .....                                                                                                                                                       | 95.37                                | 49.44                                |

**SCHEDULE 'E' - INVESTMENTS (Contd.)**

|                                                                                                                                                                                | Rs. in Crores | As at<br>31.12.2011<br>Rs. in Crores | As at<br>31.12.2010<br>Rs. in Crores |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|--------------------------------------|--------------------------------------|
| Brought forward .....                                                                                                                                                          |               | <b>95.37</b>                         | 49.44                                |
| Brought forward .....                                                                                                                                                          | <b>768.94</b> |                                      | 431.14                               |
| - (10,000,000.000) units of Principal PNB Fixed Maturity Plan (FMP 66) 91 Days - Series XXVII - Dec 10 - Regular Growth Plan of Rs. 10 each in Principal PNB Mutual Fund ..... | -             |                                      | 10.00                                |
| - (7,821,604.837) units of Reliance Quarterly Interval Fund - Series II - Institutional Growth Plan of Rs. 10 each in Reliance Mutual Fund .....                               | -             |                                      | 10.00                                |
| - (11,813,814.287) units of Reliance Quarterly Interval Fund - Series III - Institutional Growth Plan of Rs. 10 each in Reliance Mutual Fund .....                             | -             |                                      | 15.00                                |
| - (14,565,227.946) units of Reliance Interval Fund - Quarterly Plan - Series I - Institutional Growth Plan of Rs. 10 each in Reliance Mutual Fund .....                        | -             |                                      | 15.00                                |
| - (4,888,875.852) units of Religare Active Income Fund Institutional - Growth of Rs. 10 each in Religare Mutual Fund .....                                                     | -             |                                      | 5.00                                 |
| - (10,000,000.000) units of Religare Fixed Maturity Plan - Series - IV Plan A - Growth of Rs. 10 each in Religare Mutual Fund .....                                            | -             |                                      | 10.00                                |
| - (5,370,000.000) units of Religare Fixed Maturity Plan - Series IV Plan C - Growth of Rs. 10 each in Religare Mutual Fund .....                                               | -             |                                      | 5.37                                 |
| - (20,000,000.000) units of SBI Debt Fund Series - 90 Days - 35 - Growth of Rs. 10 each in SBI Mutual Fund .....                                                               | -             |                                      | 20.00                                |
| - (10,000,000.000) units of SBI - Debt Fund Series - 90 Days - 37 - Growth of Rs. 10 each in SBI Mutual Fund .....                                                             | -             |                                      | 10.00                                |
| - (4,108,530.954) units of UTI Fixed Income Interval Fund-Quarterly Interval Plan Series III - Institutional Growth Plan of Rs. 10 each in UTI Mutual Fund .....               | -             |                                      | 5.00                                 |
| - (10,000,000.000) units of UTI Fixed Income Interval Fund-Series-II-Quarterly Interval Plan V-Institutional Growth Plan of Rs. 10 each in UTI Mutual Fund .....               | -             |                                      | 10.00                                |
| - (4,847,403.731) units of UTI Fixed Income Interval Fund-Series II - Quarterly Interval Plan VI - Institutional Growth Plan of Rs. 10 each in UTI Mutual Fund .....           | -             |                                      | 5.00                                 |
| - (14,547,570.556) units of UTI Fixed Income Interval Fund-Quarterly Interval Plan-Series-I-Institutional Growth Plan of Rs. 10 each in UTI Mutual Fund .....                  | -             |                                      | 15.00                                |
| - (9,835,162.674) units of UTI Fixed Income Interval Fund-Series II - Quarterly Interval Plan IV - Institutional Growth Plan of Rs. 10 each in UTI Mutual Fund .....           | -             |                                      | 10.00                                |
|                                                                                                                                                                                |               | <b>768.94</b>                        | 576.51                               |
| Total .....                                                                                                                                                                    |               | <b>864.31</b>                        | 625.95                               |

|                                          | Book Value as on            |                             | Market Value as on          |                             |
|------------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                                          | 31.12.2011<br>Rs. in Crores | 31.12.2010<br>Rs. in Crores | 31.12.2011<br>Rs. in Crores | 31.12.2010<br>Rs. in Crores |
| Aggregate amount of Quoted Investments   | -                           | -                           | -                           | -                           |
| Aggregate amount of Unquoted Investments | <b>864.31</b>               | 625.95                      |                             |                             |
|                                          | <b>864.31</b>               | 625.95                      |                             |                             |

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

|                                                                            | 2011              |                        |                                | 2010            |                                |  |
|----------------------------------------------------------------------------|-------------------|------------------------|--------------------------------|-----------------|--------------------------------|--|
| Name                                                                       | Face Value<br>Rs. | Nos.                   | Purchase Cost<br>Rs. in Crores | Nos.            | Purchase Cost<br>Rs. in Crores |  |
| <b>Units of Mutual Funds</b>                                               |                   |                        |                                |                 |                                |  |
| Axis Liquid Fund - Institutional Growth .....                              | 1,000             | <b>593,452.685</b>     | <b>65.73</b>                   | 145,006.288     | 14.90                          |  |
| Baroda Pioneer Liquid Fund - Institutional Growth Plan .....               | 1,000             | <b>145,449.315</b>     | <b>16.34</b>                   | -               | -                              |  |
| Baroda Pioneer 90 Day FMP - Series 1 - Growth Plan .....                   | 10                | <b>5,000,000.000</b>   | <b>5.00</b>                    | -               | -                              |  |
| Baroda Pioneer 90 Day FMP - Series 2 - Growth Plan .....                   | 10                | <b>5,000,000.000</b>   | <b>5.00</b>                    | -               | -                              |  |
| Baroda Pioneer 90 Day FMP - Series 4 - Growth Plan .....                   | 10                | <b>2,000,000.000</b>   | <b>2.00</b>                    | -               | -                              |  |
| Birla Sun Life Cash Plus - Institutional Premium - Growth .....            | 10                | <b>174,282,339.141</b> | <b>278.36</b>                  | 298,401,976.586 | 445.06                         |  |
| Birla Sun Life Cash Plus - Institutional Premium - Growth .....            | 100               | <b>3,318,382.374</b>   | <b>54.50</b>                   | -               | -                              |  |
| Birla Sun Life Floating Rate Fund - Short Term Plan Institutional - Growth | 10                | <b>30,036,584.809</b>  | <b>40.00</b>                   | 40,949,917.465  | 45.08                          |  |
| Birla Sun Life Floating Rate Fund - Short Term Plan Institutional - Growth | 100               | <b>1,245,678.594</b>   | <b>17.00</b>                   | -               | -                              |  |
| Birla Sun Life Short Term FMP Series 7 Growth .....                        | 10                | <b>10,192,400.000</b>  | <b>10.19</b>                   | -               | -                              |  |



**SCHEDULE 'E' - INVESTMENTS (Contd.)**

| Name                                                                                                    | Face Value Rs. | 2011            |                             | 2010            |                             |
|---------------------------------------------------------------------------------------------------------|----------------|-----------------|-----------------------------|-----------------|-----------------------------|
|                                                                                                         |                | Nos.            | Purchase Cost Rs. in Crores | Nos.            | Purchase Cost Rs. in Crores |
| BNP Paribas Fixed Term Fund Series 21A Growth .....                                                     | 10             | 5,000,000.000   | 5.00                        | -               | -                           |
| BNP Paribas Overnight Institutional Growth .....                                                        | 10             | 16,835,003.066  | 25.22                       | 10,323,128.632  | 14.81                       |
| Canara Robeco Liquid Super Institutional Growth Fund .....                                              | 10             | 16,653,269.351  | 20.11                       | 22,281,733.789  | 25.29                       |
| Canara Robeco Liquid Super Institutional Growth Fund .....                                              | 1,000          | 166,532.694     | 20.53                       | -               | -                           |
| DWS Insta Cash Plus Fund - Super Institutional Plan Growth .....                                        | 10             | 7,930,528.570   | 10.00                       | 33,169,421.402  | 39.81                       |
| DWS Insta Cash Plus Fund - Super Institutional Plan Growth .....                                        | 100            | 7,956,272.120   | 103.35                      | -               | -                           |
| DWS Money Plus Fund - Institutional Plan - Growth .....                                                 | 10             | 19,423,009.759  | 20.00                       | -               | -                           |
| DSP Black Rock Liquidity Fund - Institutional Plan - Growth .....                                       | 1,000          | 2,232,725.200   | 314.52                      | 2,007,377.874   | 269.06                      |
| DSP BlackRock FMP - 3M - Series 29 - Growth .....                                                       | 10             | 10,000,000.000  | 10.00                       | -               | -                           |
| DSP BlackRock FMP - 3M - Series 31 - Growth .....                                                       | 10             | 10,000,000.000  | 10.00                       | -               | -                           |
| DSP BlackRock FMP - 3M - Series 36 - Growth .....                                                       | 10             | 10,000,000.000  | 10.00                       | -               | -                           |
| HDFC Liquid Fund -Premium Plan - Growth .....                                                           | 10             | 344,978,483.640 | 688.59                      | 227,277,828.350 | 427.51                      |
| ICICI Prudential Liquid Super Institutional Plan - Growth .....                                         | 100            | 39,000,100.735  | 568.18                      | 59,392,327.421  | 824.61                      |
| ICICI Prudential Interval Fund II Quarterly Interval Plan C Institutional - Growth .....                | 10             | 9,967,307.232   | 10.00                       | -               | -                           |
| ICICI Prudential Interval Fund II Quarterly Interval Plan D Institutional - Growth .....                | 10             | 4,805,382.028   | 5.00                        | -               | -                           |
| IDBI Liquid Fund - Growth .....                                                                         | 10             | 9,651,113.330   | 10.00                       | -               | -                           |
| IDBI Liquid Fund - Growth .....                                                                         | 1,000          | 679,414.380     | 73.56                       | -               | -                           |
| IDBI FMP 90 Days Series - I - February 2011 - A - Growth .....                                          | 10             | 5,000,000.000   | 5.00                        | -               | -                           |
| IDFC Cash Fund - Super Institutional Plan C - Growth .....                                              | 10             | 116,787,423.482 | 140.24                      | 122,335,260.112 | 139.34                      |
| IDFC Cash Fund - Super Institutional Plan C - Growth .....                                              | 1,000          | 79,010.654      | 9.93                        | -               | -                           |
| JM High Liquidity Fund - Super Institutional Plan - Growth .....                                        | 10             | 78,022,235.154  | 123.33                      | 6,348,838.856   | 9.24                        |
| JP Morgan India Liquid Fund - Super Institutional Growth Plan .....                                     | 10             | 53,454,777.481  | 68.18                       | 28,763,707.980  | 34.42                       |
| JP Morgan India Fixed Maturity Plan Series - 1 - Growth .....                                           | 10             | 10,000,000.000  | 10.00                       | -               | -                           |
| Kotak Liquid Fund Institutional Premium Growth .....                                                    | 10             | 22,012,956.084  | 43.94                       | 39,371,678.799  | 74.56                       |
| L&T Liquid Super Institutional Plan - Cumulative .....                                                  | 10             | 50,836,966.052  | 70.00                       | 18,136,670.702  | 23.12                       |
| L&T Liquid Super Institutional Plan - Cumulative .....                                                  | 1,000          | 140,545.392     | 19.99                       | -               | -                           |
| L & T FMP - III (February 90D A ) - Growth .....                                                        | 10             | 14,470,722.621  | 14.47                       | -               | -                           |
| L & T FMP - III (March 90D A ) - Growth .....                                                           | 10             | 10,576,332.805  | 10.58                       | -               | -                           |
| Principal Cash Management Fund - Growth .....                                                           | 10             | 19,412,681.412  | 30.43                       | 13,638,836.319  | 19.89                       |
| Principal PNB Fixed Maturity Plan (FMP 69) 91 Days - Series XXVIII - Feb 11 - Regular Growth Plan ..... | 10             | 7,039,060.000   | 7.04                        | -               | -                           |
| Reliance Liquid Fund - Cash Plan - Growth Option - Growth Plan .....                                    | 10             | 6,559,435.466   | 10.25                       | -               | -                           |
| Reliance Liquidity Fund - Growth Option .....                                                           | 10             | 457,037,683.043 | 684.84                      | 573,816,614.481 | 805.38                      |
| Religare Liquid Fund Super - Institutional Growth .....                                                 | 10             | 8,114,093.977   | 10.77                       | 31,308,954.931  | 40.18                       |
| Religare Liquid Fund Super - Institutional Growth .....                                                 | 1,000          | 617,493.152     | 84.36                       | -               | -                           |
| Religare Fixed Maturity Plan - Series V Plan C 3 Months Growth - Growth Plan .....                      | 10             | 5,000,000.000   | 5.00                        | -               | -                           |
| Religare Fixed Maturity Plan - Series V Plan F 91 Days - Growth Plan .....                              | 10             | 5,000,000.000   | 5.00                        | -               | -                           |
| SBI - Magnum Insta Cash Fund - Cash Option .....                                                        | 10             | 53,329,798.940  | 115.83                      | 106,299,461.909 | 218.93                      |
| SBI Premier Liquid Fund - Super Institutional - Growth .....                                            | 10             | 22,870,296.304  | 37.29                       | -               | -                           |
| SBIMF - SDFS 90 Days - 39 - Growth .....                                                                | 10             | 10,000,000.000  | 10.00                       | -               | -                           |
| SBIMF - SDFS 90 Days - 40 - Growth .....                                                                | 10             | 10,000,000.000  | 10.00                       | -               | -                           |
| Tata Liquid Super High Inv. Fund - Appreciation .....                                                   | 1,000          | 163,205.305     | 29.42                       | 358,342.526     | 61.83                       |
| Tata Liquidity Management Fund - Growth .....                                                           | 1,000          | 72,987.528      | 10.00                       | -               | -                           |
| Tata Fixed Maturity Plan Series - 28 Scheme A - Growth .....                                            | 10             | 10,000,000.000  | 10.00                       | -               | -                           |
| Tata Fixed Maturity Plan Series - 28 Scheme B - Growth .....                                            | 10             | 10,000,000.000  | 10.00                       | -               | -                           |
| Tata Fixed Income Portfolio Fund Scheme B 2 - Institutional - Growth .....                              | 10             | 9,753,147.828   | 10.00                       | -               | -                           |
| UTI Liquid Cash Plan Institutional - Growth Option .....                                                | 1,000          | 919,850.571     | 149.20                      | 1,128,134.903   | 171.81                      |
| Axis Treasury Advantage Fund - Institutional Growth .....                                               | 1,000          | -               | -                           | 97,486.490      | 10.00                       |
| Baroda Pioneer Liquid Fund - Institutional Growth Plan .....                                            | 10             | -               | -                           | 1,875,169.937   | 2.00                        |
| Baroda Pioneer Treasury Advantage Fund - Institutional Growth Plan .....                                | 10             | -               | -                           | 1,903,198.557   | 2.00                        |
| Birla Sun Life Saving Fund Institutional - Growth .....                                                 | 10             | -               | -                           | 76,984,986.568  | 135.02                      |
| Birla Sun Life Interval Income Fund - Institutional - Quarterly - Series 2 - Growth .....               | 10             | -               | -                           | 21,541,881.726  | 25.00                       |
| Birla Sun Life Interval Income Fund Institutional - Quarterly - Series 1 - Growth .....                 | 10             | -               | -                           | 5,000,545.527   | 5.00                        |
| Birla Sun Life Cash Manager - Institutional Plan - Growth .....                                         | 10             | -               | -                           | 12,649,045.470  | 20.18                       |
| Birla Sun Life Ultra Short Term Fund - Institutional Growth .....                                       | 10             | -               | -                           | 18,127,764.484  | 20.00                       |
| BNP Paribas Overnight-Institutional Plus - Growth .....                                                 | 10             | -               | -                           | 15,156,696.670  | 16.00                       |
| BNP Paribas Money Plus Institutional Growth .....                                                       | 10             | -               | -                           | 11,497,699.308  | 16.00                       |
| BNP Paribas Fixed Term Fund Series 18 C Growth .....                                                    | 10             | -               | -                           | 5,000,000.000   | 5.00                        |
| Canara Robeco Treasury Advantage Super Institutional Growth Fund .....                                  | 10             | -               | -                           | 3,635,147.844   | 5.00                        |

**SCHEDULE 'E' - INVESTMENTS (Contd.)**

| Name                                                                                                     | Face Value Rs. | 2011 |                             | 2010            |                             |
|----------------------------------------------------------------------------------------------------------|----------------|------|-----------------------------|-----------------|-----------------------------|
|                                                                                                          |                | Nos. | Purchase Cost Rs. in Crores | Nos.            | Purchase Cost Rs. in Crores |
| DWS Insta Cash Plus Fund - Institutional Plan Growth .....                                               | 10             | -    | -                           | 2,089,063.956   | 3.00                        |
| DWS Ultra Short Term Fund - Institutional Growth .....                                                   | 10             | -    | -                           | 16,708,548.409  | 18.00                       |
| DWS Treasury Fund Investment - Institutional Plan - Growth .....                                         | 10             | -    | -                           | 9,687,967.862   | 10.00                       |
| DSP Black Rock Floating Rate Fund - Institutional Plan - Growth .....                                    | 1,000          | -    | -                           | 829,259.444     | 110.01                      |
| HDFC Short Term Opportunities Fund - Growth .....                                                        | 10             | -    | -                           | 10,000,000.000  | 10.00                       |
| HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Growth .....                           | 10             | -    | -                           | 64,831,486.932  | 131.36                      |
| HDFC Quarterly Interval Fund - Plan C Wholesale Growth .....                                             | 10             | -    | -                           | 25,000,000.000  | 25.00                       |
| HDFC FMP 35D August 2010 (3) - Growth - Series XIV .....                                                 | 10             | -    | -                           | 20,000,000.000  | 20.00                       |
| HDFC FMP 35D October 2010 (1) - Growth - Series XVII .....                                               | 10             | -    | -                           | 10,000,000.000  | 10.00                       |
| ICICI Prudential Interval Fund Monthly Interval Plan I - Institutional Growth .....                      | 10             | -    | -                           | 5,000,000.000   | 5.00                        |
| ICICI Prudential Flexible Income Plan Premium - Growth .....                                             | 100            | -    | -                           | 8,758,098.126   | 150.09                      |
| ICICI Prudential Interval Fund II Quarterly Interval Plan F Institutional Cumulative .....               | 10             | -    | -                           | 5,000,000.000   | 5.00                        |
| ICICI Prudential Ultra Short Term Plan Super Premium Growth .....                                        | 10             | -    | -                           | 19,256,691.700  | 20.00                       |
| ICICI Prudential Long Term Floating Rate Fund Plan C - Growth .....                                      | 10             | -    | -                           | 4,997,051.739   | 5.00                        |
| ICICI Prudential Blended Plan B Institutional Growth Option - II .....                                   | 10             | -    | -                           | 9,797,677.950   | 10.00                       |
| IDFC Money Manager Fund - Treasury Plan - Super Institutional Plan C - Growth .....                      | 10             | -    | -                           | 36,754,825.203  | 40.00                       |
| IDFC Money Manager Fund - Investment Plan - Institutional Plan B - Growth .....                          | 10             | -    | -                           | 6,955,360.496   | 10.00                       |
| IDFC Fixed Maturity Quarterly Series - 59 Growth .....                                                   | 10             | -    | -                           | 10,000,000.000  | 10.00                       |
| JP Morgan India Treasury Fund - Super Institutional Growth Plan .....                                    | 10             | -    | -                           | 15,918,743.408  | 19.00                       |
| JM Money Manager Fund Super Plus Plan - Growth .....                                                     | 10             | -    | -                           | 1,555,603.143   | 2.00                        |
| Kotak Floater Long Term - Growth .....                                                                   | 10             | -    | -                           | 35,982,368.350  | 52.92                       |
| Kotak Quarterly Interval Plan Series 6 - Growth .....                                                    | 10             | -    | -                           | 8,724,861.493   | 10.00                       |
| Kotak Quarterly Interval Plan Series 3 - Growth .....                                                    | 10             | -    | -                           | 8,509,986.469   | 10.00                       |
| Kotak Quarterly Interval Plan Series 7 - Growth .....                                                    | 10             | -    | -                           | 4,562,085.420   | 5.00                        |
| Kotak Quarterly Interval Plan Series 4 - Growth .....                                                    | 10             | -    | -                           | 8,407,176.366   | 10.00                       |
| Kotak Quarterly Interval Plan Series 8 - Growth .....                                                    | 10             | -    | -                           | 4,522,676.701   | 5.00                        |
| LIC MF Liquid Fund - Growth Plan .....                                                                   | 10             | -    | -                           | 76,197,107.148  | 129.28                      |
| LIC MF Savings Plus Fund - Growth Plan .....                                                             | 10             | -    | -                           | 27,496,345.918  | 40.01                       |
| L&T Freedom Income STP - Institutional - Cumulative - Org .....                                          | 10             | -    | -                           | 9,400,165.701   | 14.00                       |
| L & T - FMP - I ( June 91D A ) - Growth .....                                                            | 10             | -    | -                           | 10,000,000.000  | 10.00                       |
| L & T FMP - I ( August 91D A ) - Growth .....                                                            | 10             | -    | -                           | 9,131,158.000   | 9.13                        |
| L & T FMP - I (September 91D A ) - Growth .....                                                          | 10             | -    | -                           | 10,160,800.000  | 10.16                       |
| Principal Floating Rate Fund FMP - Institutional Option - Growth Plan ....                               | 10             | -    | -                           | 5,533,797.896   | 8.06                        |
| Principal Money Manager Fund - Regular Growth Plan - Dec 07 .....                                        | 10             | -    | -                           | 4,532,677.004   | 5.04                        |
| Principal PNB Fixed Maturity Plan (FMP 61) 91 Days - Series XXIII - Sep 10 - Regular Growth Plan .....   | 10             | -    | -                           | 10,000,000.000  | 10.00                       |
| Reliance Money Manager Fund - Institutional Option - Growth Plan .....                                   | 1,000          | -    | -                           | 3,110,526.020   | 391.37                      |
| Reliance Monthly Interval Fund - Series I - Institutional Growth Plan .....                              | 10             | -    | -                           | 23,969,559.347  | 30.00                       |
| Reliance Monthly Interval Fund - Series II - Institutional Growth Plan .....                             | 10             | -    | -                           | 47,883,793.529  | 60.00                       |
| Reliance Quarterly Interval Fund - Series III - Institutional Growth Plan ....                           | 10             | -    | -                           | 8,117,212.549   | 10.00                       |
| Reliance Interval Fund - Quarterly Plan - Series I - Institutional Growth Plan ..                        | 10             | -    | -                           | 5,000,000.000   | 5.00                        |
| Religare Ultra Short Term Fund - Institutional Growth .....                                              | 10             | -    | -                           | 11,791,504.490  | 15.00                       |
| Religare Active Income Fund Institutional - Growth .....                                                 | 10             | -    | -                           | 4,930,723.337   | 5.00                        |
| SBI - SHF - Ultra Short Term Fund - Institutional Plan - Growth .....                                    | 10             | -    | -                           | 114,739,660.984 | 137.02                      |
| Tata Floater Fund - Growth .....                                                                         | 10             | -    | -                           | 15,750,622.041  | 21.60                       |
| Tata Fixed Income Portfolio Fund Scheme A3 Institutional Growth .....                                    | 10             | -    | -                           | 15,892,875.237  | 16.06                       |
| Tata Fixed Income Portfolio Fund Scheme A2 Institutional Growth .....                                    | 10             | -    | -                           | 19,855,518.105  | 20.00                       |
| Taurus Liquid Fund - Institutional Growth .....                                                          | 1,000          | -    | -                           | 19,720.942      | 2.01                        |
| Taurus Ultra Short Term Bond Fund - Institutional Growth Plan .....                                      | 1,000          | -    | -                           | 9,252.967       | 1.00                        |
| UTI Treasury Advantage Fund - Institutional Plan (Growth Option) .....                                   | 1,000          | -    | -                           | 708,368.537     | 87.17                       |
| UTI Fixed Income Interval Fund - Series II - Quarterly Interval Plan V - Institutional Growth Plan ..... | 10             | -    | -                           | 10,000,985.012  | 10.00                       |
| UTI Short Term Income Fund - Income Option - Re-investment .....                                         | 10             | -    | -                           | 4,223,508.500   | 5.02                        |
| UTI Fixed Income Interval Fund - Monthly Interval Plan - I - Institutional Growth Plan .....             | 10             | -    | -                           | 8,158,319.905   | 10.00                       |
| UTI Floating Rate Fund - Short Term Plan - Institutional Growth Option .....                             | 1,000          | -    | -                           | 96,176.745      | 10.00                       |
| UTI Fixed Income Interval Fund - Monthly Interval Plan - II - Institutional Growth Plan .....            | 10             | -    | -                           | 15,000,000.000  | 15.00                       |

|               | As at<br>31.12.2011<br>Rs. in Crores | As at<br>31.12.2010<br>Rs. in Crores |
|---------------|--------------------------------------|--------------------------------------|
| Rs. in Crores | Rs. in Crores                        | Rs. in Crores                        |

## SCHEDULE 'F' - INVENTORIES

(At cost, less provision for slow and non moving inventory and net realisable value whichever is lower )

Coal, Fuel, Packing Materials, Stores and Spare parts (including in transit-Rs. 75.13 crores; 31.12.2010-Rs. 12.76 crores) (Refer Note 25) .....

632.31 545.21

Stock-in-trade :

Raw materials (including in transit-Rs. 0.99 crores; 31.12.2010-Rs. 1.58 crores) .....

45.46 52.45

Finished goods .....

88.68 74.95

134.14 127.40

Materials-in-process .....

158.52 229.25

Total .....

924.97 901.86

## SCHEDULE 'G' - SUNDRY DEBTORS

Over six months :

Considered good (Secured by way of security deposit Rs. 0.38 crore; 31.12.2010-Rs. 0.34 crore) .....

1.77 2.02

Considered doubtful, unsecured .....

7.14 8.54

Less : Provision .....

7.14 8.54

- -

1.77 2.02

Others considered good (Secured by way of security deposit Rs. 85.39 crores; 31.12.2010-Rs. 46.65 crores) (Refer Note below) .....

239.08 126.16

Total .....

240.85 128.18

### Note :

Others Includes :

Due from ACC Limited Rs. 0.18 crore (31.12.2010-Rs. 1.16 crores), (maximum outstanding due during the year Rs. 16.10 crores (31.12.2010-Rs. 5.89 crores)), and from ACC Concrete Limited Rs. 2.05 crores (31.12.2010-Rs. 1.73 crores), (maximum outstanding due during the year Rs. 5.34 crores (31.12.2010-Rs. 8.80 crores)), companies under same management.

## SCHEDULE 'H' - CASH AND BANK BALANCES

Cash on hand .....

0.27 0.35

Bank Balances :

With Scheduled Banks :

In Current Account .....

175.16 198.05

In Fixed Deposits (Deposit Receipts of Rs. 10.15 crores (31.12.2010-Rs. 10.15 crores) deposited with Government Departments as Security Deposit and Rs. 30.61 crores (31.12.2010-Rs. 25.61 crores) deposited with banks as security deposit for guarantees).

1,895.80 1,449.77

2,070.96 1,647.82

Total .....

2,071.23 1,648.17

## SCHEDULE 'I' - OTHER CURRENT ASSETS

Interest accrued on Investments .....

1.02 1.02

Other Interest receivable (including due from subsidiaries Rs. 0.17 crore; 31.12.2010-Rs. 0.02 crore) .....

19.10 12.82

Scrapped assets awaiting disposal (at net book value or estimated net realisable value whichever is less) .....

0.84 0.05

Sundry Receivables .....

2.70 2.68

Total .....

23.66 16.57

|                                                                                        | Rs. in Crores | As at<br>31.12.2011<br>Rs. in Crores | As at<br>31.12.2010<br>Rs. in Crores |
|----------------------------------------------------------------------------------------|---------------|--------------------------------------|--------------------------------------|
| <b>SCHEDULE 'J' - LOANS AND ADVANCES</b>                                               |               |                                      |                                      |
| (Unsecured Considered Good, unless otherwise stated)                                   |               |                                      |                                      |
| Loan to subsidiaries (Refer Note 30) .....                                             |               | 5.44                                 | 0.25                                 |
| Advances recoverable in cash or in kind or for value to be received (Refer Note below) |               |                                      |                                      |
| Good .....                                                                             | 146.77        |                                      | 133.92                               |
| Doubtful .....                                                                         | 12.84         |                                      | 10.39                                |
| Less : Provision .....                                                                 | 12.84         |                                      | 10.39                                |
|                                                                                        | -             |                                      | -                                    |
|                                                                                        |               | 146.77                               | 133.92                               |
| Incentives receivable under central / state government incentive scheme .....          | 220.83        |                                      | 126.79                               |
| Deposits with Housing Development Finance Corporation Limited .....                    | 100.00        |                                      | 100.00                               |
| Deposits .....                                                                         | 92.81         |                                      | 78.13                                |
| Balance with Central Excise, Customs, Port Trusts, etc. ....                           | 1.76          |                                      | 1.46                                 |
| Total .....                                                                            | 567.61        |                                      | 440.55                               |

**Note:**

Due from Holcim Services (South Asia) Limited Rs. Nil (31.12.2010-Rs. 0.61 crore), (maximum outstanding due during the year Rs. 0.69 crore (31.12.2010-Rs. 0.61 crore)), a company under same management.

**SCHEDULE 'K' - CURRENT LIABILITIES AND PROVISIONS**

**LIABILITIES :**

Sundry Creditors :

|                                                                                                              |          |          |          |
|--------------------------------------------------------------------------------------------------------------|----------|----------|----------|
| Dues of Micro and Small Enterprises (Refer Note 21) .....                                                    | 0.35     |          | 0.17     |
| Creditors Other than Micro and Small Enterprises .....                                                       | 1,342.82 |          | 1,106.11 |
|                                                                                                              |          | 1,343.17 | 1,106.28 |
| Investor Education and Protection Fund shall be credited by the following (See Note below) * :               |          |          |          |
| Unclaimed Dividends .....                                                                                    | 17.98    |          | 16.11    |
| Unclaimed Application Money on Securities .....                                                              | 0.15     |          | 0.15     |
| Unclaimed sale proceeds of the odd lot shares belonging to the Shareholders of erstwhile ACRL and ACEL ..... | 2.64     |          | 2.94     |
|                                                                                                              |          | 20.77    | 19.20    |
| Security Deposits .....                                                                                      | 224.19   |          | 172.13   |
|                                                                                                              | 1,588.13 |          | 1,297.61 |

**PROVISIONS :**

|                                                                               |          |  |          |
|-------------------------------------------------------------------------------|----------|--|----------|
| Provision for wealth tax, net off advances .....                              | 0.34     |  | 0.43     |
| Proposed Dividend .....                                                       | 276.19   |  | 214.18   |
| Provision for Dividend Distribution Tax .....                                 | 44.80    |  | 35.57    |
| Provision for gratuity and staff benefit schemes .....                        | 7.29     |  | 5.18     |
| Provision for compensated absences .....                                      | 55.50    |  | 47.40    |
| Provision for mines reclamation expenses (Refer Note 12) .....                | 11.28    |  | 11.54    |
| Provision for Income tax, net off advances (including interest thereon) ..... | 710.71   |  | 782.27   |
|                                                                               | 1,106.11 |  | 1,096.57 |
| Total .....                                                                   | 2,694.24 |  | 2,394.18 |

\* Note :

Amounts to be transferred to the said fund shall be determined on the respective due dates.

|                                                                                            | 2011<br>Rs. in Crores | 2010<br>Rs. in Crores |
|--------------------------------------------------------------------------------------------|-----------------------|-----------------------|
| <b>SCHEDULE 'L' - OTHER INCOME</b>                                                         |                       |                       |
| <b>Operating Income :</b>                                                                  |                       |                       |
| Insurance Claims .....                                                                     | 5.18                  | 12.24                 |
| Sale of Power .....                                                                        | 13.09                 | 29.17                 |
| Surplus on Sale of Assets .....                                                            | 12.24                 | 13.78                 |
| Exchange Rate Difference (net) .....                                                       | -                     | 2.24                  |
| Miscellaneous Income (Gross; Tax deducted Rs. 0.80 crore; 31.12.2010-Rs. 1.00 crore) ..... | 33.89                 | 42.80                 |
| Provisions no longer required .....                                                        | 23.97                 | 27.11                 |
|                                                                                            | <b>88.37</b>          | 127.34                |
| <b>Other Income :</b>                                                                      |                       |                       |
| Dividend income from current investment - other than trade .....                           | -                     | 0.02                  |
| Profit / (Loss) on Sale of Current Investments (net) .....                                 | 59.16                 | 34.47                 |
| Interest Income (Gross; Tax deducted Rs. 15.30 crores; 31.12.2010-Rs. 6.46 crores) .....   |                       |                       |
| On Current Investments (Bonds) .....                                                       | 1.52                  | 1.82                  |
| On Fixed deposits with banks .....                                                         | 146.04                | 66.17                 |
| On Income Tax Refund .....                                                                 | 3.83                  | -                     |
| Others .....                                                                               | 4.12                  | 3.89                  |
|                                                                                            | <b>155.51</b>         | 71.88                 |
| Discounting income on sales tax loan .....                                                 | 15.78                 | 13.89                 |
|                                                                                            | <b>230.45</b>         | 120.26                |
| Total .....                                                                                | <b>318.82</b>         | 247.60                |

## SCHEDULE 'M' - MANUFACTURING AND OTHER EXPENSES

|                                                                                                            |                 |          |
|------------------------------------------------------------------------------------------------------------|-----------------|----------|
| 1 Raw Materials Consumed :                                                                                 |                 |          |
| Purchased Clinker .....                                                                                    | 8.82            | 123.70   |
| Others (Refer Note 28 (a)) .....                                                                           | 568.56          | 472.58   |
|                                                                                                            | <b>577.38</b>   | 596.28   |
| 2 Freight and Handling Charges on internal material transfer (Refer Note 28 (a)) .....                     | 475.45          | 352.01   |
| 3 Royalty and Cess .....                                                                                   | 127.63          | 126.43   |
| 4 Stores and Spares Consumed .....                                                                         | 305.50          | 272.13   |
| 5 Provision for slow and non moving spares (Refer Note 25) .....                                           | 6.67            | 14.93    |
| 6 Packing Materials Consumed .....                                                                         | 287.18          | 239.85   |
| 7 Power and Fuel .....                                                                                     | 2,006.34        | 1,697.34 |
| 8 Mines reclamation expenses .....                                                                         | 0.15            | 3.16     |
| 9 Repairs and Maintenance :                                                                                |                 |          |
| Buildings .....                                                                                            | 7.86            | 8.33     |
| Machinery .....                                                                                            | 126.28          | 97.44    |
| Others .....                                                                                               | 15.44           | 15.84    |
|                                                                                                            | <b>149.58</b>   | 121.61   |
| 10 Excise duty :                                                                                           |                 |          |
| Excise duty on captive consumption of clinker .....                                                        | 51.98           | 42.94    |
| Excise duty variation on opening / closing stock .....                                                     | 2.49            | 4.92     |
|                                                                                                            | <b>54.47</b>    | 47.86    |
| 11 Employees' Remuneration and Benefits :                                                                  |                 |          |
| Salaries, Wages, Bonus, Allowances, etc. ....                                                              | 361.75          | 290.15   |
| Contribution to Provident and other Funds .....                                                            | 35.42           | 32.79    |
| Welfare Expenses .....                                                                                     | 26.58           | 19.38    |
|                                                                                                            | <b>423.75</b>   | 342.32   |
| Employee Compensation expenses under Employee Stock Option Scheme (Refer Note 1(B), 10(e) and 10(g)) ..... | 9.45            | 1.34     |
|                                                                                                            | <b>433.20</b>   | 343.66   |
| Carried forward .....                                                                                      | <b>4,423.55</b> | 3,815.26 |



## SCHEDULE 'M' - MANUFACTURING AND OTHER EXPENSES (Contd.)

|                                                                                                                              | Rs. in Crores   | 2011<br>Rs. in Crores | 2010<br>Rs. in Crores |
|------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------------|-----------------------|
| Brought forward .....                                                                                                        |                 | <b>4,423.55</b>       | 3,815.26              |
| 12 Administrative, Selling and Other Expenses :                                                                              |                 |                       |                       |
| Rent .....                                                                                                                   | <b>25.56</b>    |                       | 21.85                 |
| Rates and Taxes .....                                                                                                        | <b>4.44</b>     |                       | 7.13                  |
| Insurance .....                                                                                                              | <b>23.25</b>    |                       | 20.89                 |
| Legal and Professional Fees (Refer Note 32) .....                                                                            | <b>88.84</b>    |                       | 41.70                 |
| Directors' Fees and Expenses .....                                                                                           | <b>0.19</b>     |                       | 0.24                  |
| Commission to Non-executive Directors (Refer Note 8) .....                                                                   | <b>1.71</b>     |                       | 1.25                  |
| Advertisement and Publicity .....                                                                                            | <b>75.94</b>    |                       | 84.07                 |
| Freight and Forwarding charges [including Rs. 4.08 crores on Exports (31.12.2010-Rs. 3.32 crores)] (Refer Note 28 (a)) ..... | <b>1,454.65</b> |                       | 1,258.07              |
| Commission on sales .....                                                                                                    | <b>22.54</b>    |                       | 19.66                 |
| Discount on sales .....                                                                                                      | <b>69.74</b>    |                       | 87.49                 |
| Selling and Distribution Expenses .....                                                                                      | <b>46.87</b>    |                       | 37.56                 |
| Entry Tax, Additional Tax and Purchase Tax etc. ....                                                                         | <b>12.56</b>    |                       | 6.08                  |
| Miscellaneous Expenses (Refer Note 32) .....                                                                                 | <b>248.76</b>   |                       | 201.42                |
| Exchange Rate Difference (net) .....                                                                                         | <b>2.24</b>     |                       | -                     |
| Donations .....                                                                                                              | <b>32.65</b>    |                       | 22.07                 |
| Loss on Assets sold, discarded and written off (Refer Note 31) .....                                                         | <b>20.89</b>    |                       | 3.27                  |
| Bad Debts, Sundry Debit Balances and Claims written off .....                                                                | <b>2.36</b>     |                       | 2.80                  |
| Provision for doubtful debts and advances (net) .....                                                                        | <b>1.08</b>     |                       | 0.63                  |
| Part of Deferred Revenue expenditure, written off .....                                                                      | <b>0.19</b>     |                       | 0.61                  |
| Wealth Tax .....                                                                                                             | <b>0.17</b>     |                       | 0.18                  |
|                                                                                                                              |                 | <b>2,134.63</b>       | 1,816.97              |
| 13 Variation in Stocks :                                                                                                     |                 |                       |                       |
| Closing stocks :                                                                                                             |                 |                       |                       |
| Materials-in-process .....                                                                                                   | <b>158.52</b>   |                       | 229.25                |
| Finished goods .....                                                                                                         | <b>88.68</b>    |                       | 74.95                 |
|                                                                                                                              | <b>247.20</b>   |                       | 304.20                |
| Opening stocks :                                                                                                             |                 |                       |                       |
| Materials-in-process .....                                                                                                   | <b>229.25</b>   |                       | 123.27                |
| Finished goods .....                                                                                                         | <b>74.95</b>    |                       | 53.03                 |
|                                                                                                                              | <b>304.20</b>   |                       | 176.30                |
|                                                                                                                              | <b>57.00</b>    |                       | (127.90)              |
| Less : Trial run stocks :                                                                                                    |                 |                       |                       |
| At the commencement of Commercial Production .....                                                                           | -               |                       | 73.62                 |
| (Increase) / Decrease in Stocks .....                                                                                        |                 | <b>57.00</b>          | (54.28)               |
| Total .....                                                                                                                  |                 | <b>6,615.18</b>       | 5,577.95              |

## SCHEDULE 'N' - INTEREST AND FINANCE CHARGES

|                                                                                                       |              |              |       |
|-------------------------------------------------------------------------------------------------------|--------------|--------------|-------|
| Interest :                                                                                            |              |              |       |
| On Debentures .....                                                                                   | -            |              | 1.69  |
| On Income Tax (net off interest income on refund Rs. 15.50 crores; 31.12.2010-Rs. 35.31 crores) ..... | <b>24.06</b> |              | 32.08 |
| Others (Refer Note 28 (b)) .....                                                                      | <b>28.57</b> |              | 14.91 |
|                                                                                                       |              | <b>52.63</b> | 48.68 |
| Finance Charges .....                                                                                 |              | -            | 0.01  |
| Total .....                                                                                           |              | <b>52.63</b> | 48.69 |

## SCHEDULE 'O' - EXCEPTIONAL ITEMS

|                                                                                                              |   |                |         |
|--------------------------------------------------------------------------------------------------------------|---|----------------|---------|
| Profit on sale of investment (Refer Note 24) .....                                                           | - |                | 72.63   |
| Provision for slow and non moving spares (Refer Note 25) .....                                               | - |                | (46.10) |
| Employee Compensation Expenses under Employee Stock Option Scheme (Refer Note 1(B), 10 (e) and 10 (g)) ..... |   | <b>(24.25)</b> | -       |
| Total .....                                                                                                  |   | <b>(24.25)</b> | 26.53   |

## SCHEDULE 'P' - NOTES TO ACCOUNTS

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

- (i) The financial statements have been prepared in compliance with all material aspects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 (as amended) 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 and except for the changes in accounting policy stated in 1(B).
- (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) CHANGE IN ACCOUNTING POLICY:

During the year, the Company has with retrospective effect changed its method of measurement of compensation cost relating to employee stock options from intrinsic value method to fair value method for all outstanding unvested employee stock options at the beginning of the year. Accordingly the Company has recognized an additional expense of Rs. 33.21 crores. Amount relating to earlier years of Rs. 24.25 crores has been disclosed as exceptional item. Had the Company continued to use the earlier method of measurement, the Profit after taxation for the current year would have been higher by Rs. 33.21 crores and the Employee's remuneration and benefits and exceptional expenses would have been lower by Rs. 8.96 crores and Rs. 24.25 crores respectively.

### 1. (C) 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, amortisation and impairment losses, except freehold land which is carried at cost less impairment losses.
- (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 qualifying 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 Amortisation :

##### I. Tangible Assets :

- (i) Premium on leasehold land is amortised 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, as the management estimate of useful life coincides with useful life based on the rate mentioned in the Schedule XIV or is higher. 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 amortised 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 amortised over the period as permitted in the Electricity Supply Act, 1948 / 2003 as applicable.
- (vi) Expenditure on Marine Structures, ownership of which belongs to the Maritime Boards, is amortised over the period of agreement.

##### II. Intangible Assets :

- (i) Expenditure to acquire Water Drawing Rights from Government/Local Authorities/other parties, is amortised 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

## SCHEDULE 'P' - NOTES TO ACCOUNTS (Contd.)

estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the assets. 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 :

Inventories are valued as follows:

Coal, fuel, packing materials, raw materials, stores and spares:

Lower of cost less provision for slow and non-moving inventory, if any, and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a moving weighted average basis.

Work-in-progress, finished goods and trial run inventories:

Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a monthly moving weighted average basis.

(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) Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Accordingly, domestic sales are accounted on dispatch of products to customers and Export sales are accounted on the basis of date 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 remission and subsidy 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 Expenses :

The Company provides for the expenses 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 expenses are incurred on an on going 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 and 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. Actuarial gains / losses, if any, are immediately recognised in the Profit and Loss Account.

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.

## SCHEDULE 'P' - NOTES TO ACCOUNTS (Contd.)

(k) Miscellaneous Expenditure :

Expenses included under the head 'Miscellaneous Expenditure' are amortised 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 fair value method. Discount on Equity Shares as compensation expenses under the Employee Stock Option Scheme, is amortised in accordance with Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999 issued by Securities and Exchange Board of India (SEBI) and the Guidance Note on Accounting for Employee Share-based payments, issued by the Institute of Chartered Accountants of India.

(m) Borrowing Costs and Share Issue Expenses :

(i) 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 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 tax and fringe benefit tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. 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 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.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

(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 recognized 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 has only one business segment 'Cementitious Materials' as its primary segment. 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 :

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

(ii) Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(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.

## SCHEDULE 'P' - NOTES TO ACCOUNTS (Contd.)

- (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<br>31.12.2011<br>Rs. in Crores | As at<br>31.12.2010<br>Rs. in Crores |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| 2. a) Contingent liabilities not provided for in respect of :                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                      |                                      |
| (i) Guarantees given on behalf of a Joint Venture Company .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 3.67                                 | 3.67                                 |
| (ii) Claims against the Company not acknowledged as debts                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                      |                                      |
| (a) Disputed liability relating to labour matters .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 17.25                                | 38.46                                |
| (b) For acquisition of land .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 64.77                                | 37.33                                |
| (c) Others .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 19.56                                | 4.18                                 |
| (iii) Tax matters                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                      |                                      |
| (a) Disputed liability in respect of Income-tax demands (including interest) - matters under appeal .....                                                                                                                                                                                                                                                                                                                                                                                                                                  | 65.49                                | 57.53                                |
| (b) Disputed Sales-tax demands (including interest and penalty) .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 16.31                                | 12.26                                |
| (c) Disputed Excise demands - matters under appeal. ....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 23.97                                | 7.61                                 |
| (d) Disputed Customs demands - matters under appeal .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 0.52                                 | 0.52                                 |
| (e) Disputed liability of RTO tax on mining machinery .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 0.80                                 | 0.80                                 |
| (f) Disputed Land tax demands .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 16.38                                | 12.92                                |
| (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. ....                                                                                                                                                                                                                                                                 | 7.38                                 | 5.51                                 |
| (v) Disputed liabilities relating to coal claims - matter pending in the Honourable High Court :                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                      |                                      |
| (a) Railway freight on coal .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 1.60                                 | 1.60                                 |
| (b) Penal freight on excess weight of coal .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 0.24                                 | 0.24                                 |
| (c) Interest on premium on coal .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 3.29                                 | 3.29                                 |
| (vi) Others .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 5.61                                 | -                                    |
| 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 had 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 had 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 crores was 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.....                                                                                                             | 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                                |



# SCHEDULE 'P' - NOTES TO ACCOUNTS (Contd.)

|                                                                                                                                                                                                                                                                                                                                                                                       | As at<br>31.12.2011<br>Rs. in Crores | As at<br>31.12.2010<br>Rs. in Crores |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| d) Writ petition filed against the order of Madhya Pradesh State Mining Department demanding Rs. 4.76 crores excluding interest Rs. 1.13 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.... | 69.58                                | 56.25                                |
| 3. Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (net of advances).....                                                                                                                                                                                                                                                              | 324.70                               | 404.04                               |

## 4 Related Party Disclosures :

### a) List of Related Parties and relationships

| Party                                                              | Relation                                                                                                                              |
|--------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|
| <b>A Names of related parties where control exists</b>             |                                                                                                                                       |
| Holcim Ltd., Switzerland *                                         | Ultimate Holding Company                                                                                                              |
| Holderfin BV Netherlands *                                         | Intermediate Holding Company                                                                                                          |
| Holderind Investments Ltd., Mauritius *                            | Holding Company                                                                                                                       |
| Kakinada Cements Ltd., India                                       | Subsidiary                                                                                                                            |
| M.G.T. Cements Private Ltd., India                                 | Subsidiary                                                                                                                            |
| Chemical Limes Mundwa Private Ltd., India                          | Subsidiary                                                                                                                            |
| Dang Cement Industries Private Ltd., Nepal                         | Subsidiary (w.e.f. 06.05.2011)                                                                                                        |
| Dirk India Private Ltd., India                                     | Subsidiary (w.e.f. 01.10.2011)                                                                                                        |
| DirkPozzocrete (MP) Private Limited, India                         | Step down subsidiary (w.e.f. 01.10.2011)                                                                                              |
| ACC Concrete Ltd., India *                                         | Fellow Subsidiary                                                                                                                     |
| ACC Ltd., India *                                                  | Fellow Subsidiary                                                                                                                     |
| Ambuja Cement India Pvt. Ltd., India *                             | Fellow Subsidiary                                                                                                                     |
| Bulk Cement Corporation (India) Ltd. *                             | Fellow Subsidiary                                                                                                                     |
| Holcim (Lanka) Ltd., Srilanka *                                    | Fellow Subsidiary                                                                                                                     |
| Holcim (Malaysia) SDN BHD *                                        | Fellow Subsidiary                                                                                                                     |
| Holcim (Vietnam) Ltd. *                                            | Fellow Subsidiary                                                                                                                     |
| Holcim Environment Services, SA Belgium. *                         | Fellow Subsidiary                                                                                                                     |
| Holcim Group Support Ltd., Switzerland *                           | Fellow Subsidiary                                                                                                                     |
| Holcim Philippines Inc. *                                          | Fellow Subsidiary                                                                                                                     |
| Holcim Services (South Asia) Ltd., India *                         | Fellow Subsidiary                                                                                                                     |
| Holcim Trading FZCO, Dubai *                                       | Fellow Subsidiary                                                                                                                     |
| Holcim Trading Pte Ltd., Singapore *                               | Fellow Subsidiary                                                                                                                     |
| Holcim Trading S A, Spain *                                        | Fellow Subsidiary                                                                                                                     |
| Jurong Cements Ltd., Singapore *                                   | Fellow Subsidiary                                                                                                                     |
| PT Holcim Indonesia *                                              | Fellow Subsidiary                                                                                                                     |
| Siam City Cement Public Co. Ltd., Thailand *                       | Fellow Subsidiary                                                                                                                     |
| <b>B Names of Joint Ventures</b>                                   |                                                                                                                                       |
| Wardha Vaalley Coal Field Pvt. Ltd.                                | Joint Venture                                                                                                                         |
| Counto Microfine Products Pvt. Ltd.                                | Joint Venture                                                                                                                         |
| <b>C Key Management Personnel</b>                                  |                                                                                                                                       |
| Mr. Onne van der Weijde                                            | Managing Director (Managing Director from 01.05.2010, Whole time Director & CEO-Designate during the period 17.02.2010 to 30.04.2010) |
| Mr. A. L. Kapur                                                    | -(Managing Director upto 30.04.2010)                                                                                                  |
| <b>D Relatives of Key Management Personnel</b>                     |                                                                                                                                       |
| Mr. Ajay Kapur                                                     | -(Son of Mr. A. L. Kapur)                                                                                                             |
| <b>E Enterprises over which significant influence exercised by</b> |                                                                                                                                       |
| <b>Directors</b>                                                   |                                                                                                                                       |
| GACL Finance Ltd.....                                              | Mr. N. S. Sekhsaria                                                                                                                   |

**SCHEDULE 'P' - NOTES TO ACCOUNTS (Contd.)****b. Details of related party transactions**

| Sr. No.                                           | Description                                     | 2011<br>Rs. in Crores | 2010<br>Rs. in Crores |
|---------------------------------------------------|-------------------------------------------------|-----------------------|-----------------------|
| <b>A) Transaction with subsidiary companies</b>   |                                                 |                       |                       |
| 1                                                 | Interest Received .....                         | 0.18                  | 0.03                  |
|                                                   | Chemical Limes Mundwa Private Ltd., India ..... | 0.04                  | 0.03                  |
|                                                   | Dirk India Private Ltd., India .....            | 0.14                  | -                     |
| 2                                                 | Loans given.....                                | 5.19                  | -                     |
|                                                   | Chemical Limes Mundwa Private Ltd., India.....  | 0.19                  | -                     |
|                                                   | Dirk India Private Ltd., India.....             | 5.00                  | -                     |
| 3                                                 | Loans given outstanding.....                    | 5.44                  | 0.25                  |
|                                                   | Dirk India Private Ltd., India.....             | 5.00                  | -                     |
|                                                   | Chemical Limes Mundwa Private Ltd., India.....  | 0.44                  | 0.25                  |
| 4                                                 | Amounts receivable.....                         | 0.17                  | 0.02                  |
|                                                   | Chemical Limes Mundwa Private Ltd., India.....  | 0.03                  | 0.02                  |
|                                                   | Dirk India Private Ltd., India.....             | 0.14                  | -                     |
| <b>B) Transactions with Fellow Subsidiaries *</b> |                                                 |                       |                       |
| 1                                                 | Purchase of Goods.....                          | 110.34                | -                     |
|                                                   | Holcim Trading FZCO, Dubai.....                 | 103.77                | -                     |
|                                                   | ACC Ltd., India.....                            | 6.57                  | -                     |
| 2                                                 | Sale of Goods.....                              | 136.94                | -                     |
|                                                   | Holcim Trading FZCO, Dubai.....                 | 15.68                 | -                     |
|                                                   | Holcim Trading Pte Ltd., Singapore.....         | 60.50                 | -                     |
|                                                   | ACC Ltd., India.....                            | 21.63                 | -                     |
|                                                   | ACC Concrete Ltd., India.....                   | 39.13                 | -                     |
| 3                                                 | Sale of Fixed assets.....                       | 13.98                 | -                     |
|                                                   | Bulk Cement Corporation (India) Ltd.....        | 0.02                  | -                     |
|                                                   | ACC Ltd., India.....                            | 13.96                 | -                     |
| 4                                                 | Rendering of Services.....                      | 0.01                  | -                     |
|                                                   | ACC Ltd., India.....                            | 0.01                  | -                     |
| 5                                                 | Receiving of Services.....                      | 65.83                 | -                     |
|                                                   | Holcim Trading FZCO, Dubai.....                 | 2.15                  | -                     |
|                                                   | ACC Ltd., India.....                            | 6.30                  | -                     |
|                                                   | Holcim Group Support Ltd., Switzerland.....     | 32.10                 | -                     |
|                                                   | Holcim Services (South Asia) Ltd., India .....  | 24.93                 | -                     |
|                                                   | PT Holcim Indonesia .....                       | 0.14                  | -                     |
|                                                   | Holcim (Lanka) Ltd., Srilanka .....             | 0.16                  | -                     |
|                                                   | Holcim Philippines Inc., Philippines .....      | 0.01                  | -                     |
|                                                   | Holcim (Vietnam) Ltd., Vietnam.....             | 0.01                  | -                     |
|                                                   | Holcim (Malaysia) SDN BHD, Malaysia .....       | 0.03                  | -                     |
| 6                                                 | Interest Received.....                          | 0.06                  | -                     |
|                                                   | ACC Concrete Ltd., India.....                   | 0.06                  | -                     |
| 7                                                 | Other recoveries.....                           | 2.33                  | -                     |
|                                                   | Holcim (Lanka) Ltd., Srilanka .....             | 0.28                  | -                     |
|                                                   | Holcim Group Support Ltd., Switzerland .....    | 0.25                  | -                     |
|                                                   | ACC Ltd., India.....                            | 0.13                  | -                     |
|                                                   | Holcim Environment Services, SA Belgium.....    | 1.67                  | -                     |
| 8                                                 | Other Payments.....                             | 5.23                  | -                     |
|                                                   | Holcim Trading FZCO, Dubai.....                 | 4.82                  | -                     |
|                                                   | ACC Ltd., India.....                            | 0.27                  | -                     |
|                                                   | ACC Concrete Ltd., India.....                   | 0.01                  | -                     |
|                                                   | Holcim Group Support Ltd., Switzerland.....     | 0.13                  | -                     |
| 9                                                 | Amounts receivable.....                         | 22.34                 | -                     |
|                                                   | Holcim Trading Pte Ltd., Singapore .....        | 16.02                 | -                     |

**SCHEDULE 'P' - NOTES TO ACCOUNTS (Contd.)**

| Sr. No.                                                                                                                | Description                                      | 2011<br>Rs. in Crores | 2010<br>Rs. in Crores |
|------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|-----------------------|-----------------------|
|                                                                                                                        | Holcim Trading FZCO, Dubai.....                  | 3.81                  | -                     |
|                                                                                                                        | ACC Concrete Ltd., India.....                    | 2.05                  | -                     |
|                                                                                                                        | ACC Ltd., India.....                             | 0.18                  | -                     |
|                                                                                                                        | Holcim (Lanka) Ltd., Srilanka.....               | 0.28                  | -                     |
| 10                                                                                                                     | Amounts payable.....                             | 45.10                 | -                     |
|                                                                                                                        | Holcim Group Support Ltd., Switzerland.....      | 11.44                 | -                     |
|                                                                                                                        | ACC Ltd., India.....                             | 1.26                  | -                     |
|                                                                                                                        | Holcim Trading FZCO, Dubai.....                  | 31.11                 | -                     |
|                                                                                                                        | ACC Concrete Ltd., India.....                    | 0.01                  | -                     |
|                                                                                                                        | PT Holcim Indonesia.....                         | 0.13                  | -                     |
|                                                                                                                        | Holcim Philippines Inc., Philippines.....        | 0.01                  | -                     |
|                                                                                                                        | Holcim Services (South Asia) Ltd., India.....    | 0.99                  | -                     |
|                                                                                                                        | Holcim (Vietnam) Ltd., Vietnam.....              | 0.01                  | -                     |
|                                                                                                                        | Holcim (Lanka) Ltd., Srilanka.....               | 0.14                  | -                     |
| <b>C) Transactions with Step down Subsidiaries</b>                                                                     |                                                  |                       |                       |
| 1                                                                                                                      | Purchase of Goods.....                           | (Rs.17,851)           | -                     |
|                                                                                                                        | Dirk Pozzocrete (MP) Private Limited, India..... | (Rs.17,851)           | -                     |
| <b>D) Transactions with Joint Ventures</b>                                                                             |                                                  |                       |                       |
| 1                                                                                                                      | Purchase of Goods.....                           | 0.02                  | 0.01                  |
|                                                                                                                        | Counto Microfine Products Pvt. Ltd.....          | 0.02                  | 0.01                  |
| 2                                                                                                                      | Other recoveries.....                            | -                     | (Rs. 6,514)           |
|                                                                                                                        | Counto Microfine Products Pvt. Ltd.....          | -                     | (Rs. 6,514)           |
| 3                                                                                                                      | Other Payments.....                              | -                     | 0.02                  |
|                                                                                                                        | Counto Microfine Products Pvt. Ltd.....          | -                     | 0.02                  |
| 4                                                                                                                      | Equity contribution.....                         | 0.27                  | 0.27                  |
|                                                                                                                        | Wardha Vaalley Coal Field Pvt. Ltd.....          | 0.27                  | 0.27                  |
| 5                                                                                                                      | Investment in Preference Shares.....             | -                     | 15.00                 |
|                                                                                                                        | Counto Microfine Products Pvt. Ltd.....          | -                     | 15.00                 |
| 6                                                                                                                      | Guarantees given.....                            | -                     | 3.67                  |
|                                                                                                                        | Wardha Vaalley Coal Field Pvt. Ltd.....          | -                     | 3.67                  |
| 7                                                                                                                      | Amounts receivable.....                          | -                     | (Rs. 6,514)           |
|                                                                                                                        | Counto Microfine Products Pvt. Ltd.....          | -                     | (Rs. 6,514)           |
| 8                                                                                                                      | Guarantees given outstanding.....                | 3.67                  | 3.67                  |
|                                                                                                                        | Wardha Vaalley Coal Field Pvt. Ltd.....          | 3.67                  | 3.67                  |
| <b>E) Transactions with Key Management Personnel</b>                                                                   |                                                  |                       |                       |
| 1                                                                                                                      | Remuneration.....                                | 3.33                  | 4.16                  |
|                                                                                                                        | Mr. Onne van der Weijde.....                     | 3.33                  | 2.26                  |
|                                                                                                                        | Mr. A. L. Kapur.....                             | -                     | 1.90                  |
| 2                                                                                                                      | Amounts payable.....                             | 0.68                  | 0.80                  |
|                                                                                                                        | Mr. Onne van der Weijde.....                     | 0.68                  | 0.55                  |
|                                                                                                                        | Mr.A.L. Kapur.....                               | -                     | 0.25                  |
| <b>F) Transactions with Relatives of Key Management Personnel</b>                                                      |                                                  |                       |                       |
| 1                                                                                                                      | Remuneration.....                                | -                     | 0.40                  |
|                                                                                                                        | Mr. Ajay Kapur.....                              | -                     | 0.40                  |
| <b>G) Transactions with Enterprises over which significant influence exercised by Directors and major shareholders</b> |                                                  |                       |                       |
| 1                                                                                                                      | Purchase of Goods.....                           | -                     | 102.39                |
|                                                                                                                        | Holcim Trading FZCO, Dubai.....                  | -                     | 94.20                 |
|                                                                                                                        | ACC Ltd., India.....                             | -                     | 8.17                  |
|                                                                                                                        | Holcim Group Support Ltd., Switzerland.....      | -                     | 0.02                  |

**SCHEDULE 'P' - NOTES TO ACCOUNTS (Contd.)**

| Sr. No. | Description                                      | 2011<br>Rs. in Crores | 2010<br>Rs. in Crores |
|---------|--------------------------------------------------|-----------------------|-----------------------|
| 2       | Sale of Goods.....                               | -                     | 160.86                |
|         | Holcim Trading FZCO, Dubai.....                  | -                     | 16.67                 |
|         | Holcim Trading Pte Ltd., Singapore.....          | -                     | 78.07                 |
|         | Holcim Trading S A, Spain.....                   | -                     | 2.53                  |
|         | ACC Ltd., India.....                             | -                     | 12.37                 |
|         | ACC Concrete Ltd., India.....                    | -                     | 51.22                 |
| 3       | Sale of Fixed assets.....                        | -                     | 9.67                  |
|         | GACL Finance Ltd.....                            | -                     | 9.67                  |
| 4       | Receiving of Services.....                       | <b>1.06</b>           | 53.45                 |
|         | ACC Ltd., India.....                             | -                     | 4.29                  |
|         | Holcim Group Support Ltd., Switzerland.....      | -                     | 24.93                 |
|         | Holcim Services (South Asia) Ltd., India.....    | -                     | 23.48                 |
|         | Siam City Cement Public Co. Ltd., Thailand.....  | -                     | 0.11                  |
|         | PT Holcim Indonesia.....                         | -                     | 0.01                  |
|         | Holcim (Lanka) Ltd., Srilanka.....               | -                     | 0.12                  |
|         | GACL Finance Ltd.....                            | <b>1.06</b>           | 0.51                  |
| 5       | Interest Received.....                           | -                     | 0.04                  |
|         | ACC Concrete Ltd., India .....                   | -                     | 0.04                  |
| 6       | Other recoveries .....                           | -                     | 1.43                  |
|         | Holcim Trading FZCO, Dubai .....                 | -                     | 0.10                  |
|         | Holcim (Lanka) Ltd., Srilanka .....              | -                     | 0.09                  |
|         | Holcim Group Support Ltd., Switzerland .....     | -                     | 1.19                  |
|         | ACC Ltd., India .....                            | -                     | 0.04                  |
|         | Jurong Cements Ltd., Singapore .....             | -                     | 0.01                  |
| 7       | Other Payments .....                             | -                     | 2.24                  |
|         | Holcim Trading FZCO, Dubai .....                 | -                     | 1.47                  |
|         | ACC Ltd., India .....                            | -                     | 0.77                  |
| 8       | Amounts receivable .....                         | -                     | 12.21                 |
|         | Holcim Trading Pte Ltd., Singapore .....         | -                     | 8.59                  |
|         | Holcim Trading FZCO, Dubai .....                 | -                     | 0.02                  |
|         | ACC Concrete Ltd., India .....                   | -                     | 1.73                  |
|         | ACC Ltd., India .....                            | -                     | 1.16                  |
|         | Holcim (Lanka) Ltd., Srilanka .....              | -                     | 0.09                  |
|         | Jurong Cements Ltd., Singapore .....             | -                     | 0.01                  |
|         | Holcim Services (South Asia) Ltd., India .....   | -                     | 0.61                  |
| 9       | Amounts payable .....                            | <b>0.09</b>           | 19.60                 |
|         | Holcim Group Support Ltd., Switzerland .....     | -                     | 7.03                  |
|         | Holcim Trading Pte Ltd Singapore .....           | -                     | 4.56                  |
|         | ACC Ltd., India .....                            | -                     | 0.22                  |
|         | Holcim Trading FZCO, Dubai .....                 | -                     | 7.62                  |
|         | Siam City Cement Public Co. Ltd., Thailand ..... | -                     | 0.05                  |
|         | Holcim (Lanka) Ltd., Srilanka .....              | -                     | 0.12                  |
|         | GACL Finance Ltd. ....                           | <b>0.09</b>           | -                     |

**Notes:**

1. Related party relationship is as identified by the Company on the basis of available information.
2. \*During the current year, the Company has become a subsidiary of Holderind Investments Limited, Mauritius (HIL), Holderfin BV, Netherlands and Holcim Limited, Switzerland (Holcim Group Companies) and accordingly all other Holcim Group Companies have been reported as Fellow Subsidiaries. (Refer Note 22).  
Till previous year HIL was considered as a major shareholder having significant influence over the Company and transactions with HIL and its fellow subsidiaries are reported accordingly.
3. The Company carries its Corporate Social Responsibility (CSR) activities through Ambuja Cement Foundation (ACF) and runs schools at plant locations through Ambuja Vidya Niketan Trust (AVN), charitable organisation registered under Bombay Public Trust Act -1950. The Company has contributed Rs. 28.10 crores (31.12.2010-Rs. 18.10 crores) to ACF and Rs. 4.38 crores (31.12.2010 - Rs. 2.60 crores) to AVN during the current year.

## SCHEDULE 'P' - NOTES TO ACCOUNTS (Contd.)

|                                                                                                                                                                           | 2011<br>Rs. in Crores | 2010<br>Rs. in Crores |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
| <b>5 Earnings per Share (EPS) :</b>                                                                                                                                       |                       |                       |
| (i) Profit attributable to Equity Shareholders for Basic and Diluted EPS .....                                                                                            | <b>1,228.86</b>       | 1,263.61              |
|                                                                                                                                                                           | <b>Nos.</b>           | <b>Nos.</b>           |
| (ii) Weighted average number of Equity Shares for Basic EPS .....                                                                                                         | <b>1,531,526,874</b>  | 1,525,267,663         |
| Add : Potential equity shares on exercise of option of ESOS .....                                                                                                         | <b>4,718,193</b>      | 3,982,713             |
| Add : Potential equity shares on exercise of Rights and Warrants kept in<br>abeyance out of the Rights issue in 1992 .....                                                | <b>261,677</b>        | 256,441               |
| Weighted average number of shares for Diluted EPS .....                                                                                                                   | <b>1,536,506,744</b>  | 1,529,506,817         |
|                                                                                                                                                                           | <b>Rs.</b>            | <b>Rs.</b>            |
| (iii) Nominal Value of Shares .....                                                                                                                                       | <b>2.00</b>           | 2.00                  |
| (iv) Earning per Share :                                                                                                                                                  |                       |                       |
| Basic .....                                                                                                                                                               | <b>8.02</b>           | 8.28                  |
| Diluted .....                                                                                                                                                             | <b>8.00</b>           | 8.26                  |
| <b>6 Segment reporting :</b>                                                                                                                                              |                       |                       |
| The Company has only one business segment 'Cementitious Materials' as primary segment. The secondary segment is geographical, which is given as under:                    |                       |                       |
| a) Revenue                                                                                                                                                                |                       |                       |
| i) Sales (Net of Excise Duty)                                                                                                                                             |                       |                       |
| Within India .....                                                                                                                                                        | <b>8,411.36</b>       | 7,279.32              |
| Outside India .....                                                                                                                                                       | <b>103.16</b>         | 110.89                |
|                                                                                                                                                                           | <b>8,514.52</b>       | 7,390.21              |
| ii) Other Income                                                                                                                                                          |                       |                       |
| Within India .....                                                                                                                                                        | <b>86.42</b>          | 127.25                |
| Outside India .....                                                                                                                                                       | <b>1.95</b>           | 0.09                  |
|                                                                                                                                                                           | <b>88.37</b>          | 127.34                |
| b) All the Assets of the Company, except the investments, debtors and loans and advances amounting to Rs. 44.81 crores (31.12.2010 - Rs. 16.45 crores), are within India. |                       |                       |
| <b>7 Deferred Tax Liability :</b>                                                                                                                                         |                       |                       |
| Break-up of Deferred Tax Liabilities and Assets are as under :                                                                                                            |                       |                       |
| a) Deferred Tax Liabilities, on account of :                                                                                                                              |                       |                       |
| Depreciation .....                                                                                                                                                        | <b>726.36</b>         | 596.37                |
| Total .....                                                                                                                                                               | <b>726.36</b>         | 596.37                |
| b) Deferred Tax Assets, on account of :                                                                                                                                   |                       |                       |
| Employee Benefits .....                                                                                                                                                   | <b>29.29</b>          | 26.62                 |
| Provision for slow and non moving spares .....                                                                                                                            | <b>21.97</b>          | 20.27                 |
| Others .....                                                                                                                                                              | <b>31.50</b>          | 18.60                 |
| Total .....                                                                                                                                                               | <b>82.76</b>          | 65.49                 |
| Net Deferred Tax Liabilities .....                                                                                                                                        | <b>643.60</b>         | 530.88                |



# SCHEDULE 'P' - NOTES TO ACCOUNTS (Contd.)

|                                                                                                                                                                                 | Rs. in Crores | 2011<br>Rs. in Crores | 2010<br>Rs. in Crores |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|-----------------------|-----------------------|
| <b>8 A) Managerial Remuneration :</b>                                                                                                                                           |               |                       |                       |
| i) Computation of Managing Directors', Whole-time Directors' and Directors' Commission :                                                                                        |               |                       |                       |
| Profit as per Profit and Loss Account .....                                                                                                                                     |               | <b>1,228.86</b>       | 1,263.61              |
| Add : Depreciation and Amortisation .....                                                                                                                                       | <b>445.15</b> |                       | 387.19                |
| Provision for doubtful debts and advances (net) .....                                                                                                                           | <b>1.08</b>   |                       | 0.63                  |
| Provision for Wealth Tax .....                                                                                                                                                  | <b>0.17</b>   |                       | 0.18                  |
| Provision for Current Tax (net of amount relating to earlier years) .....                                                                                                       | <b>361.29</b> |                       | 353.49                |
| Provision for Deferred Tax (net of amount relating to earlier years) .....                                                                                                      | <b>112.72</b> |                       | 45.04                 |
| Provision for Fringe Benefits Tax (net of amount relating to earlier years) .....                                                                                               | <b>-</b>      |                       | (0.27)                |
|                                                                                                                                                                                 |               | <b>920.41</b>         | 786.26                |
| Less : Depreciation under Section 350 of the Companies Act, 1956 .....                                                                                                          | <b>445.15</b> |                       | 387.19                |
| Excess of Sale price over the cost of assets sold .....                                                                                                                         | <b>13.30</b>  |                       | 10.82                 |
| Profit on sale of investment (including exceptional items) .....                                                                                                                | <b>59.16</b>  |                       | 107.10                |
|                                                                                                                                                                                 |               | <b>517.61</b>         | 505.11                |
| Net profit as per Section 349 of the Companies Act, 1956 .....                                                                                                                  |               | <b>1,631.66</b>       | 1,544.76              |
| Add : Managing Directors' and Whole-time Director's Remuneration (including perquisite) .....                                                                                   | <b>3.33</b>   |                       | 4.16                  |
| Commission to Non-executive Directors .....                                                                                                                                     | <b>1.71</b>   |                       | 1.25                  |
|                                                                                                                                                                                 |               | <b>5.04</b>           | 5.41                  |
| Profit on which Commission is payable .....                                                                                                                                     |               | <b>1,636.70</b>       | 1,550.17              |
| Eligible Remuneration to the Managing and Whole-time Directors in terms of section 309 of the Companies Act, 1956 (Refer Note 2 below)                                          |               |                       |                       |
| Remuneration on pro-rata profit @ 5% .....                                                                                                                                      |               | <b>81.84</b>          | 62.01                 |
| Remuneration on pro-rata profit @ 10% .....                                                                                                                                     |               | <b>-</b>              | 31.00                 |
|                                                                                                                                                                                 |               | <b>81.84</b>          | 93.01                 |
| Managerial Remuneration Paid .....                                                                                                                                              |               | <b>3.33</b>           | 4.16                  |
| ii) Commission                                                                                                                                                                  |               |                       |                       |
| Commission to Non-executive and Independent Directors :                                                                                                                         |               |                       |                       |
| Eligible Commission in terms of Section 309 of the Companies Act, 1956, Rs. 16.37 crores (1% of Rs. 1636.70 crores) (previous year Rs. 15.50 crores (1% of Rs. 1550.17 crores)) |               |                       |                       |
| Commission to be paid as determined by the Board of Directors .....                                                                                                             |               | <b>1.71</b>           | 1.25                  |
| <b>B) The Profit &amp; Loss Account includes payments to and provisions for Managerial Remuneration as under :</b>                                                              |               |                       |                       |
| Salaries and Allowances and performance bonus .....                                                                                                                             |               | <b>2.69</b>           | 3.82                  |
| Contribution to Provident & Other Funds .....                                                                                                                                   |               | <b>0.46</b>           | 0.29                  |
| Perquisites (including estimated monetary value Rs. 39,600; 31.12.2010 - Rs.37,207) .....                                                                                       |               | <b>0.18</b>           | 0.05                  |
|                                                                                                                                                                                 |               | <b>3.33</b>           | 4.16                  |

Notes :

- 1) Remuneration includes gratuity to the extent of contribution and leave encashment on payment basis.
- 2) In the previous year, remuneration includes Remuneration to Mr. Onne van der Weijde, pertaining to period from 17th February, 2010 to 31st December, 2010 as Whole time Director (CEO - Designate) / Managing Director and to Mr. A.L. Kapur for the period from 1st January 2010 to 30th April 2010 as Managing Director.
- 3) Remuneration excludes Shares worth Rs. 0.13 crore (31.12.2010 - Rs. Nil) allotted as a non-monetary perquisite by Holcim Limited, Switzerland, the ultimate holding Company & benefits under Employee Stock Option Scheme of the Company.

## SCHEDULE 'P' - NOTES TO ACCOUNTS (Contd.)

### 9 Employee Defined Benefits:

#### a) Defined Contribution Plans

The Company has recognised expenses towards the defined contribution plans as under :

|                                                   | 2011<br>Rs. in crores | 2010<br>Rs. in crores |
|---------------------------------------------------|-----------------------|-----------------------|
| Contribution to Superannuation Fund .....         | 7.29                  | 6.21                  |
| Contribution to Provident Fund (Government) ..... | 13.71                 | 11.67                 |
| Others .....                                      | 0.18                  | 0.16                  |
|                                                   | <b>21.18</b>          | <b>18.04</b>          |

#### b) Defined Benefit Plans- As per Actuarial Valuation

The Company has defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Corporation of India.

The Company has also agreed to provide certain additional post-employment healthcare benefits to senior employees. These benefits are unfunded.

The following tables summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the respective plans:

Rs. in crores

| Particulars                                                                      | 2011     |            |                                                         |                                                    | 2010     |            |                                                         |                                                    |
|----------------------------------------------------------------------------------|----------|------------|---------------------------------------------------------|----------------------------------------------------|----------|------------|---------------------------------------------------------|----------------------------------------------------|
|                                                                                  | 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                 |          |            |                                                         |                                                    |          |            |                                                         |                                                    |
| 1 Current Service Cost .....                                                     | 6.10     | 0.05       | 0.03                                                    | 0.40                                               | 5.14     | 0.05       | 0.02                                                    | 0.43                                               |
| 2 Interest Cost .....                                                            | 5.21     | 0.05       | 0.02                                                    | 0.40                                               | 4.53     | 0.04       | 0.02                                                    | 0.36                                               |
| 3 Employee Contributions .....                                                   | -        | -          | -                                                       | -                                                  | -        | -          | -                                                       | -                                                  |
| 4 Expected Return on Plan Assets .....                                           | (5.33)   | -          | -                                                       | -                                                  | (4.62)   | -          | -                                                       | -                                                  |
| 5 Actuarial (Gains) / Losses .....                                               | 1.59     | (0.05)     | (0.06)                                                  | 0.76                                               | 3.38     | 0.09       | (0.02)                                                  | (0.28)                                             |
| 6 Past Service Cost .....                                                        | -        | -          | -                                                       | -                                                  | -        | -          | -                                                       | -                                                  |
| 7 Settlement Cost .....                                                          | -        | -          | -                                                       | -                                                  | -        | -          | -                                                       | -                                                  |
| 8 Losses / (gains) on acquisition / divestiture .....                            | -        | -          | -                                                       | -                                                  | -        | -          | -                                                       | -                                                  |
| 9 Total Expense .....                                                            | 7.57     | 0.05       | (0.01)                                                  | 1.56                                               | 8.43     | 0.18       | 0.02                                                    | 0.51                                               |
| II Net Asset / (Liability) recognised in the Balance Sheet                       |          |            |                                                         |                                                    |          |            |                                                         |                                                    |
| 1 Present Value of Defined Benefit Obligation .....                              | 77.91    | 0.59       | 0.27                                                    | 6.39                                               | 65.09    | 0.64       | 0.28                                                    | 4.85                                               |
| 2 Fair Value of Plan Assets .....                                                | 79.61    | -          | -                                                       | -                                                  | 67.14    | -          | -                                                       | -                                                  |
| 3 Funded Status (Surplus / (Deficit)) .....                                      | 1.70     | (0.59)     | (0.27)                                                  | (6.39)                                             | 2.05     | (0.64)     | (0.28)                                                  | (4.85)                                             |
| 4 Net Asset / (Liability) .....                                                  | 1.70     | (0.59)     | (0.27)                                                  | (6.39)                                             | 2.05     | (0.64)     | (0.28)                                                  | (4.85)                                             |
| III Change in Obligation during the Year                                         |          |            |                                                         |                                                    |          |            |                                                         |                                                    |
| 1 Present value of Defined Benefit Obligation at the beginning of the year ..... | 65.10    | 0.64       | 0.28                                                    | 4.85                                               | 57.28    | 0.56       | 0.26                                                    | 4.35                                               |
| 2 Current Service Cost .....                                                     | 6.10     | 0.05       | 0.03                                                    | 0.40                                               | 5.14     | 0.05       | 0.02                                                    | 0.43                                               |
| 3 Interest Cost .....                                                            | 5.21     | 0.05       | 0.02                                                    | 0.40                                               | 4.53     | 0.04       | 0.02                                                    | 0.36                                               |
| 4 Settlement Cost .....                                                          | -        | -          | -                                                       | -                                                  | -        | -          | -                                                       | -                                                  |
| 5 Past Service Cost .....                                                        | -        | -          | -                                                       | -                                                  | -        | -          | -                                                       | -                                                  |
| 6 Employee Contributions .....                                                   | -        | -          | -                                                       | -                                                  | -        | -          | -                                                       | -                                                  |
| 7 Liabilities assumed on acquisition/(settled on divestiture) .....              | -        | -          | -                                                       | -                                                  | -        | -          | -                                                       | -                                                  |
| 8 Actuarial (Gains) / Losses .....                                               | 5.45     | (0.05)     | (0.06)                                                  | 0.76                                               | 3.20     | 0.09       | (0.02)                                                  | (0.28)                                             |
| 9 Benefits Payments .....                                                        | (3.95)   | (0.10)     | -                                                       | (0.02)                                             | (5.05)   | (0.10)     | -                                                       | (0.01)                                             |
| 10 Present Value of Defined Benefit Obligation at the end of the year .....      | 77.91    | 0.59       | 0.27                                                    | 6.39                                               | 65.10    | 0.64       | 0.28                                                    | 4.85                                               |

**SCHEDULE 'P' - NOTES TO ACCOUNTS (Contd.)**

| Particulars |                                                       | 2011     |            |                                                         |                                                    | 2010     |            |                                                         |                                                    |
|-------------|-------------------------------------------------------|----------|------------|---------------------------------------------------------|----------------------------------------------------|----------|------------|---------------------------------------------------------|----------------------------------------------------|
|             |                                                       | 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 |                                                         |                                                    |
| IV          | Change in Assets during the Year                      |          |            |                                                         |                                                    |          |            |                                                         |                                                    |
| 1           | Plan Assets at the beginning of the year .....        | 67.14    | -          | -                                                       | -                                                  | 59.85    | -          | -                                                       | -                                                  |
| 2           | Assets acquired on amalgamation in previous year .... | -        | -          | -                                                       | -                                                  | -        | -          | -                                                       | -                                                  |
| 3           | Settlements .....                                     | -        | -          | -                                                       | -                                                  | -        | -          | -                                                       | -                                                  |
| 4           | Expected return on plan assets .....                  | 5.33     | -          | -                                                       | -                                                  | 4.62     | -          | -                                                       | -                                                  |
| 5           | Contributions by employer .....                       | 7.23     | -          | -                                                       | -                                                  | 7.90     | -          | -                                                       | -                                                  |
| 6           | Actual Benefit Paid .....                             | (3.95)   | -          | -                                                       | -                                                  | (5.05)   | -          | -                                                       | -                                                  |
| 7           | Actuarial Gains / (Losses) .....                      | 3.86     | -          | -                                                       | -                                                  | (0.18)   | -          | -                                                       | -                                                  |
| 8           | Plan Assets at the end of the year .....              | 79.61    | -          | -                                                       | -                                                  | 67.14    | -          | -                                                       | -                                                  |
| 9           | Actual Return on plan assets .....                    | 9.19     | -          | -                                                       | -                                                  | 4.45     | -          | -                                                       | -                                                  |

|     |                                                                                     | 2011                                            |             | 2010                                            |             |
|-----|-------------------------------------------------------------------------------------|-------------------------------------------------|-------------|-------------------------------------------------|-------------|
| V   | The major categories of plan assets as a percentage of total plan                   |                                                 |             |                                                 |             |
|     | 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                         | 0.15                                            | (0.15)      | 0.20                                            | (0.16)      |
|     | Increase/ (Decrease) on Present value of Defined Benefit obligation .....           | 0.88                                            | (0.87)      | 1.03                                            | (0.83)      |
| VII | Actuarial Assumptions:                                                              |                                                 |             |                                                 |             |
| 1   | Discount Rate .....                                                                 | 8.60% p.a.                                      |             | 8.30% p.a.                                      |             |
| 2   | Expected rate of return on plan assets .....                                        | 8.00% 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% thereafter |             | 12% p.a. in the first 5 years and 8% thereafter |             |
| 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. 0.76 crore (31.12.2010 - Rs. 0.43 crore) towards the deficit in the fund. (The Company has contributed Rs. 6.66 crores (31.12.2010-Rs. 5.49 crores) towards provident fund liability).

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

|                                             | 2011<br>Rs. in crores | 2010<br>Rs. in crores |
|---------------------------------------------|-----------------------|-----------------------|
| a) Gratuity * .....                         | 7.49                  | 8.38                  |
| b) Shipping Staff Gratuity .....            | 0.05                  | 0.18                  |
| c) Post Retirement Medical Benefits** ..... | 1.54                  | 0.47                  |
| d) Death and disability .....               | (0.01)                | 0.02                  |
|                                             | <b>9.07</b>           | <b>9.05</b>           |

\* Net of Rs. 0.08 crore (31.12.2010-Rs. 0.05 crore) capitalised as pre-operative expenses.

\*\* Net of Rs. 0.02 crore (31.12.2010-Rs. 0.04 crore) capitalised as pre-operative expenses.

c) Amount recognised as an expense in respect of compensated absences is Rs 14.02 crores (31.12.2010 - Rs. 6.73 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 8.00% 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.

## SCHEDULE 'P' - NOTES TO ACCOUNTS (Contd.)

- f) The Company expects to contribute Rs. 6.00 crores (31.12.2010 - Rs. 3.50 crores) to gratuity fund in the next year.
- g) Amount for the current and previous four years are as follows:

|                                                          | 2011<br>Rs. in crores | 2010<br>Rs. in crores | 2009<br>Rs. in crores | 2008<br>Rs. in crores | 2007<br>Rs. in crores |
|----------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>i) Gratuity - Funded</b>                              |                       |                       |                       |                       |                       |
| Defined benefit obligation .....                         | 77.91                 | 65.10                 | 57.28                 | 63.21                 | 42.39                 |
| Plan assets .....                                        | 79.61                 | 67.14                 | 59.85                 | 50.04                 | 40.17                 |
| Surplus / (deficit) .....                                | 1.70                  | 2.04                  | 2.57                  | (13.17)               | (2.22)                |
| Experience adjustments on plan assets .....              | 3.86                  | (0.17)                | 0.74                  | 0.19                  | 1.79                  |
| Experience adjustments on plan liabilities .....         | 7.46                  | 3.50                  | 2.08                  | 4.48                  | 9.73                  |
| <b>ii) Gratuity - Non Funded</b>                         |                       |                       |                       |                       |                       |
| Defined benefit obligation .....                         | 0.59                  | 0.64                  | 0.56                  | 0.74                  | 0.68                  |
| Plan assets .....                                        | -                     | -                     | -                     | -                     | -                     |
| Surplus / (deficit) .....                                | (0.59)                | (0.64)                | (0.56)                | (0.74)                | (0.68)                |
| Experience adjustments on plan assets .....              | -                     | -                     | -                     | -                     | -                     |
| Experience adjustments on plan liabilities .....         | (0.03)                | 0.08                  | (0.14)                | (0.03)                | (0.08)                |
| <b>iii) Death and Disability Scheme (Shipping Staff)</b> |                       |                       |                       |                       |                       |
| Defined benefit obligation .....                         | 0.27                  | 0.28                  | 0.26                  | 0.33                  | 0.35                  |
| Plan assets .....                                        | -                     | -                     | -                     | -                     | -                     |
| Surplus / (deficit) .....                                | (0.27)                | (0.28)                | (0.26)                | (0.33)                | (0.35)                |
| Experience adjustments on plan assets .....              | -                     | -                     | -                     | -                     | -                     |
| Experience adjustments on plan liabilities .....         | (0.06)                | (0.03)                | (0.11)                | (0.18)                | (0.16)                |
| <b>iv) Post Retirement Medical Benefit (PRMB)</b>        |                       |                       |                       |                       |                       |
| Defined benefit obligation .....                         | 6.39                  | 4.85                  | 4.35                  | 2.29                  | 1.33                  |
| Plan assets .....                                        | -                     | -                     | -                     | -                     | -                     |
| Surplus / (deficit) .....                                | (6.39)                | (4.85)                | (4.35)                | (2.29)                | (1.33)                |
| Experience adjustments on plan assets .....              | -                     | -                     | -                     | -                     | -                     |
| Experience adjustments on plan liabilities .....         | 0.92                  | (0.40)                | 0.62                  | (0.02)                | 0.08                  |

### 10 Employee Stock Option Plans :

- a) The Company has provided various share based payments to its employees. During the year ended 31st December, 2011, the following schemes were in operation :

| Particulars                                       | 2007 *     | 2008 \$    | 2009       | 2010       |
|---------------------------------------------------|------------|------------|------------|------------|
| a) Date of grant .....                            | 07.06.2007 | 01.07.2008 | 19.06.2009 | 22.04.2010 |
| b) Date of Board Approval .....                   | 11.01.2007 | 01.07.2008 | 06.02.2009 | 04.02.2010 |
| c) Date of Shareholders Approval .....            | 26.03.2007 | 22.04.2008 | 06.04.2009 | 05.04.2010 |
| d) Number of options granted .....                | 7,497,900  | 7,498,150  | 7,499,600  | 9,998,900  |
| e) Method of Settlement (Cash/Equity) .....       | Equity     | Equity     | Equity     | Equity     |
| f) Vesting period from the date of Grant .....    | 1 year     | 1 year     | 1 year     | 1 year     |
| g) Exercise Period from the date of Vesting ..... | 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 'P' - NOTES TO ACCOUNTS (Contd.)**

- b) The details of activity under the Employee Stock Option Plans schemes have been summarised below :

| Particulars                                                     | 2011             |                                       | 2010             |                                       |
|-----------------------------------------------------------------|------------------|---------------------------------------|------------------|---------------------------------------|
|                                                                 | Number of Shares | Weighted Average Exercise price (Rs.) | Number of Shares | Weighted Average Exercise price (Rs.) |
| a) Outstanding at the beginning of the year .....               | 24,915,750       | 106.53                                | 22,215,038       | 95.20                                 |
| b) Granted during the year .....                                | -                | -                                     | 9,998,900        | 119.00                                |
| c) Forfeited during the year .....                              | 1,814,550        | 108.05                                | 854,050          | 112.85                                |
| d) Exercised during the year .....                              | 4,510,175        | 102.50                                | 6,144,706        | 87.48                                 |
| e) Expired during the year .....                                | -                | -                                     | 299,432          | 54.88                                 |
| f) Outstanding at the end of the year .....                     | 18,591,025       | 107.36                                | 24,915,750       | 106.53                                |
| g) Exercisable at the end of the year .....                     | 18,591,025       | 107.36                                | 15,542,500       | 99.01                                 |
| h) Weighted average remaining contractual life (in years) ..... | 2.30             |                                       | 3.14             |                                       |

The weighted average share price at the date of exercise for stock options was Rs. 148.94 (31.12.2010-Rs. 131.82)

The weighted average share price for the period over which stock option were exercised was Rs. 139.07 (31.12.2010-Rs. 122.31)

- c) The details of exercise price for stock options outstanding at the year ended 31st December, 2011

| ESOP Plans      | 2011                          |                                                                   |                                                                   | 2010                          |                                                                   |                                                                   |
|-----------------|-------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------|-------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------|
|                 | Number of options outstanding | Weighted average remaining contractual life of options (in years) | Weighted average exercise price (Nominal value of Rs.2 per share) | Number of options outstanding | Weighted average remaining contractual life of options (in years) | Weighted average exercise price (Nominal value of Rs.2 per share) |
| 2007            |                               |                                                                   |                                                                   |                               |                                                                   |                                                                   |
| Tranche 1 ..... | 3,618,550                     | 0.43                                                              | 113.00                                                            | 6,014,550                     | 1.43                                                              | 113.00                                                            |
| Tranche 2 ..... | 31,550                        | 1.50                                                              | 82.00                                                             | 51,950                        | 2.50                                                              | 82.00                                                             |
| 2008            |                               |                                                                   |                                                                   |                               |                                                                   |                                                                   |
| Tranche 1 ..... | 2,670,250                     | 1.50                                                              | 82.00                                                             | 3,905,000                     | 2.50                                                              | 82.00                                                             |
| Tranche 2 ..... | 71,775                        | 2.47                                                              | 96.00                                                             | 91,350                        | 3.47                                                              | 96.00                                                             |
| 2009 .....      | 4,043,550                     | 2.47                                                              | 96.00                                                             | 5,479,650                     | 3.47                                                              | 96.00                                                             |
| 2010 .....      | 8,155,350                     | 3.31                                                              | 119.00                                                            | 9,373,250                     | 4.31                                                              | 119.00                                                            |

- d) Stock Options granted

During the year, no stock options were granted. The weighted average fair value of stock option granted during the previous year was Rs. 39.37. The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

| Variables                                               | 2011 | 2010       |
|---------------------------------------------------------|------|------------|
| Grant date .....                                        | -    | 22.04.2010 |
| Market Price (Rs. per share) on the date of grant ..... | -    | 121.05     |
| Volatility .....                                        | -    | 43.75%     |
| Risk free rate .....                                    | -    | 6.64%      |
| Exercise price .....                                    | -    | 119.00     |
| Time to Maturity (Years) .....                          | -    | 3          |
| Dividend yield .....                                    | -    | 2.30%      |
| Option fair value (Rs. per share) .....                 | -    | 39.37      |

Expected volatility has been computed by using the historical daily volatility of the stock prices on National Stock Exchange over a period corresponding with expected life of the options.



## SCHEDULE 'P' - NOTES TO ACCOUNTS (Contd.)

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

| Particulars                                                                                                             | 2011<br>Rs. in Crores | 2010<br>Rs. in Crores |
|-------------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
| Total Employee Compensation Cost pertaining to share based payment plans (Refer Note 1(B))                              | <b>33.70</b>          | 1.34                  |
| Compensation cost pertaining to equity settled employee share based payment plan included above (Refer Note 1(B)) ..... | <b>33.70</b>          | 1.34                  |
| Liability for employee stock options outstanding as at year end (Net) .....                                             | <b>32.11</b>          | 1.34                  |
| Deferred Compensation Cost .....                                                                                        | -                     | 0.58                  |

- f) During the current year, the Company has adopted fair value method of measurement of compensation cost relating to employee stock options (Refer Note 1(B)). During the previous year, the Company had followed intrinsic value method and the impact on the reported net profit and earnings per share by applying the fair value based method is as under :

| Particulars                                                           | 2010<br>Rs. in Crores |
|-----------------------------------------------------------------------|-----------------------|
| Profit as reported .....                                              | 1,263.61              |
| Add : Employee stock compensation under intrinsic value method .....  | 1.34                  |
| Add/(Less): Employee stock compensation under fair value method ..... | (33.94)               |
| Proforma profit .....                                                 | 1,231.01              |
| Earning per share (Rs.)                                               |                       |
| Basic :                                                               |                       |
| - As reported .....                                                   | 8.28                  |
| - Proforma .....                                                      | 8.07                  |
| Diluted :                                                             |                       |
| - As reported .....                                                   | 8.26                  |
| - Proforma .....                                                      | 8.05                  |

- g) Employee compensation expenses excludes cost relating to shares granted to the employees of the Company by Holcim Limited (Switzerland), the ultimate holding company

| 2011<br>Rs. in Crores | 2010<br>Rs. in Crores |
|-----------------------|-----------------------|
|-----------------------|-----------------------|

### 11. Payment to Auditors :

Miscellaneous Expenses and Legal and Professional fees includes amount paid / payable to

#### (a) Statutory Auditors

##### (i) As Auditors

|                                                    |             |      |
|----------------------------------------------------|-------------|------|
| a) Audit of statutory financial statements .....   | <b>0.91</b> | 1.08 |
| b) Audit / Review of group reporting package ..... | <b>0.33</b> | 0.33 |
| c) Audit of tax financial statements .....         | <b>0.18</b> | 0.14 |
| d) Limited review of quarterly results .....       | <b>0.36</b> | 0.30 |
| e) Others .....                                    | <b>0.23</b> | 0.24 |
| f) Out of pocket expenses .....                    | <b>0.12</b> | 0.09 |
|                                                    | <b>2.13</b> | 2.18 |

#### (b) Cost Auditors

##### (i) As Auditors

|                                 |             |      |
|---------------------------------|-------------|------|
| a) Cost records .....           | <b>0.05</b> | 0.05 |
| b) Certification Work .....     | <b>0.01</b> | -    |
| c) Out of pocket expenses ..... | <b>0.01</b> | 0.01 |
|                                 | <b>0.07</b> | 0.06 |

# SCHEDULE 'P' - NOTES TO ACCOUNTS (Contd.)

|                                                                                                                                                                                                          | 2011<br>Rs. in Crores | 2010<br>Rs. in Crores |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
| <b>12. Movement of provisions during the period as required under Accounting Standard - 29</b>                                                                                                           |                       |                       |
| Mines Reclamation Expenses :                                                                                                                                                                             |                       |                       |
| Opening Provision .....                                                                                                                                                                                  | 11.54                 | 10.15                 |
| Add : Provision during the period .....                                                                                                                                                                  | 0.53                  | 3.16                  |
|                                                                                                                                                                                                          | 12.07                 | 13.31                 |
| Less : Utilisation during the period .....                                                                                                                                                               | 0.41                  | 1.77                  |
|                                                                                                                                                                                                          | 11.66                 | 11.54                 |
| Less : Reversal during the period .....                                                                                                                                                                  | 0.38                  | -                     |
| Closing Provision .....                                                                                                                                                                                  | 11.28                 | 11.54                 |
| Mines reclamation expenses are 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 expenses. |                       |                       |

|                                                                                        | 31.12.2011 |               | 31.12.2010 |               |
|----------------------------------------------------------------------------------------|------------|---------------|------------|---------------|
|                                                                                        | MT         | Rs. in Crores | MT         | Rs. in Crores |
| <b>13. Licensed &amp; Installed Capacity, Production, Stocks and Turnover:</b>         |            |               |            |               |
| Cement                                                                                 |            |               |            |               |
| (i) Licensed Capacity (see Note "a")                                                   |            |               |            |               |
| (ii) Installed Capacity (see Note "b") .....                                           | 27,350,000 |               | 25,000,000 |               |
| (iii) Production (excluding Trial Run production of Nil; previous year 7,422 MT) ..... | 20,968,883 |               | 20,128,532 |               |
| (iv) Stocks :                                                                          |            |               |            |               |
| Opening .....                                                                          | 289,662    | 74.95         | 231,765    | 53.03         |
| Closing .....                                                                          | 304,697    | 88.68         | 289,662    | 74.95         |
| (v) Turnover (see Note "c" & "e"):                                                     |            |               |            |               |
| (a) Cement (includes trial run stock Nil; Previous Year 5,389MT) .....                 | 20,908,529 | 9,463.60      | 19,996,513 | 8,168.45      |
| (b) Clinker .....                                                                      | 541,394    | 124.73        | 343,525    | 88.58         |

## Notes:

- (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 ..... 37,610 71,496
- (d) Shortages, samples and handling loss, etc. .... 7,709 8,015
- (e) Includes VAT/Sales tax remission and VAT subsidy ..... 47.49 44.72

## 14. Raw Materials consumed :

|                                                                                        |           |        |           |        |
|----------------------------------------------------------------------------------------|-----------|--------|-----------|--------|
| (i) Purchased Clinker .....                                                            | 35,925    | 8.82   | 392,599   | 123.70 |
| (ii) Fly Ash @ .....                                                                   | 4,773,550 | 218.94 | 4,529,675 | 189.28 |
| (iii) Gypsum # .....                                                                   | 1,206,992 | 200.19 | 1,201,024 | 167.96 |
| (iv) Purchased Limestone and clay * .....                                              | 1,279,967 | 56.71  | 893,726   | 41.18  |
| (v) Others .....                                                                       |           | 92.72  |           | 74.16  |
| Total                                                                                  |           | 577.38 |           | 596.28 |
| @ Excludes Fly Ash generated by the Company 428,248 MT; (31.12.2010 - 437,128 MT)      |           |        |           |        |
| # Excludes gypsum produced / blended by the Company 5,281 MT; (31.12.2010 - Nil)       |           |        |           |        |
| * Excludes limestone raised by the Company 20,511,587 MT; (31.12.2010 - 20,139,589 MT) |           |        |           |        |

**SCHEDULE 'P' - NOTES TO ACCOUNTS (Contd.)**

|            |                                                                                           | 2011          |            | 2010                 |                      |
|------------|-------------------------------------------------------------------------------------------|---------------|------------|----------------------|----------------------|
|            |                                                                                           | Rs. in Crores | Percentage | Rs. in Crores        | Percentage           |
| <b>15.</b> | <b>(a) Raw Materials Consumed :</b>                                                       |               |            |                      |                      |
|            | (i) Imported .....                                                                        | 70.34         | 12.18      | 54.64                | 9.16                 |
|            | (ii) Indigenous .....                                                                     | 507.04        | 87.82      | 541.64               | 90.84                |
|            | Total .....                                                                               | 577.38        | 100.00     | 596.28               | 100.00               |
|            | <b>(b) Spares Consumed :</b>                                                              |               |            |                      |                      |
|            | (i) Imported .....                                                                        | 15.00         | 10.39      | 12.04                | 9.24                 |
|            | (ii) Indigenous .....                                                                     | 129.42        | 89.61      | 118.26               | 90.76                |
|            | Total .....                                                                               | 144.42        | 100.00     | 130.30               | 100.00               |
|            |                                                                                           |               |            | <b>2011</b>          | <b>2010</b>          |
|            |                                                                                           |               |            | <b>Rs. in Crores</b> | <b>Rs. in Crores</b> |
| <b>16.</b> | <b>CIF Value of imports :</b>                                                             |               |            |                      |                      |
|            | (i) Raw Materials .....                                                                   |               |            | 38.74                | 34.73                |
|            | (ii) Fuels .....                                                                          |               |            | 490.47               | 367.70               |
|            | (iii) Spares .....                                                                        |               |            | 57.13                | 62.22                |
|            | (iv) Capital Goods .....                                                                  |               |            | 57.31                | 51.43                |
| <b>17.</b> | <b>Expenditure in Foreign currency (accrual basis) :</b>                                  |               |            |                      |                      |
|            | (i) Technical Fees (Capitalised Rs.2.12 crores; Previous year Rs.10.60 crores) .....      |               |            | 6.99                 | 19.03                |
|            | (ii) Travelling Expenses .....                                                            |               |            | 2.64                 | 1.44                 |
|            | (iii) Ship Charter Hire, Port Dues. ....                                                  |               |            | 5.64                 | 20.75                |
|            | (iv) Consultancy Charges (Capitalised Rs.1.26 crores; Previous year Rs. 0.14 crore) ..... |               |            | 1.26                 | 1.43                 |
|            | (v) Staff Training Expenses .....                                                         |               |            | 12.61                | 3.33                 |
|            | (vi) Legal and Professional fees .....                                                    |               |            | 13.78                | 10.50                |
|            | (vii) Other matters .....                                                                 |               |            | 3.64                 | 6.29                 |
| <b>18.</b> | <b>Remittances in Foreign Currency :</b>                                                  |               |            |                      |                      |
|            | On account of dividend to non-resident shareholders                                       |               |            |                      |                      |
|            | Final Dividend                                                                            |               |            |                      |                      |
|            | No. of shareholders .....                                                                 |               |            | 220                  | 245                  |
|            | No. of Equity Shares .....                                                                |               |            | 554,514,505          | 545,804,565          |
|            | Amount remitted, net of tax (Rs. in crores) .....                                         |               |            | 76.40                | 65.50                |
|            | Year to which it pertains .....                                                           |               |            | 2010                 | 2009                 |
|            | Interim Dividend                                                                          |               |            |                      |                      |
|            | No. of shareholders .....                                                                 |               |            | 217                  | 239                  |
|            | No. of Equity Shares .....                                                                |               |            | 609,960,715          | 545,748,420          |
|            | Amount remitted, net of tax (Rs. in crores) .....                                         |               |            | 85.39                | 65.49                |
|            | Period to which it pertains .....                                                         |               |            | 2011                 | 2010                 |
| <b>19.</b> | <b>Earnings in Foreign Exchange (accrual basis):</b>                                      |               |            |                      |                      |
|            | (i) F.O.B. Value of Exports .....                                                         |               |            | 76.57                | 97.27                |
|            | (ii) Other Income .....                                                                   |               |            | 3.61                 | 1.23                 |

## SCHEDULE 'P' - NOTES TO ACCOUNTS (Contd.)

|                                                                                                                                                                                                                                                                       | As at<br>31.12.2011<br>Amount in<br>million | As at<br>31.12.2010<br>Amount in<br>million |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|---------------------------------------------|
| <b>20. Derivative Instrument and Unhedged Foreign Currency Exposure :</b>                                                                                                                                                                                             |                                             |                                             |
| 1. Outstanding creditors for purchase of Raw Material & Spares                                                                                                                                                                                                        |                                             |                                             |
| a) in USD .....                                                                                                                                                                                                                                                       | 15.74                                       | 1.94                                        |
| b) in EURO .....                                                                                                                                                                                                                                                      | 0.07                                        | 0.07                                        |
| c) in GBP .....                                                                                                                                                                                                                                                       | 0.01                                        | -                                           |
| d) in SEK .....                                                                                                                                                                                                                                                       | 0.11                                        | -                                           |
| e) in DKK .....                                                                                                                                                                                                                                                       | -                                           | 0.16                                        |
| f) in JPY .....                                                                                                                                                                                                                                                       | 6.47                                        | 3.88                                        |
| 2. Outstanding creditors for purchase of Capital Goods                                                                                                                                                                                                                |                                             |                                             |
| a) in EURO .....                                                                                                                                                                                                                                                      | -                                           | 0.62                                        |
| b) in DKK .....                                                                                                                                                                                                                                                       | -                                           | 0.16                                        |
| c) in CHF .....                                                                                                                                                                                                                                                       | -                                           | 0.14                                        |
| d) in JPY .....                                                                                                                                                                                                                                                       | 7.22                                        | -                                           |
| 3. Outstanding creditors for expenses                                                                                                                                                                                                                                 |                                             |                                             |
| a) in USD .....                                                                                                                                                                                                                                                       | 0.04                                        | 0.09                                        |
| b) in EURO .....                                                                                                                                                                                                                                                      | 0.40                                        | 0.20                                        |
| c) in CHF .....                                                                                                                                                                                                                                                       | 2.07                                        | 1.52                                        |
| d) in THB .....                                                                                                                                                                                                                                                       | -                                           | 0.34                                        |
| e) in IDR .....                                                                                                                                                                                                                                                       | -                                           | 6.60                                        |
| 4. Outstanding debtors                                                                                                                                                                                                                                                |                                             |                                             |
| a) in USD .....                                                                                                                                                                                                                                                       | 3.83                                        | 1.92                                        |
| 5. Advance to Vendors                                                                                                                                                                                                                                                 |                                             |                                             |
| a) in USD .....                                                                                                                                                                                                                                                       | 0.01                                        | 0.09                                        |
| b) in EURO .....                                                                                                                                                                                                                                                      | 0.80                                        | 1.18                                        |
| c) in GBP .....                                                                                                                                                                                                                                                       | 0.03                                        | -                                           |
| d) in DKK .....                                                                                                                                                                                                                                                       | -                                           | 0.06                                        |
| e) in CHF .....                                                                                                                                                                                                                                                       | -                                           | 0.01                                        |
| f) in JPY .....                                                                                                                                                                                                                                                       | 0.18                                        | 0.14                                        |
|                                                                                                                                                                                                                                                                       | <b>31.12.2011</b>                           | 31.12.2010                                  |
|                                                                                                                                                                                                                                                                       | <b>Rs. in Crores</b>                        | <b>Rs. in Crores</b>                        |
| <b>21. 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>                    |                                             |                                             |
| a) The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year                                                                                                                  |                                             |                                             |
| Principal .....                                                                                                                                                                                                                                                       | 0.35                                        | 0.17                                        |
| Interest (Rs. 32,551/-) .....                                                                                                                                                                                                                                         |                                             | -                                           |
| 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                                                                                    | 1.94                                        | 4.25                                        |
| 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.                                                                    | -                                           | 0.01                                        |
| d) The amount of interest accrued and remaining unpaid at the end of each accounting year. ....                                                                                                                                                                       | -                                           | 0.02                                        |
| 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>22. During the year, the Company has become a subsidiary of Holderind Investments Limited, Mauritius and Holcim Limited, Switzerland, the ultimate holding company.</b>                                                                                            |                                             |                                             |
| <b>23. Capital Work in Progress includes (a) machinery in transit Rs. 11.29 crores (31.12.2010 - 10.50 crores) and (b) expenditure during construction for project Rs.5.82 crores (31.12.2010 - Rs. 14.13 crores).</b>                                                |                                             |                                             |
| <b>24. During the previous year, the Company had sold its investment in ING Vysya Life Insurance Company Limited and had recognised profit before tax of Rs. 72.63 crores.</b>                                                                                        |                                             |                                             |

## SCHEDULE 'P' - NOTES TO ACCOUNTS (Contd.)

25 During the previous year, the Company had estimated provision for slow and non moving spares based on age of the inventory and accordingly, the Company had recognised a provision of Rs. 61.03 crores. The provision based on such parameters applied to spares inventory at the beginning of the previous year amounting to Rs. 46.10 crores was disclosed as an exceptional item in the profit and loss account.

26. The Company has the following Joint Ventures and its proportionate share in the Assets, Liabilities, Income and Expenditure of the Joint Venture companies are given below :

|     |                                   |                                                |                                         |                                                  |                                         |
|-----|-----------------------------------|------------------------------------------------|-----------------------------------------|--------------------------------------------------|-----------------------------------------|
| (a) | Name of the Joint Venture Company | Wardha Vaalley Coal Field Pvt. Ltd.            | Counto Microfine Products Pvt. Ltd.*    |                                                  |                                         |
| (b) | Country of Incorporation .....    | India                                          | India                                   |                                                  |                                         |
|     |                                   | <b>As on and for the year ended 31.12.2011</b> | As on and for the year ended 31.12.2010 | <b>As on and for the period ended 31.12.2011</b> | As on and for the year ended 31.12.2010 |
| (c) | Percentage of Holding .....       | <b>27.27%</b>                                  | 27.27%                                  | <b>50.00%</b>                                    | 0.00%                                   |
|     |                                   | <b>Rs. in Crores</b>                           | Rs. in Crores                           | <b>Rs. in Crores</b>                             | Rs. in Crores                           |
| (d) | Assets .....                      | <b>0.11</b>                                    | 0.13                                    | <b>18.42</b>                                     | -                                       |
| (e) | Liabilities .....                 | <b>0.01</b>                                    | 0.01                                    | <b>8.32</b>                                      | -                                       |
| (f) | Income .....                      | <b>0.01</b>                                    | -                                       | <b>2.24</b>                                      | -                                       |
| (g) | Expenditure .....                 | <b>0.22</b>                                    | 0.24                                    | <b>2.65</b>                                      | -                                       |
| (h) | Contingent liability .....        | <b>3.67</b>                                    | 3.67                                    | <b>0.97</b>                                      | -                                       |
| (i) | Capital Commitments .....         | -                                              | -                                       | <b>0.05</b>                                      | -                                       |

\* For the period 01.08.2011 to 31.12.2011

### 27. Operating Lease :

#### (a) Assets taken On Lease

|                                                         |             |      |
|---------------------------------------------------------|-------------|------|
| Lease Payments for the year .....                       | <b>0.34</b> | 0.34 |
| <u>Minimum Lease Payments:</u>                          |             |      |
| Not later than one year .....                           | <b>0.34</b> | 0.34 |
| Later than one year but not later than five years ..... | <b>1.36</b> | 1.36 |
| Later than five years .....                             | <b>2.87</b> | 3.21 |

#### (b) General description of leasing arrangements:

- Leased Assets: Captive Jetty.
- Future lease rentals are determined on the basis of agreed terms.
- At the expiry of lease terms, the Company has an option to return the asset or extend the term by giving notice in writing.

|                                                                                                                                                                                                                                                                                                                                                         |                      |                      |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
|                                                                                                                                                                                                                                                                                                                                                         | <b>2011</b>          | <b>2010</b>          |
|                                                                                                                                                                                                                                                                                                                                                         | <b>Rs. in Crores</b> | <b>Rs. in Crores</b> |
| 28. (a) The Company is eligible for receipt of transport subsidy on the inter-state transport of raw materials, clinker and cement in certain units in the State of Himachal Pradesh. Accordingly the Company has accrued an amount of Rs. 53.14 crores (31.12.2010-Rs. 25.49 crores) which has been adjusted against the respective expenses as under: |                      |                      |
| (i) Raw materials consumed .....                                                                                                                                                                                                                                                                                                                        | <b>1.84</b>          | 1.55                 |
| (ii) Freight and handling charges on internal material transfer .....                                                                                                                                                                                                                                                                                   | <b>51.11</b>         | 23.46                |
| (iii) Freight on finished goods .....                                                                                                                                                                                                                                                                                                                   | <b>0.19</b>          | 0.48                 |

(b) During the previous year, the Company had recognised interest on subsidy amounting to Rs. 5.00 crores. The amount was adjusted against interest and finance charges.

29. Excise duty on sales amounting to Rs. 1,073.81 crores (31.12.2010-Rs.866.82 crores) has been reduced from sales in Profit and Loss account and excise duty on increase/decrease in stock amounting to Rs.2.49 crores (31.12.2010-Rs.4.92 crores) has been considered as manufacturing and other expenses.

# SCHEDULE 'P' - NOTES TO ACCOUNTS (Contd.)

|     |                                                                                                                                                                                                                                                                                                                                                                                                                                             | As at 31.12.2011       |                                       | As at 31.12.2010       |                                       |
|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|---------------------------------------|------------------------|---------------------------------------|
|     |                                                                                                                                                                                                                                                                                                                                                                                                                                             | Outstanding<br>balance | Maximum<br>balance<br>during the year | Outstanding<br>balance | Maximum<br>balance during<br>the year |
|     |                                                                                                                                                                                                                                                                                                                                                                                                                                             | Rs. in Crores          | Rs. in Crores                         | Rs. in Crores          | Rs. in Crores                         |
| 30. | Disclosure in respect of Loans and Advances in the nature of Loans pursuant to Clause 32 of the Listing Agreement :                                                                                                                                                                                                                                                                                                                         |                        |                                       |                        |                                       |
| a)  | Loans and Advances in the nature of loans given to Subsidiaries.                                                                                                                                                                                                                                                                                                                                                                            |                        |                                       |                        |                                       |
|     | Loans to Subsidiaries :                                                                                                                                                                                                                                                                                                                                                                                                                     |                        |                                       |                        |                                       |
|     | Chemical Limes Mundwa Private Limited .....                                                                                                                                                                                                                                                                                                                                                                                                 | 0.44                   | 0.44                                  | 0.25                   | 0.25                                  |
|     | Dirk India Private Limited .....                                                                                                                                                                                                                                                                                                                                                                                                            | 5.00                   | 5.00                                  | -                      | -                                     |
| b)  | Payments made to employees by way of Loans and Advances in the nature of loan where no interest is charged or charged at a rate less than the rate prescribed in Section 372A of the Companies Act, 1956 .....                                                                                                                                                                                                                              | 3.59                   | 3.75                                  | 1.70                   | 1.85                                  |
| 31. | Loss on assets sold, discarded and written off includes preoperative expenses and capital work in progress incurred on certain capital projects written off during the year amounting to Rs. 8.92 crores (31.12.2010 -Rs.Nil).                                                                                                                                                                                                              |                        |                                       |                        |                                       |
| 32. | Prior period expenses amounting to Rs. 3.81 crores and Rs. 7.78 crores are included in Miscellaneous expenses and Legal and Professional fees respectively.                                                                                                                                                                                                                                                                                 |                        |                                       |                        |                                       |
| 33. | During the year, the Company has noticed certain instances of misappropriation in the nature of receiving undue benefit by employees in collusion with vendors or otherwise, the amount of which is not determinable. Management believes that the amounts involved are insignificant. Investigations relating to these matters have been completed and appropriate action has been taken by the Company against the employees and vendors. |                        |                                       |                        |                                       |
| 34. | 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.                                                                                                                                                                                                                                                                          |                        |                                       |                        |                                       |
| 35. | Figures of the previous year have been regrouped wherever necessary to conform to the current year's presentation.                                                                                                                                                                                                                                                                                                                          |                        |                                       |                        |                                       |

## Signatures to Schedules 'A' to 'P'

As per our attached report of even date

For and on behalf of the Board

For S. R. BATLIBOI & CO.  
Firm Registration No. 301003E  
Chartered Accountants

Sanjeev Churiwala  
Chief Financial Officer

N.S. Sekhsaria  
Chairman

Shailesh Haribhakti  
Chairman - Audit Committee

B.L. Taparia  
Company Secretary &  
Corporate Sustainability Officer

Paul Hugentobler  
Vice Chairman

Nasser Munjee  
Director

per Ravi Bansal  
Partner  
Membership No. 49365

M.L. Bhakta  
Director

Rajendra P. Chitale  
Director

Markus Akermann  
Director

Omkar Goswami  
Director

Onne van der Weijde  
Managing Director

Naresh Chandra  
Director

Mumbai, 9th February, 2012



## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I. Registration Details

|                    |                       |            |    |
|--------------------|-----------------------|------------|----|
| Registration No.   | L26942GJ1981PLC004717 | State Code | 04 |
| Balance Sheet Date | 31.12.2011            |            |    |

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

|                 |   |                              |       |
|-----------------|---|------------------------------|-------|
| Public Issue    | - | Right Issue (Abeyance Cases) | -     |
| Bonus Issue     | - | Private Placement            | -     |
| On Amalgamation | - | ESOS                         | 9,020 |

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

|                   |            |              |            |
|-------------------|------------|--------------|------------|
| Total Liabilities | 87,623,925 | Total Assets | 87,623,925 |
|-------------------|------------|--------------|------------|

#### Sources of Funds

|                                   |           |                    |            |
|-----------------------------------|-----------|--------------------|------------|
| Paid -up Capital                  | 3,068,739 | Reserves & Surplus | 77,304,436 |
| Share Application Money           | 138       | Unsecured Loans    | 493,622    |
| Employee Stock Option Outstanding | 321,076   |                    |            |
| Secured Loans                     | -         |                    |            |
| Deferred Tax Liabilities          | 6,435,915 |                    |            |

#### Application of Funds

|                    |            |                   |           |
|--------------------|------------|-------------------|-----------|
| Net Fixed Assets   | 67,637,330 | Investments       | 8,643,131 |
| Net Current Assets | 11,340,750 | Misc. Expenditure | 2,715     |
| Accumulated Losses | -          |                   |           |

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

|                               |            |                   |            |
|-------------------------------|------------|-------------------|------------|
| Turnover (Net of Excise duty) | 85,145,130 | Total Expenditure | 71,062,170 |
| Profit before tax             | 17,028,661 | Profit after Tax  | 12,288,564 |
| Earning per Share in Rs.      | 8.02       | Dividend Rate %   | 160%       |

### 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

Sanjeev Churiwala  
Chief Financial Officer

N.S. Sekhsaria  
Chairman

Shailesh Haribhakti  
Chairman - Audit Committee

B.L. Taparia  
Company Secretary &  
Corporate Sustainability Officer

Paul Hugentobler  
Vice Chairman

Nasser Munjee  
Director

M.L. Bhakta  
Director

Rajendra P. Chitale  
Director

Markus Akermann  
Director

Omkar Goswami  
Director

Onne van der Weijde  
Managing Director

Naresh Chandra  
Director

Mumbai, 9th February, 2012

## AUDITORS' REPORT

### The Board of Directors Ambuja Cements Limited

1. We have audited the attached consolidated balance sheet of Ambuja Cements Limited and its subsidiaries and joint ventures ("the Group"), as at December 31, 2011, 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.
2. 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.
3. We did not audit the financial statements of certain subsidiaries and joint ventures, whose financial statements reflect total assets of Rs. 57.93 Crores as at December 31, 2011, the total revenue of Rs. 16.78 Crores and cash outflows amounting to Rs. 0.33 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.
4. 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 and Accounting Standard (AS) 27, Financial Reporting of Interests in Joint Ventures as notified pursuant to the Companies (Accounting Standards) Rules, 2006, (as amended).
5. 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, 2011;
  - (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 & Co.  
Firm registration number: 301003E  
Chartered Accountants

per Ravi Bansal  
Partner  
Membership No.: 49365

Place : Mumbai  
Date : February 09, 2012

# CONSOLIDATED BALANCE SHEET

AS AT 31ST DECEMBER, 2011

|                                                                                                                         | Schedule | Rs. in Crores | As at<br>31.12.2011<br>Rs. in Crores | As at<br>31.12.2010<br>Rs. in Crores |
|-------------------------------------------------------------------------------------------------------------------------|----------|---------------|--------------------------------------|--------------------------------------|
| <b>SOURCES OF FUNDS</b>                                                                                                 |          |               |                                      |                                      |
| <b>Shareholders' Funds</b>                                                                                              |          |               |                                      |                                      |
| Share Capital .....                                                                                                     | A        | 306.87        |                                      | 305.97                               |
| Share Application Money, pending allotment (Includes Share in Joint Venture Rs.Nil (31.12.2010 - Rs. 0.09 crore)) ..... |          | 0.01          |                                      | 0.09                                 |
| Employee Stock Option Outstanding (Refer Note 10(e)) .....                                                              |          | 32.11         |                                      | 1.34                                 |
| Reserves and Surplus .....                                                                                              | B        | 7,725.69      |                                      | 7,019.15                             |
|                                                                                                                         |          |               | 8,064.68                             | 7,326.55                             |
| Minority Interest .....                                                                                                 |          |               | 2.46                                 | -                                    |
| <b>Loan Funds</b>                                                                                                       |          |               |                                      |                                      |
| Secured Loans .....                                                                                                     | C        | 18.80         |                                      | -                                    |
| Unsecured Loans .....                                                                                                   | D        | 50.76         |                                      | 65.03                                |
|                                                                                                                         |          |               | 69.56                                | 65.03                                |
| Deferred Tax Liability, net (Refer Note 7) .....                                                                        |          |               | 644.51                               | 530.88                               |
| TOTAL .....                                                                                                             |          |               | 8,781.21                             | 7,922.46                             |
| <b>APPLICATION OF FUNDS</b>                                                                                             |          |               |                                      |                                      |
| <b>Fixed Assets</b>                                                                                                     |          |               |                                      |                                      |
| Gross Block .....                                                                                                       | E        | 9,793.52      |                                      | 8,781.99                             |
| Less: Depreciation .....                                                                                                |          | 3,527.77      |                                      | 3,150.06                             |
| Net Block .....                                                                                                         |          | 6,265.75      |                                      | 5,631.93                             |
| Capital Work in Progress (Refer Note 14) .....                                                                          |          | 532.05        |                                      | 803.66                               |
| Share in Joint Venture .....                                                                                            |          | 0.74          |                                      | 0.02                                 |
|                                                                                                                         |          | 6,798.54      |                                      | 6,435.61                             |
| Advances against capital expenditure .....                                                                              |          | 46.76         |                                      | 127.05                               |
|                                                                                                                         |          |               | 6,845.30                             | 6,562.66                             |
| Deferred Tax Assets (Share in Joint Ventures) .....                                                                     |          |               | 0.70                                 | -                                    |
| Investments .....                                                                                                       | F        |               | 806.04                               | 621.11                               |
| <b>Current Assets, Loans and Advances</b>                                                                               |          |               |                                      |                                      |
| Inventories .....                                                                                                       | G        | 927.76        |                                      | 901.86                               |
| Sundry Debtors .....                                                                                                    | H        | 247.76        |                                      | 128.18                               |
| Cash and Bank Balances .....                                                                                            | I        | 2,075.37      |                                      | 1,648.39                             |
| Other Current Assets .....                                                                                              | J        | 24.46         |                                      | 16.57                                |
| Loans and Advances .....                                                                                                | K        | 563.55        |                                      | 440.32                               |
|                                                                                                                         |          | 3,838.90      |                                      | 3,135.32                             |
| Less: Current Liabilities and Provisions                                                                                | L        |               |                                      |                                      |
| Current Liabilities .....                                                                                               |          | 1,603.15      |                                      | 1,300.52                             |
| Provisions .....                                                                                                        |          | 1,106.85      |                                      | 1,096.57                             |
|                                                                                                                         |          | 2,710.00      |                                      | 2,397.09                             |
| Net Current Assets .....                                                                                                |          |               | 1,128.90                             | 738.23                               |
| <b>Miscellaneous Expenditure</b>                                                                                        |          |               |                                      |                                      |
| (to the extent not written off or adjusted)                                                                             |          |               |                                      |                                      |
| Quarry / Mines Development Expenses .....                                                                               |          |               | 0.27                                 | 0.46                                 |
| TOTAL .....                                                                                                             |          |               | 8,781.21                             | 7,922.46                             |
| Notes to Accounts .....                                                                                                 | Q        |               |                                      |                                      |

The schedules referred to above and notes to accounts form an integral part of the Consolidated Balance Sheet.

As per our attached report of even date

For and on behalf of the Board

For S. R. BATLIBOI & CO.  
Firm Registration No. 301003E  
Chartered Accountants

Sanjeev Churiwala  
Chief Financial Officer

N.S. Sekhsaria  
Chairman

Shailesh Haribhakti  
Chairman - Audit Committee

B.L. Taparia  
Company Secretary &  
Corporate Sustainability Officer

Paul Hugentobler  
Vice Chairman

Nasser Munjee  
Director

per Ravi Bansal  
Partner  
Membership No. 49365

M.L. Bhakta  
Director

Rajendra P. Chitale  
Director

Markus Akermann  
Director

Omkar Goswami  
Director

Onne van der Weijde  
Managing Director

Naresh Chandra  
Director

Mumbai, 9th February, 2012

# CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER, 2011

|                                                                                                                          | Schedule | Rs. in Crores | 2011<br>Rs. in Crores | 2010<br>Rs. in Crores |
|--------------------------------------------------------------------------------------------------------------------------|----------|---------------|-----------------------|-----------------------|
| <b>INCOME</b>                                                                                                            |          |               |                       |                       |
| Sales .....                                                                                                              |          | 9,605.44      |                       | 8,257.03              |
| Less : Excise duty (Refer Note 19) .....                                                                                 |          | 1,074.21      |                       | 866.82                |
|                                                                                                                          |          |               | 8,531.23              | 7,390.21              |
| Other Income .....                                                                                                       | M        |               | 318.72                | 247.57                |
|                                                                                                                          |          |               | 8,849.95              | 7,637.78              |
| <b>EXPENDITURE</b>                                                                                                       |          |               |                       |                       |
| Manufacturing and other expenses .....                                                                                   | N        | 6,631.55      |                       | 5,578.54              |
| Interest and Finance Charges .....                                                                                       | O        | 53.48         |                       | 48.69                 |
| Depreciation and Amortisation .....                                                                                      |          | 446.17        |                       | 387.21                |
|                                                                                                                          |          | 7,131.20      |                       | 6,014.44              |
| Self consumption of clinker, cement and limestone (net of excise duty Rs. 0.61 crore; 31.12.2010- Rs. 1.27 crores) ..... |          | (6.74)        |                       | (11.36)               |
|                                                                                                                          |          |               | 7,124.46              | 6,003.08              |
| Profit before tax, exceptional items and minority interest .....                                                         |          |               | 1,725.49              | 1,634.70              |
| Exceptional items .....                                                                                                  | P        |               | (24.25)               | 26.53                 |
| Profit before tax .....                                                                                                  |          |               | 1,701.24              | 1,661.23              |
| Provision for Taxation :                                                                                                 |          |               |                       |                       |
| For the current year :                                                                                                   |          |               |                       |                       |
| - Current tax .....                                                                                                      |          | 482.00        |                       | 446.25                |
| - Deferred tax (including share in Joint Ventures) .....                                                                 |          | 59.03         |                       | (10.88)               |
|                                                                                                                          |          | 541.03        |                       | 435.37                |
| Relating to earlier years :                                                                                              |          |               |                       |                       |
| - Current tax .....                                                                                                      |          | (120.71)      |                       | (92.76)               |
| - Deferred tax .....                                                                                                     |          | 53.43         |                       | 55.92                 |
| - Fringe benefits tax .....                                                                                              |          | -             |                       | (0.27)                |
|                                                                                                                          |          | (67.28)       |                       | (37.11)               |
|                                                                                                                          |          |               | 473.75                | 398.26                |
| Profit after tax before Minority Interest .....                                                                          |          |               | 1,227.49              | 1,262.97              |
| Minority Interest .....                                                                                                  |          |               | (0.25)                | -                     |
| Net Profit .....                                                                                                         |          |               | 1,227.74              | 1,262.97              |
| Balance as per last Account .....                                                                                        |          |               | 640.44                | 664.96                |
| Transferred from Debenture Redemption Reserve .....                                                                      |          |               | -                     | 25.00                 |
| Transferred to General Reserve .....                                                                                     |          |               | 700.00                | 850.00                |
| Provision for Dividend Distribution Tax written back .....                                                               |          |               | 0.83                  | 0.71                  |
| Interim Dividend on Equity Shares .....                                                                                  |          | 214.50        |                       | 183.04                |
| Dividend Distribution Tax on above .....                                                                                 |          | 34.80         |                       | 30.41                 |
|                                                                                                                          |          |               | 249.30                | 213.45                |
| Proposed Final Dividend on Equity Shares .....                                                                           |          | 276.19        |                       | 214.18                |
| Dividend Distribution Tax on above .....                                                                                 |          | 44.80         |                       | 35.57                 |
|                                                                                                                          |          |               | 320.99                | 249.75                |
| Balance carried to Balance Sheet .....                                                                                   |          |               | 598.72                | 640.44                |
| Earnings Per Equity Share of Rs. 2 each (31.12.2010-Rs. 2 each)(Refer Note 6)                                            |          |               | Rs.                   | Rs.                   |
| Basic .....                                                                                                              |          |               | 8.02                  | 8.28                  |
| Diluted .....                                                                                                            |          |               | 7.99                  | 8.26                  |
| Notes to Accounts .....                                                                                                  | Q        |               |                       |                       |

The schedules referred to above and notes to accounts form an integral part of the Consolidated Profit and Loss Account.

As per our attached report of even date

For and on behalf of the Board

For S. R. BATLIBOI & CO.  
Firm Registration No. 301003E  
Chartered Accountants

Sanjeev Churiwala  
Chief Financial Officer

N.S. Sekhsaria  
Chairman

Shailesh Haribhakti  
Chairman - Audit Committee

B.L. Taparia  
Company Secretary &  
Corporate Sustainability Officer

Paul Hugentobler  
Vice Chairman

Nasser Munjee  
Director

per Ravi Bansal  
Partner  
Membership No. 49365

M.L. Bhakta  
Director

Rajendra P. Chitale  
Director

Markus Akermann  
Director

Omkar Goswami  
Director

Onne van der Weijde  
Managing Director

Naresh Chandra  
Director

Mumbai, 9th February, 2012

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER, 2011

|                                                                                                              | Rs. in Crores | 2011<br>Rs. in Crores | 2010<br>Rs. in Crores |
|--------------------------------------------------------------------------------------------------------------|---------------|-----------------------|-----------------------|
| <b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>                                                                |               |                       |                       |
| PROFIT BEFORE TAX .....                                                                                      |               | 1,701.24              | 1,661.23              |
| Adjustment for :                                                                                             |               |                       |                       |
| Depreciation and Amortisation .....                                                                          | 446.17        |                       | 387.21                |
| Surplus on Sale of Assets .....                                                                              | (12.24)       |                       | (13.78)               |
| Exceptional items .....                                                                                      | 24.25         |                       | (26.53)               |
| Loss on Assets sold, discarded and written off .....                                                         | 20.89         |                       | 3.27                  |
| Capital Spares consumed .....                                                                                | 0.49          |                       | 2.77                  |
| Part of Deferred Revenue expenditure, written off .....                                                      | 0.19          |                       | 0.61                  |
| Profit on Sale of Current Investments (net) (excluding exceptional items) .....                              | (59.16)       |                       | (34.47)               |
| Interest and Finance Charges .....                                                                           | 53.08         |                       | 48.69                 |
| Interest income .....                                                                                        | (155.37)      |                       | (71.85)               |
| Provision for slow and non moving spares (excluding exceptional items) .....                                 | 6.67          |                       | 14.93                 |
| Discounting income on sales tax loan .....                                                                   | (15.78)       |                       | (13.89)               |
| Employee Compensation Expenses under ESOS (excluding exceptional items) .....                                | 9.45          |                       | 1.34                  |
| Sales tax loan liability written back on assessment .....                                                    | (0.34)        |                       | (1.87)                |
| Unrealized Exchange (gain) / loss, net .....                                                                 | 0.30          |                       | (0.43)                |
| Dividend income from current investment - other than trade .....                                             | -             |                       | (0.02)                |
| Provisions no longer required .....                                                                          | (23.97)       |                       | (27.11)               |
| Inventories written off .....                                                                                | 10.61         |                       | 2.80                  |
| Bad Debts, Sundry Debit Balances and Claims written off .....                                                | 2.36          |                       | 2.80                  |
| Provision for doubtful debts and advances (net) .....                                                        | 1.08          |                       | 0.63                  |
| Wealth Tax .....                                                                                             | 0.17          |                       | 0.18                  |
| Share in Joint Ventures .....                                                                                | 0.34          |                       | -                     |
|                                                                                                              |               | <b>309.19</b>         | 275.28                |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES .....                                                        |               | <b>2,010.43</b>       | 1,936.51              |
| Adjustment for :                                                                                             |               |                       |                       |
| Sundry Debtors, Other Current Assets & Loans and Advances .....                                              | (238.25)      |                       | (56.62)               |
| Inventories .....                                                                                            | (40.36)       |                       | (282.45)              |
| Current Liabilities and Provisions .....                                                                     | 356.34        |                       | 314.63                |
| Share in Joint Ventures .....                                                                                | 0.10          |                       | -                     |
|                                                                                                              |               | <b>77.83</b>          | (24.44)               |
| CASH GENERATED FROM OPERATIONS .....                                                                         |               | <b>2,088.26</b>       | 1,912.07              |
| Direct Taxes Paid net of refund Rs.104.19 crores (31.12.2010-Rs.349.92 crores)<br>(Refer Note 2 below) ..... |               | <b>(472.47)</b>       | (36.76)               |
| NET CASH FROM OPERATING ACTIVITIES .....                                                                     |               | <b>1,615.79</b>       | 1,875.31              |
| <b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>                                                                |               |                       |                       |
| Purchase of Fixed Assets and advances for capital expenditure .....                                          | (732.55)      |                       | (850.88)              |
| Sale of Fixed Assets .....                                                                                   | 31.42         |                       | 16.62                 |
| Proceeds from sale of investments .....                                                                      | -             |                       | 203.01                |
| Acquisition / Investment in Joint Venture .....                                                              | (10.28)       |                       | (22.49)               |
| Acquisition of Subsidiaries .....                                                                            | (35.65)       |                       | -                     |
| Profit on sale of investment in mutual fund (considered as cash and cash equivalents) .....                  | 59.16         |                       | 34.47                 |
| Unclaimed sale proceeds of the odd lot shares of erstwhile ACEL and ACRL paid .....                          | (0.30)        |                       | (0.02)                |
| Fixed Deposits with banks having original maturity over three months placed .....                            | (35.08)       |                       | (41.26)               |
| Fixed Deposits with banks having original maturity over three months matured .....                           | 30.05         |                       | 33.15                 |
| Interest received .....                                                                                      | 145.27        |                       | 65.03                 |
| Interest on Income tax received .....                                                                        | 19.13         |                       | 35.27                 |
| Dividend received .....                                                                                      | -             |                       | 0.02                  |
| Share in Joint Ventures .....                                                                                | (0.59)        |                       | -                     |
| NET CASH USED IN INVESTING ACTIVITIES .....                                                                  |               | <b>(529.42)</b>       | (527.08)              |
| Carried forward .....                                                                                        |               | <b>1,086.37</b>       | 1,348.23              |

## CASH FLOW STATEMENT (Contd.)

|                                                                                                                   | Rs. in Crores | 2011<br>Rs. in Crores | 2010<br>Rs. in Crores |
|-------------------------------------------------------------------------------------------------------------------|---------------|-----------------------|-----------------------|
| Brought forward .....                                                                                             |               | 1,086.37              | 1,348.23              |
| <b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>                                                                     |               |                       |                       |
| Proceeds from issue of Share Capital (including Securities premium) .....                                         | 46.24         |                       | 53.83                 |
| Proceeds from borrowings .....                                                                                    | 60.31         |                       | 58.80                 |
| Repayment of borrowings .....                                                                                     | (61.52)       |                       | (143.71)              |
| Interest and Finance Charges paid .....                                                                           | (25.58)       |                       | (19.37)               |
| Unclaimed application money on securities Rs. (76/-) (31.12.2010-Rs. (114/-)).....                                |               |                       |                       |
| Subsidy received .....                                                                                            | -             |                       | 0.50                  |
| Dividend paid .....                                                                                               | (426.81)      |                       | (364.07)              |
| Dividend Distribution Tax .....                                                                                   | (69.54)       |                       | (60.77)               |
| Share in Joint Ventures .....                                                                                     | 0.69          |                       | -                     |
| NET CASH USED IN FINANCING ACTIVITIES .....                                                                       |               | (476.21)              | (474.79)              |
| NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS .....                                                       |               | 610.16                | 873.44                |
| CASH AND CASH EQUIVALENTS as at the beginning of the year :                                                       |               |                       |                       |
| Earmarked for specific purposes (Refer Note 3 below) .....                                                        | 19.06         |                       | 17.26                 |
| Other Balances .....                                                                                              | 2,270.07      |                       | 1,398.43              |
|                                                                                                                   | 2,289.13      |                       | 1,415.69              |
| Add: Cash And Bank Balances on acquisition of Subsidiaries Dirk India Private Ltd & Dang Cement Private Ltd. .... | 0.41          |                       | -                     |
| Add: Cash And Bank Balances on acquisition of Joint Venture Counto Microfine Products Private Ltd. ....           | 0.04          |                       | -                     |
|                                                                                                                   |               | 2,289.58              | 1,415.69              |
| CASH AND CASH EQUIVALENTS as at the end of the year :                                                             |               |                       |                       |
| Earmarked for specific purpose (Refer Note 3 below) .....                                                         | 20.62         |                       | 19.06                 |
| Other Balances .....                                                                                              | 2,879.12      |                       | 2,270.07              |
|                                                                                                                   |               | 2,899.74              | 2,289.13              |
| <b>Components of cash and cash equivalents :</b>                                                                  |               |                       |                       |
| Cash and cheque on hand .....                                                                                     | 0.28          |                       | 0.35                  |
| With banks - in current accounts .....                                                                            | 154.76        |                       | 179.10                |
| With banks - in fixed deposits .....                                                                              | 1,899.57      |                       | 1,449.77              |
| With banks - earmarked for specific purposes (Refer Note 3 below) .....                                           | 20.62         |                       | 19.06                 |
|                                                                                                                   | 2,075.23      |                       | 1,648.28              |
| Share in Joint Venture .....                                                                                      | 0.14          |                       | 0.11                  |
| Cash and Bank Balance as per schedule "I" .....                                                                   | 2,075.37      |                       | 1,648.39              |
| Less : Fixed deposits not considered as cash equivalents .....                                                    | (44.57)       |                       | (35.77)               |
| Add : Deposits with Housing Development Finance Corporation Limited .....                                         | 100.00        |                       | 100.00                |
| Add : Investment in Mutual Fund .....                                                                             | 768.94        |                       | 576.51                |
| <b>CASH AND CASH EQUIVALENTS in Cash Flow Statement :</b> .....                                                   |               | 2,899.74              | 2,289.13              |

### Notes :

- Figures in brackets represent outflow.
- Direct taxes paid are treated as arising from operating activities and are not bifurcated between investing and financing activities.
- These balances are not available for use by the Company as they represent corresponding unpaid dividend liabilities and unclaimed sale proceeds of the odd lot shares belonging to the Shareholders of erstwhile ACRL and ACEL.

As per our attached report of even date

For and on behalf of the Board

For S. R. BATLIBOI & CO.  
Firm Registration No. 301003E  
Chartered Accountants

Sanjeev Churiwala  
Chief Financial Officer

N.S. Sekhsaria  
Chairman

Shailesh Haribhakti  
Chairman - Audit Committee

B.L. Taparia  
Company Secretary &  
Corporate Sustainability Officer

Paul Hugentobler  
Vice Chairman

Nasser Munjee  
Director

per Ravi Bansal  
Partner  
Membership No. 49365

M.L. Bhakta  
Director

Rajendra P. Chitale  
Director

Markus Akermann  
Director

Omkar Goswami  
Director

Onne van der Weijde  
Managing Director

Naresh Chandra  
Director

Mumbai, 9th February, 2012



## 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, 2011

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Rs. in Crores | As at<br>31.12.2011<br>Rs. in Crores | As at<br>31.12.2010<br>Rs. in Crores |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|--------------------------------------|--------------------------------------|
| <b>SCHEDULE 'A' - SHARE CAPITAL</b>                                                                                                                                                                                                                                                                                                                                                                                                                            |               |                                      |                                      |
| <b>Authorised :</b>                                                                                                                                                                                                                                                                                                                                                                                                                                            |               |                                      |                                      |
| 2,500,000,000 (31.12.2010-2,500,000,000) Equity Shares of Rs. 2 each .....                                                                                                                                                                                                                                                                                                                                                                                     | 500.00        |                                      | 500.00                               |
| 150,000,000 (31.12.2010-150,000,000) Preference Shares of Rs. 10 each .....                                                                                                                                                                                                                                                                                                                                                                                    | 150.00        |                                      | 150.00                               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                |               | <b>650.00</b>                        | <b>650.00</b>                        |
| <b>Issued :</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                |               |                                      |                                      |
| 1,534,695,781 (31.12.2010-1,530,185,606) Equity Shares of Rs. 2 each fully paid-up .....                                                                                                                                                                                                                                                                                                                                                                       |               | <b>306.94</b>                        | 306.04                               |
| <b>Subscribed :</b>                                                                                                                                                                                                                                                                                                                                                                                                                                            |               |                                      |                                      |
| 1,534,369,261 (31.12.2010-1,529,859,086) Equity Shares of Rs. 2 each fully paid-up .....                                                                                                                                                                                                                                                                                                                                                                       |               | <b>306.87</b>                        | 305.97                               |
| <b>Notes :</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                 |               |                                      |                                      |
| 1) Out of above Equity Shares :                                                                                                                                                                                                                                                                                                                                                                                                                                |               |                                      |                                      |
| a) 973,157,405 (31.12.2010-973,157,405) 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) 24,719,490 (31.12.2010-24,719,490) 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) 13,312,370 (31.12.2010-13,312,370) 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) 153,961,356 (31.12.2010-153,961,356) 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.                                                                                                                                                                                                                                          |               |                                      |                                      |
| e) 621,032,990 (31.12.2010-544,723,597) and 150,670,120 (31.12.2010-150,670,120) Equity Shares of Rs. 2 each fully paid-up are held by Holderind Investments Limited, Mauritius (HIL), the holding company and Ambuja Cement India Private Limited (ACIPL) (subsidiary of HIL, since amalgamated with Holcim India Private Limited) respectively. HIL and ACIPL are subsidiaries of Holcim Limited, Switzerland, the ultimate holding Company (Refer Note 13). |               |                                      |                                      |
| 2) a) Outstanding employee stock options exercisable into 18,591,025 (31.12.2010-24,915,750) Equity Shares of Rs. 2 each fully paid-up (Refer Note 10 (b)).                                                                                                                                                                                                                                                                                                    |               |                                      |                                      |
| b) Outstanding tradable warrants and right shares kept in abeyance exercisable into 186,690 (31.12.2010-186,690) and 139,830 (31.12.2010-139,830) 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                                                                                                                                                                                                                                                                                                                                                                                                       |               |                                      |                                      |
| As per last Account .....                                                                                                                                                                                                                                                                                                                                                                                                                                      | 4.83          |                                      | 1.83                                 |
| Additions during the year, received as capital investment subsidy from State Governments .....                                                                                                                                                                                                                                                                                                                                                                 | -             |                                      | 3.00                                 |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>4.83</b>   |                                      | 4.83                                 |
| (b) Grant-in-aid Subsidy from DANIDA .....                                                                                                                                                                                                                                                                                                                                                                                                                     | 0.12          |                                      | 0.12                                 |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                |               | <b>4.95</b>                          | 4.95                                 |
| <b>Capital Reserve</b> .....                                                                                                                                                                                                                                                                                                                                                                                                                                   |               | <b>132.35</b>                        | 132.35                               |
| <b>Capital Redemption Reserve</b> .....                                                                                                                                                                                                                                                                                                                                                                                                                        |               | <b>9.93</b>                          | 9.93                                 |
| Carried forward .....                                                                                                                                                                                                                                                                                                                                                                                                                                          |               | <b>147.23</b>                        | 147.23                               |

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

|                                                                  | Rs. in Crores | As at<br>31.12.2011<br>Rs. in Crores | As at<br>31.12.2010<br>Rs. in Crores |
|------------------------------------------------------------------|---------------|--------------------------------------|--------------------------------------|
| Brought forward .....                                            |               | 147.23                               | 147.23                               |
| <b>Security Premium :</b>                                        |               |                                      |                                      |
| As per last Account .....                                        | 1,244.78      |                                      | 1,192.03                             |
| Additions on exercise of employee stock options and others ..... | 48.26         |                                      | 52.75                                |
|                                                                  |               | 1,293.04                             | 1,244.78                             |
| <b>Debenture Redemption Reserve :</b>                            |               |                                      |                                      |
| As per last Account .....                                        | -             |                                      | 25.00                                |
| Less :Transferred to Profit & Loss Account .....                 | -             |                                      | 25.00                                |
|                                                                  |               | -                                    | -                                    |
| <b>General Reserve :</b>                                         |               |                                      |                                      |
| As per last Account .....                                        | 4,986.70      |                                      | 4,136.70                             |
| Add: Set aside this year .....                                   | 700.00        |                                      | 850.00                               |
|                                                                  |               | 5,686.70                             | 4,986.70                             |
| <b>Surplus as per Profit and Loss Account .....</b>              | <b>599.58</b> |                                      | 640.68                               |
| Share in Joint Venture .....                                     | (0.86)        |                                      | (0.24)                               |
|                                                                  |               | 598.72                               | 640.44                               |
| Total .....                                                      |               | 7,725.69                             | 7,019.15                             |

## SCHEDULE 'C' - SECURED LOANS

### Term loans from a Bank

|                                                                  |      |   |
|------------------------------------------------------------------|------|---|
| (Due within one year Rs. 3.93 crores ; 31.12.2010-Rs. Nil) ..... | 7.79 | - |
|------------------------------------------------------------------|------|---|

### Working capital loan

|                                                                                                                                 |      |   |
|---------------------------------------------------------------------------------------------------------------------------------|------|---|
| (Secured by charge on the immovable properties and personal guarantees of directors of Dirk Pozzocrete (MP) Private Ltd.) ..... | 2.39 | - |
|---------------------------------------------------------------------------------------------------------------------------------|------|---|

### Loans from Banks

|                                                                                |      |   |
|--------------------------------------------------------------------------------|------|---|
| (Secured by mortgage of fixed deposit of a subsidiary company with Bank) ..... | 3.18 | - |
|--------------------------------------------------------------------------------|------|---|

|  |       |   |
|--|-------|---|
|  | 13.36 | - |
|--|-------|---|

|                                    |      |   |
|------------------------------------|------|---|
| Add: Share in Joint Ventures ..... | 5.44 | - |
|------------------------------------|------|---|

|             |       |   |
|-------------|-------|---|
| Total ..... | 18.80 | - |
|-------------|-------|---|

## SCHEDULE 'D' - UNSECURED LOANS

|                                                                                                                        |   |      |
|------------------------------------------------------------------------------------------------------------------------|---|------|
| Short term loan from a bank - export credit facility (Due within one year Rs. Nil; 31.12.2010 - Rs. 8.53 crores) ..... | - | 8.53 |
|------------------------------------------------------------------------------------------------------------------------|---|------|

|                                                                                                                                                                |       |       |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|-------|
| Sales Tax Deferment Loan under Sales Tax Incentive Scheme of various State Governments (Due within one year Rs. 6.56 crores; 31.12.2010-Rs. 6.80 crores) ..... | 49.36 | 56.50 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|-------|

|  |       |       |
|--|-------|-------|
|  | 49.36 | 65.03 |
|--|-------|-------|

|                                    |      |   |
|------------------------------------|------|---|
| Add: Share in Joint Ventures ..... | 1.40 | - |
|------------------------------------|------|---|

|             |       |       |
|-------------|-------|-------|
| Total ..... | 50.76 | 65.03 |
|-------------|-------|-------|

# SCHEDULE 'E' - FIXED ASSETS

Rs in Crores

| DESCRIPTION                                         | GROSS BLOCK (at Cost) |                                                          |                      |                  | DEPRECIATION/AMORTISATION |                                                          |                  |                       | NET BLOCK       |                  |
|-----------------------------------------------------|-----------------------|----------------------------------------------------------|----------------------|------------------|---------------------------|----------------------------------------------------------|------------------|-----------------------|-----------------|------------------|
|                                                     | As at 01.01.2011      | Addition on acquisition of subsidiaries / Joint Ventures | Deletions/ Transfers | As at 31.12.2011 | As at 01.01.2011          | Addition on acquisition of subsidiaries / Joint Ventures | For the year (g) | Deductions/ Transfers | Upto 31.12.2011 | As at 31.12.2011 |
|                                                     |                       |                                                          |                      |                  |                           |                                                          |                  |                       |                 |                  |
| <b>Tangible Assets:</b>                             |                       |                                                          |                      |                  |                           |                                                          |                  |                       |                 |                  |
| Freehold Land .....                                 | 411.34                | 0.82                                                     | 101.47               | 0.34             | 513.29                    | -                                                        | -                | -                     | -               | 513.29           |
| Leasehold Land .....                                | 88.71                 | 3.42                                                     | 29.07                | -                | 121.20                    | 9.73                                                     | 2.13             | -                     | 11.87           | 109.33           |
| Buildings, Roads and Water Works (a) & (i) .....    | 1,158.29              | 6.43                                                     | 162.20               | 3.97             | 1,322.95                  | 168.36                                                   | 31.83            | 0.91                  | 199.35          | 1,123.60         |
| Marine Structures (b) .....                         | 95.58                 | -                                                        | -                    | -                | 95.58                     | 52.09                                                    | 3.82             | -                     | 55.91           | 39.67            |
| Plant and Machinery (c) & (i) .....                 | 5,916.82              | 21.90                                                    | 507.77               | 96.96            | 6,349.53                  | 2,467.22                                                 | 334.05           | 70.57                 | 2,740.84        | 3,608.69         |
| Electrical Installations (i) .....                  | 586.26                | 1.17                                                     | 68.76                | 1.93             | 654.26                    | 184.32                                                   | 31.40            | 1.81                  | 214.44          | 439.82           |
| Railway Sidings and Locomotives (d) .....           | 65.85                 | -                                                        | -                    | -                | 65.85                     | 27.08                                                    | 2.92             | -                     | 30.00           | 35.85            |
| Railway Wagons given on lease (e) .....             | 6.43                  | -                                                        | -                    | -                | 6.43                      | 4.23                                                     | 0.30             | -                     | 4.53            | 1.90             |
| Furniture, Fixtures and Office Equipments (i) ..... | 133.39                | 1.33                                                     | 11.92                | 1.99             | 144.65                    | 67.60                                                    | 10.56            | 1.52                  | 76.93           | 67.72            |
| Ships .....                                         | 158.80                | -                                                        | 88.69                | -                | 247.49                    | 73.47                                                    | 9.93             | -                     | 83.40           | 164.09           |
| Vehicles .....                                      | 52.02                 | 0.01                                                     | 12.20                | 7.72             | 56.51                     | 31.20                                                    | 6.57             | 5.74                  | 32.03           | 24.48            |
| Power Lines (f) .....                               | 37.33                 | -                                                        | 54.79                | -                | 92.12                     | 9.56                                                     | 2.26             | -                     | 11.82           | 80.30            |
| Sub Total .....                                     | 8,710.82              | 35.08                                                    | 1,036.87             | 112.91           | 9,669.86                  | 3,094.86                                                 | 435.77           | 80.55                 | 3,461.12        | 6,208.74         |
| <b>Intangible Assets:</b>                           |                       |                                                          |                      |                  |                           |                                                          |                  |                       |                 |                  |
| Goodwill on Consolidation .....                     | 3.90                  | 36.40                                                    | -                    | -                | 40.30                     | -                                                        | -                | -                     | -               | 40.30            |
| Water Drawing Rights .....                          | 6.18                  | -                                                        | -                    | -                | 6.18                      | 5.06                                                     | 0.51             | -                     | 5.57            | 0.61             |
| Computer Software (h) .....                         | 61.09                 | 0.32                                                     | -                    | -                | 61.41                     | 50.14                                                    | 9.70             | -                     | 59.91           | 1.50             |
| Sub Total .....                                     | 71.17                 | 36.72                                                    | -                    | -                | 107.89                    | 55.20                                                    | 10.21            | -                     | 65.48           | 42.41            |
| Share in Joint Venture .....                        | 8,781.99              | 71.80                                                    | 1,036.87             | 112.91           | 9,777.75                  | 3,150.06                                                 | 445.98           | 80.55                 | 3,526.60        | 6,251.15         |
| Total .....                                         | -                     | 14.41                                                    | 1.36                 | -                | 15.77                     | -                                                        | 0.81             | -                     | 1.17            | 14.60            |
| Previous year's Total .....                         | 8,781.99              | 86.21                                                    | 1,038.23             | 112.91           | 9,793.52                  | 3,150.06                                                 | 446.34           | 80.55                 | 3,527.77        | 6,265.75         |
|                                                     | 6,227.30              | -                                                        | 2,585.80             | 31.11            | 8,781.99                  | 2,783.06                                                 | 389.27           | 22.27                 | 3,150.06        | 5,631.93         |

## Notes :

- (a) Includes :
- Premises on ownership basis of Rs. 93.34 crores (31.12.2010-Rs. 95.75 crores) and Rs. 8.26 crores (31.12.2010-Rs. 7.31 crores) being the depreciation thereon upto 31st December, 2011 and cost of shares in Co-operative Societies Rs. 12,630/- (31.12.2010 - Rs. 13,130/-).
  - Rs.18.33 crores (31.12.2010-Rs. 13.91 crores) being cost of roads constructed by the Company, ownership of which vests with the Government / Local Authorities and Rs. 1.28 crores (31.12.2010-Rs. 1.05 crores) being the depreciation thereon upto 31st December, 2011.
- (b) Cost incurred by the Company, ownership of which vests with the State Maritime Boards.
- (c ) Includes Rs. 31.68 crores (31.12.2010-Rs. 34.02 crores) being cost of bulkers and tippers used as material handling equipment, which are being depreciated under the "Written Down Value Method" at the rate applicable to vehicles and Rs. 20.48 crores (31.12.2010-Rs. 18.54 crores) being the depreciation thereon upto 31st December, 2011.
- (d) Includes Rs. 10.08 crores (31.12.2010-Rs. 6.84 crores) being cost of Railway siding constructed by the Company, ownership of which vests with the Government / Railway Authorities and Rs.2.83 crores (31.12.2010-Rs. 1.03 crores) being the depreciation thereon upto 31st December, 2011.
- (e) Railway wagons given on lease to the Railways under "Own Your Wagon Scheme"
- (f) Cost incurred by the Company, ownership of which vests with the State Electricity Boards.
- (g) Includes Rs. 0.17 crore (31.12.2010-Rs. 2.06 crores) capitalised as pre-operative expenses.
- (h) Computer software is amortised over a period of three years. The remaining amortisation period ranges from three months to two years.
- (i) Includes Rs.32.46 crores (31.12.2010 -Rs.Nil) assets of a subsidiary company which are being depreciated under the "Written Down Value Method" at the rate applicable and Rs. 11.75 crores (31.12.2010-Rs. Nil) being the depreciation thereon upto 31st December, 2011.

|                                                                                                                                                                                                                                                                                                                                                                     | Rs. in Crores | As at<br>31.12.2011<br>Rs. in Crores | As at<br>31.12.2010<br>Rs. in Crores |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|--------------------------------------|--------------------------------------|
| <b>SCHEDULE 'F' - INVESTMENTS</b>                                                                                                                                                                                                                                                                                                                                   |               |                                      |                                      |
| <b>Long Term Investments other than trade (at cost):</b>                                                                                                                                                                                                                                                                                                            |               |                                      |                                      |
| <b>In Government &amp; Trust Securities :</b>                                                                                                                                                                                                                                                                                                                       |               |                                      |                                      |
| <b>Unquoted:</b>                                                                                                                                                                                                                                                                                                                                                    |               |                                      |                                      |
| National Savings Certificate Rs. 31,500/- (31.12.2010 - Rs. 31,500/-) deposited with Government Department as Security                                                                                                                                                                                                                                              |               |                                      |                                      |
| <b>In Fully Paid Shares, Debentures and Bonds</b>                                                                                                                                                                                                                                                                                                                   |               |                                      |                                      |
| <b>Unquoted:</b>                                                                                                                                                                                                                                                                                                                                                    |               |                                      |                                      |
| In Fully Paid Equity Shares:                                                                                                                                                                                                                                                                                                                                        |               |                                      |                                      |
| 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                                 |
|                                                                                                                                                                                                                                                                                                                                                                     | -             |                                      | -                                    |
| 6.50% Redeemable Cumulative Preference Shares .....                                                                                                                                                                                                                                                                                                                 | 7.50          |                                      | 15.00                                |
| In Public Sector Bonds (Refer Note 2(b)) .....                                                                                                                                                                                                                                                                                                                      | 29.60         |                                      | 29.60                                |
|                                                                                                                                                                                                                                                                                                                                                                     |               | 37.10                                | 44.60                                |
| <b>Current Investment, other than trade (at cost or fair value, whichever is lower) :</b>                                                                                                                                                                                                                                                                           |               |                                      |                                      |
| <b>Unquoted:</b>                                                                                                                                                                                                                                                                                                                                                    |               |                                      |                                      |
| In Units of Mutual Fund Fully paid up .....                                                                                                                                                                                                                                                                                                                         |               | 768.94                               | 576.51                               |
| Total .....                                                                                                                                                                                                                                                                                                                                                         |               | 806.04                               | 621.11                               |
| <b>SCHEDULE 'G' - INVENTORIES</b>                                                                                                                                                                                                                                                                                                                                   |               |                                      |                                      |
| (At cost, less provision for slow and non moving inventory and net realisable value whichever is lower )                                                                                                                                                                                                                                                            |               |                                      |                                      |
| Coal, Fuel, Packing Materials, Stores and Spare parts (including in transit-Rs.75.13 crores; 31.12.2010-Rs.12.76 crores) (Refer Note 16) .....                                                                                                                                                                                                                      |               | 634.03                               | 545.21                               |
| Stock-in-trade :                                                                                                                                                                                                                                                                                                                                                    |               |                                      |                                      |
| Raw materials (including in transit-Rs. 0.99 crore; 31.12.2010-Rs. 1.58 crores) .....                                                                                                                                                                                                                                                                               | 45.46         |                                      | 52.45                                |
| Finished goods .....                                                                                                                                                                                                                                                                                                                                                | 88.92         |                                      | 74.95                                |
|                                                                                                                                                                                                                                                                                                                                                                     |               | 134.38                               | 127.40                               |
| Materials-in-process .....                                                                                                                                                                                                                                                                                                                                          |               | 158.52                               | 229.25                               |
| Share in Joint ventures .....                                                                                                                                                                                                                                                                                                                                       |               | 0.83                                 | -                                    |
| Total .....                                                                                                                                                                                                                                                                                                                                                         |               | 927.76                               | 901.86                               |
| <b>SCHEDULE 'H' - SUNDRY DEBTORS</b>                                                                                                                                                                                                                                                                                                                                |               |                                      |                                      |
| Over six months:                                                                                                                                                                                                                                                                                                                                                    |               |                                      |                                      |
| Considered good (Secured by way of security deposit Rs. 0.38 crore; 31.12.2010-Rs. 0.34 crore) .....                                                                                                                                                                                                                                                                |               | 2.22                                 | 2.02                                 |
| Considered doubtful, unsecured .....                                                                                                                                                                                                                                                                                                                                | 7.14          |                                      | 8.54                                 |
| Less : Provision .....                                                                                                                                                                                                                                                                                                                                              | 7.14          |                                      | 8.54                                 |
|                                                                                                                                                                                                                                                                                                                                                                     |               | -                                    | -                                    |
|                                                                                                                                                                                                                                                                                                                                                                     |               | 2.22                                 | 2.02                                 |
| Others, considered good (Secured by way of security deposit Rs. 85.56 crores; 31.12.2010- Rs. 46.65 crores) (Refer Note below) .....                                                                                                                                                                                                                                |               | 244.70                               | 126.16                               |
| Share in Joint ventures .....                                                                                                                                                                                                                                                                                                                                       |               | 0.84                                 | -                                    |
| Total .....                                                                                                                                                                                                                                                                                                                                                         |               | 247.76                               | 128.18                               |
| <b>Note:</b>                                                                                                                                                                                                                                                                                                                                                        |               |                                      |                                      |
| Others Includes :                                                                                                                                                                                                                                                                                                                                                   |               |                                      |                                      |
| Due from ACC Limited Rs. 0.18 crore (31.12.2010- Rs. 1.16 crores), (maximum outstanding due during the year Rs. 16.10 crores (31.12.2010- Rs. 5.89 crores)), and from ACC Concrete Limited Rs. 2.05 crores (31.12.2010- Rs. 1.73 crores), (maximum outstanding due during the year Rs. 5.34 crores (31.12.2010- Rs. 8.80 crores)), companies under same management. |               |                                      |                                      |

|                                                                                                                                                                                                                                                                   | Rs. in Crores | As at<br>31.12.2011<br>Rs. in Crores | As at<br>31.12.2010<br>Rs. in Crores |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|--------------------------------------|--------------------------------------|
| <b>SCHEDULE 'I' - CASH AND BANK BALANCES</b>                                                                                                                                                                                                                      |               |                                      |                                      |
| Cash on hand .....                                                                                                                                                                                                                                                |               | 0.28                                 | 0.35                                 |
| Bank Balances:                                                                                                                                                                                                                                                    |               |                                      |                                      |
| With Scheduled Banks :                                                                                                                                                                                                                                            |               |                                      |                                      |
| In Current Account .....                                                                                                                                                                                                                                          | 175.38        |                                      | 198.16                               |
| In Fixed Deposits (Deposit Receipts of Rs. 10.15 crores (31.12.2010-Rs.10.15 crores) deposited with Government Departments as Security Deposit and Rs. 34.38 crores (31.12.2010-Rs. 25.61 crores) deposited with banks as security deposit for guarantees.) ..... | 1,899.57      |                                      | 1,449.77                             |
|                                                                                                                                                                                                                                                                   |               | 2,074.95                             | 1,647.93                             |
|                                                                                                                                                                                                                                                                   |               | 2,075.23                             | 1,648.28                             |
| Share in Joint Ventures .....                                                                                                                                                                                                                                     |               | 0.14                                 | 0.11                                 |
| Total .....                                                                                                                                                                                                                                                       |               | 2,075.37                             | 1,648.39                             |
| <b>SCHEDULE 'J' - OTHER CURRENT ASSETS</b>                                                                                                                                                                                                                        |               |                                      |                                      |
| Interest accrued on Investments .....                                                                                                                                                                                                                             |               | 1.02                                 | 1.02                                 |
| Other Interest receivable .....                                                                                                                                                                                                                                   |               | 18.98                                | 12.82                                |
| Scrapped assets awaiting disposal, (at net book value or estimated net realisable value whichever is less) .....                                                                                                                                                  |               | 0.84                                 | 0.05                                 |
| Sundry Receivables .....                                                                                                                                                                                                                                          |               | 3.62                                 | 2.68                                 |
| Total .....                                                                                                                                                                                                                                                       |               | 24.46                                | 16.57                                |
| <b>SCHEDULE 'K' - LOANS AND ADVANCES</b>                                                                                                                                                                                                                          |               |                                      |                                      |
| (Unsecured Considered Good, unless otherwise stated)                                                                                                                                                                                                              |               |                                      |                                      |
| Advances recoverable in cash or in kind or for value to be received (Refer Note below)                                                                                                                                                                            |               |                                      |                                      |
| Good .....                                                                                                                                                                                                                                                        | 147.12        |                                      | 133.94                               |
| Doubtful .....                                                                                                                                                                                                                                                    | 12.84         |                                      | 10.39                                |
| Less : Provision .....                                                                                                                                                                                                                                            | 12.84         |                                      | 10.39                                |
|                                                                                                                                                                                                                                                                   | -             |                                      | -                                    |
|                                                                                                                                                                                                                                                                   |               | 147.12                               | 133.94                               |
| Incentives receivable under central / state government incentive scheme .....                                                                                                                                                                                     |               | 220.83                               | 126.79                               |
| Deposits with Housing Development Finance Corporation Limited .....                                                                                                                                                                                               |               | 100.00                               | 100.00                               |
| Deposits .....                                                                                                                                                                                                                                                    |               | 93.16                                | 78.13                                |
| Balance with Central Excise, Customs, Port Trusts, etc. ....                                                                                                                                                                                                      |               | 1.76                                 | 1.46                                 |
|                                                                                                                                                                                                                                                                   |               | 562.87                               | 440.32                               |
| Share in Joint Ventures. ....                                                                                                                                                                                                                                     |               | 0.68                                 | -                                    |
| Total .....                                                                                                                                                                                                                                                       |               | 563.55                               | 440.32                               |
| Note: Due from Holcim Services (South Asia) Limited Rs. Nil (31.12.2010-Rs. 0.61 crore), (maximum outstanding due during the year Rs. 0.69 crore (31.12.2010-Rs. 0.61 crore), a company under same management).                                                   |               |                                      |                                      |
| <b>SCHEDULE 'L' - CURRENT LIABILITIES AND PROVISIONS</b>                                                                                                                                                                                                          |               |                                      |                                      |
| <b>LIABILITIES :</b>                                                                                                                                                                                                                                              |               |                                      |                                      |
| Sundry Creditors :                                                                                                                                                                                                                                                |               |                                      |                                      |
| Dues of Micro and Small Enterprises (Refer Note 12) .....                                                                                                                                                                                                         | 0.35          |                                      | 0.17                                 |
| Creditors other than Micro and Small Enterprises .....                                                                                                                                                                                                            | 1,356.19      |                                      | 1,109.01                             |
|                                                                                                                                                                                                                                                                   |               | 1,356.54                             | 1,109.18                             |
| Investor Education and Protection Fund shall be credited by the following (See Note below ) *:                                                                                                                                                                    |               |                                      |                                      |
| Unclaimed Dividends .....                                                                                                                                                                                                                                         | 17.98         |                                      | 16.11                                |
| Unclaimed Application Money on Securities .....                                                                                                                                                                                                                   | 0.15          |                                      | 0.15                                 |
| Unclaimed sale proceeds of the odd lot shares belonging to the Shareholders of erstwhile ACEL and ACRL .....                                                                                                                                                      | 2.64          |                                      | 2.94                                 |
|                                                                                                                                                                                                                                                                   |               | 20.77                                | 19.20                                |
| Security Deposits .....                                                                                                                                                                                                                                           |               | 224.43                               | 172.13                               |
|                                                                                                                                                                                                                                                                   |               | 1,601.74                             | 1,300.51                             |
| Share in Joint Ventures .....                                                                                                                                                                                                                                     |               | 1.41                                 | 0.01                                 |
|                                                                                                                                                                                                                                                                   |               | 1,603.15                             | 1,300.52                             |
| <b>PROVISIONS :</b>                                                                                                                                                                                                                                               |               |                                      |                                      |
| Provision for wealth tax, net of advances .....                                                                                                                                                                                                                   | 0.34          |                                      | 0.43                                 |
| Proposed Dividend .....                                                                                                                                                                                                                                           | 276.19        |                                      | 214.18                               |
| Provision for Dividend Distribution Tax .....                                                                                                                                                                                                                     | 44.80         |                                      | 35.57                                |
| Provision for gratuity and staff benefit schemes .....                                                                                                                                                                                                            | 7.96          |                                      | 5.18                                 |
| Provision for compensated absences .....                                                                                                                                                                                                                          | 55.50         |                                      | 47.40                                |
| Provision for mines reclamation expenses (Refer Note 8) .....                                                                                                                                                                                                     | 11.28         |                                      | 11.54                                |
| Provision for Income tax, net of advances (including interest thereon) .....                                                                                                                                                                                      | 710.71        |                                      | 782.27                               |
|                                                                                                                                                                                                                                                                   |               | 1,106.78                             | 1,096.57                             |
| Share in Joint Ventures .....                                                                                                                                                                                                                                     |               | 0.07                                 | -                                    |
| Total .....                                                                                                                                                                                                                                                       |               | 1,106.85                             | 1,096.57                             |
|                                                                                                                                                                                                                                                                   |               | 2,710.00                             | 2,397.09                             |

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

|                                                                                            | Rs. in Crores | 2011<br>Rs. in Crores | 2010<br>Rs. in Crores |
|--------------------------------------------------------------------------------------------|---------------|-----------------------|-----------------------|
| <b>SCHEDULE 'M' - OTHER INCOME</b>                                                         |               |                       |                       |
| <b>Operating Income:</b>                                                                   |               |                       |                       |
| Insurance Claims .....                                                                     |               | 5.18                  | 12.24                 |
| Sale of Power .....                                                                        |               | 13.09                 | 29.17                 |
| Surplus on Sale of Assets .....                                                            |               | 12.24                 | 13.78                 |
| Exchange Rate Difference (net) .....                                                       |               | -                     | 2.24                  |
| Miscellaneous Income (Gross; Tax deducted Rs. 0.80 crore; 31.12.2010-Rs. 1.00 crore) ..... |               | 33.91                 | 42.80                 |
| Provisions no longer required .....                                                        |               | 23.97                 | 27.11                 |
|                                                                                            |               | <b>88.39</b>          | 127.34                |
| Share in Joint Ventures .....                                                              |               | 0.02                  | -                     |
|                                                                                            |               | <b>88.41</b>          | 127.34                |
| <b>Other Income :</b>                                                                      |               |                       |                       |
| Dividend income from current investment - other than trade .....                           |               | -                     | 0.02                  |
| Profit/(Loss) on Sale of Current Investments (net) .....                                   |               | 59.16                 | 34.47                 |
| Interest Income : (Gross; Tax deducted Rs. 15.30 crores; 31.12.2010-Rs. 6.46 crores)       |               |                       |                       |
| On Current Investments (Bonds) .....                                                       | 1.52          |                       | 1.82                  |
| On Fixed deposits with banks .....                                                         | 146.04        |                       | 66.17                 |
| On Income Tax Refund .....                                                                 | 3.83          |                       | -                     |
| Others .....                                                                               | 3.98          |                       | 3.86                  |
|                                                                                            |               | <b>155.37</b>         | 71.85                 |
| Discounting income on sales tax loan .....                                                 |               | 15.78                 | 13.89                 |
|                                                                                            |               | <b>230.31</b>         | 120.23                |
| Total .....                                                                                |               | <b>318.72</b>         | 247.57                |

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

|    |                                                                                                          |               |                 |          |
|----|----------------------------------------------------------------------------------------------------------|---------------|-----------------|----------|
| 1  | Raw Materials Consumed :                                                                                 |               |                 |          |
|    | Purchased Clinker .....                                                                                  | 8.82          |                 | 123.70   |
|    | Others (Refer Note 18 (a)) .....                                                                         | 570.68        |                 | 472.58   |
|    |                                                                                                          |               | <b>579.50</b>   | 596.28   |
| 2  | Freight and Handling Charges on internal material transfer (Refer Note 18 (a)) .                         |               | 475.45          | 352.01   |
| 3  | Royalty and Cess .....                                                                                   |               | 127.63          | 126.43   |
| 4  | Stores and Spares Consumed .....                                                                         |               | 305.67          | 272.13   |
| 5  | Provision for slow and non moving spares (Refer Note 16) .....                                           |               | 6.67            | 14.93    |
| 6  | Packing Materials Consumed .....                                                                         |               | 288.15          | 239.85   |
| 7  | Power and Fuel .....                                                                                     |               | 2,007.43        | 1,697.34 |
| 8  | Mines reclamation expenses (net) .....                                                                   |               | 0.15            | 3.16     |
| 9  | Repairs and Maintenance :                                                                                |               |                 |          |
|    | Buildings .....                                                                                          | 7.87          |                 | 8.33     |
|    | Machinery .....                                                                                          | 126.33        |                 | 97.44    |
|    | Others .....                                                                                             | 15.45         |                 | 15.84    |
|    |                                                                                                          |               | <b>149.65</b>   | 121.61   |
| 10 | Excise duty :                                                                                            |               |                 |          |
|    | Excise duty on captive consumption of clinker .....                                                      | 51.98         |                 | 42.94    |
|    | Excise duty variation on opening / closing stock (Refer Note 19) .....                                   | 2.50          |                 | 4.92     |
|    |                                                                                                          |               | <b>54.48</b>    | 47.86    |
| 11 | Share in Joint Ventures .....                                                                            |               | 1.69            | -        |
| 12 | Employees' Remuneration and Benefits :                                                                   |               |                 |          |
|    | Salaries, Wages, Bonus, Allowances, etc. ....                                                            | 363.79        |                 | 290.15   |
|    | Contribution to Provident and other Funds .....                                                          | 35.60         |                 | 32.79    |
|    | Welfare Expenses .....                                                                                   | 26.74         |                 | 19.38    |
|    |                                                                                                          | <b>426.13</b> |                 | 342.32   |
|    | Employee Compensation expenses under Employee Stock Option Scheme (Refer Note 1(B), 10(e) and (g)) ..... | 9.45          |                 | 1.34     |
|    |                                                                                                          | <b>435.58</b> |                 | 343.66   |
|    | Share in Joint Ventures .....                                                                            | 0.27          |                 | 0.01     |
|    |                                                                                                          |               | <b>435.85</b>   | 343.67   |
|    | Carry forward .....                                                                                      |               | <b>4,432.32</b> | 3,815.27 |



## SCHEDULE 'N' - MANUFACTURING AND OTHER EXPENSES (contd.)

|                                                                                                                             | Rs. in Crores   | 2011<br>Rs. in Crores | 2010<br>Rs. in Crores |
|-----------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------------|-----------------------|
| Brought forward .....                                                                                                       |                 | <b>4,432.32</b>       | 3,815.27              |
| 13 Administrative, Selling and Other Expenses :                                                                             |                 |                       |                       |
| Rent .....                                                                                                                  | 25.66           |                       | 21.91                 |
| Rates and Taxes .....                                                                                                       | 4.46            |                       | 7.41                  |
| Insurance .....                                                                                                             | 23.27           |                       | 20.89                 |
| Legal & Professional Fees (Refer Note 20) .....                                                                             | 88.84           |                       | 41.70                 |
| Directors' Fees and Expenses .....                                                                                          | 0.19            |                       | 0.24                  |
| Commission to Non-executive Directors .....                                                                                 | 1.71            |                       | 1.25                  |
| Advertisement and Publicity .....                                                                                           | 76.04           |                       | 84.07                 |
| Freight and Forwarding charges (Including Rs.4.08 crores on Exports (31.12.2010-Rs. 3.32 crores)) (Refer Note 18 (a)) ..... | 1,459.89        |                       | 1,258.07              |
| Commission on sales .....                                                                                                   | 22.59           |                       | 19.66                 |
| Discount on sales .....                                                                                                     | 69.74           |                       | 87.49                 |
| Selling and Distribution Expenses .....                                                                                     | 47.04           |                       | 37.56                 |
| Entry Tax, Additional Tax and Purchase Tax etc. ....                                                                        | 12.56           |                       | 6.08                  |
| Miscellaneous Expenses (Refer Note 20) .....                                                                                | 250.22          |                       | 201.43                |
| Exchange rate difference (net) .....                                                                                        | 2.24            |                       | -                     |
| Donations .....                                                                                                             | 32.65           |                       | 22.07                 |
| Loss on Assets sold, discarded and written off (Refer Note 21) .....                                                        | 20.89           |                       | 3.27                  |
| Bad Debts, Sundry Debit balances and Claims written off .....                                                               | 2.36            |                       | 2.80                  |
| Provision for doubtful debts and advances (net) .....                                                                       | 1.08            |                       | 0.63                  |
| Part of Deferred Revenue expenditure, written off .....                                                                     | 0.19            |                       | 0.61                  |
| Wealth Tax .....                                                                                                            | 0.17            |                       | 0.18                  |
|                                                                                                                             | <b>2,141.79</b> |                       | 1,817.32              |
| Share in Joint Ventures .....                                                                                               | 0.42            |                       | 0.23                  |
|                                                                                                                             |                 | <b>2,142.21</b>       | 1,817.55              |
| 14 Variation in Stocks:                                                                                                     |                 |                       |                       |
| Closing stocks :                                                                                                            |                 |                       |                       |
| Materials-in-process .....                                                                                                  | 158.52          |                       | 229.25                |
| Finished goods .....                                                                                                        | 88.92           |                       | 74.95                 |
|                                                                                                                             | <b>247.44</b>   |                       | 304.20                |
| Opening stocks :                                                                                                            |                 |                       |                       |
| Materials-in-process .....                                                                                                  | 229.25          |                       | 123.27                |
| Finished goods .....                                                                                                        | 74.95           |                       | 53.03                 |
|                                                                                                                             | <b>304.20</b>   |                       | 176.30                |
| Stock on acquisition of Subsidiary Company :                                                                                |                 |                       |                       |
| Finished goods .....                                                                                                        | 0.23            |                       | -                     |
| Less : Trial run stocks :                                                                                                   |                 |                       |                       |
| At the commencement of commercial production .....                                                                          | -               |                       | 73.62                 |
| (Increase) / Decrease in Stocks .....                                                                                       | 56.99           |                       | (54.28)               |
| Share In Joint Ventures .....                                                                                               | 0.03            |                       | -                     |
|                                                                                                                             |                 | <b>57.02</b>          | (54.28)               |
| Total .....                                                                                                                 |                 | <b>6,631.55</b>       | 5,578.54              |

## SCHEDULE 'O' - INTEREST AND FINANCE CHARGES

|                                                                                                      |       |              |       |
|------------------------------------------------------------------------------------------------------|-------|--------------|-------|
| Interest :                                                                                           |       |              |       |
| On Debentures .....                                                                                  | -     |              | 1.69  |
| On Term Loans .....                                                                                  | 0.30  |              | -     |
| On Income Tax (net of interest income on refund Rs. 15.50 crores; 31.12.2010-Rs. 35.31 crores) ..... | 24.06 |              | 32.08 |
| Others (Refer Note 18 (b)) .....                                                                     | 28.72 |              | 14.91 |
|                                                                                                      |       | <b>53.08</b> | 48.68 |
| Finance Charges .....                                                                                |       | -            | 0.01  |
|                                                                                                      |       | <b>53.08</b> | 48.69 |
| Share in Joint Ventures .....                                                                        |       | 0.40         | -     |
| Total .....                                                                                          |       | <b>53.48</b> | 48.69 |

## SCHEDULE 'P' - EXCEPTIONAL ITEMS

|                                                                                                           |                |  |              |
|-----------------------------------------------------------------------------------------------------------|----------------|--|--------------|
| Profit on sale of investment (Refer Note 15) .....                                                        | -              |  | 72.63        |
| Provision for slow and non moving spares (Refer Note 16) .....                                            | -              |  | (46.10)      |
| Employee Compensation expenses under Employee Stock Option Scheme (Refer Note 1(B) ,10(e) and 10(g))..... | (24.25)        |  | -            |
| Total .....                                                                                               | <b>(24.25)</b> |  | <b>26.53</b> |

## SCHEDULE 'Q' - CONSOLIDATED NOTES TO ACCOUNTS

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

- (i) The financial statements have been prepared in compliance with all material aspects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956.
- (ii) 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 and except for the changes in accounting policy stated in 1(B).
- (iv) The preparation of financial statements 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) CHANGE IN ACCOUNTING POLICY

During the year, the Company has with retrospective effect changed its method of measurement of compensation cost relating to employee stock options from intrinsic value method to fair value method for all outstanding unvested employee stock options at the beginning of the year. Accordingly the Company has recognised an additional expense of Rs. 33.21 crores. Amount relating to earlier years of Rs. 24.25 crores has been disclosed as exceptional item. Had the Company continued to use the earlier method of measurement, the Profit after taxation for the current year would have been higher by Rs. 33.21 crores and the Employee's remuneration and benefits and exceptional expenses would have been lower by Rs. 8.96 crores and Rs. 24.25 crores respectively.

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

#### (a) Principles of Consolidation:

- (i) The Subsidiaries and Joint Ventures (which alongwith Ambuja Cements Limited, the parent, constitute the Group) considered in the preparation of these Consolidated Financial Statements are :

| Name of the Company                               | Country of Incorporation | Holding as on 31.12.2011 | Financial Year ends on |
|---------------------------------------------------|--------------------------|--------------------------|------------------------|
| <b>a) Subsidiary :</b>                            |                          |                          |                        |
| Kakinada Cements Limited .....                    | India                    | 100.00%                  | 31.12.2011             |
| MGT Cements Private Limited .....                 | India                    | 99.99%                   | 31.12.2011             |
| Chemical Limes Mundwa Private Limited .....       | India                    | 99.99%                   | 31.12.2011             |
| Dang Cement Industries Private Limited .....      | Nepal                    | 85.00%                   | 16.07.2011             |
| Dirk India Private Limited .....                  | India                    | 60.00%                   | 31.03.2011             |
| Dirk Pozzocrete (MP) Private Limited .....        | India                    | 60.00%                   | 31.03.2011             |
| (a 100% subsidiary of Dirk India Private Limited) |                          |                          |                        |
| <b>b) Joint Venture :</b>                         |                          |                          |                        |
| Wardha Vaalley Coal Fields Private Limited .....  | India                    | 27.27%                   | 31.03.2011             |
| Counto Microfine Products Private Limited * ..... | India                    | 50.00%                   | 31.03.2011             |

\* During the previous year, the Company had subscribed to 6.50% cumulative Redeemable Preference Shares amounting to Rs. 15 Crores in M/s. Counto Microfine Products Private Limited, India a Joint Venture Company. During the current year, the Company purchased 4,010,002 equity shares representing 50% equity stake in the Joint Venture Company at an average price of Rs. 24.94 per share amounting to Rs.10 Crores from the existing shareholders of the Joint Venture Company as per the Supplementary Share Subscription Agreement. Accordingly, as at the balance sheet date, the Company has equity interest in the Joint Venture Company and the financial statements of the Joint Venture Company have been consolidated with effect from the current year.

- (ii) 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", Accounting Standard - 23 "Accounting for Investments in Associates in Consolidated Financial Statements" and Accounting Standard - 27 "Financial Reporting of Interests in Joint Ventures" as notified by Companies (Accounting Standards) Rules, 2006 (as amended).
- 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) The financial statements of the Company and its Joint Ventures have been consolidated using the proportionate consolidation method.
- d) In cases where the financial year of Subsidiary and Joint Venture 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.
- e) 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 Standalone Financial Statements.
- f) The excess of cost of investment in the Subsidiary and Joint Venture Companies over the Company's portion of equity of the Subsidiary and Joint Venture at the date of investment made is recognised in the financial statements

## SCHEDULE 'Q' - CONSOLIDATED NOTES TO ACCOUNTS (Contd.)

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 and Joint Venture over the cost of the investment therein is treated as Capital Reserve.

- (g) 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.
- (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, amortisation and impairment losses, except freehold land which is carried at cost less impairment losses.
- (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 qualifying 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 Amortisation :
- I. Tangible Assets :
- (i) Premium on leasehold land is amortised 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 and all assets of a subsidiary company 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, as the management estimate of useful life coincides with useful life based on the rate mentioned in the Schedule XIV or is higher. 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 amortised 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 amortised over the period as permitted in the Electricity Supply Act, 1948/2003 as applicable .
- (vi) Expenditure on Marine Structures, ownership of which belongs to the Maritime Boards, is amortised over the period of agreement.
- II. Intangible Assets :
- (i) Expenditure to acquire Water Drawing Rights from Government/Local Authorities/other parties, is amortised 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 their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the assets. 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.

## SCHEDULE 'Q' - CONSOLIDATED NOTES TO ACCOUNTS (Contd.)

(e) Inventories :

Inventories are valued as follows:

|                                                                 |                                                                                                                                                                                                                                                                                                                                                                                 |
|-----------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Coal, fuel, packing materials, raw materials, stores and spares | Lower of cost less provision for slow and non-moving inventory, if any, and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a moving weighted average basis. |
| Work-in-progress, finished goods and trial run inventories      | Lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a monthly moving weighted average basis.                                                                                                   |

(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) Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Accordingly, domestic sales are accounted on dispatch of products to customers and Export sales are accounted on the basis of date 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 recognised in the year of export.

(iii) Sales include the amount of remission and subsidy 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 Expenses :

The Company provides for the expenses 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 expenses are 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 and 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 and 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. Actuarial gains / losses, if any, are immediately recognised in the Profit and Loss Account.

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 amortised 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 fair value method. Discount on Equity Shares as compensation expenses under the Employee Stock Option Scheme, is amortised in accordance with Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999 issued by Securities and Exchange Board of India

## SCHEDULE 'Q' - CONSOLIDATED NOTES TO ACCOUNTS (Contd.)

(SEBI) and Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India.

(m) Borrowing Costs and Share Issue Expenses :

- (i) 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 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 tax and fringe benefit tax, Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-Tax Act, 1961. 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 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.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

(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 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 has only one business segment 'Cementitious Materials' as its primary segment. 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 :

- (i) Cash and Bank balances in the Balance Sheet comprise cash at bank including fixed deposits, cheques in hand and cash in hand.
- (ii) Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(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 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 .

## SCHEDULE 'Q' - CONSOLIDATED NOTES TO ACCOUNTS (Contd.)

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<br>31.12.2011<br>Rs. in crores | As at<br>31.12.2010<br>Rs. in crores |
|----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| 2. | (a) Contingent liabilities not provided for in respect of :                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                      |                                      |
|    | (i) Guarantees given on behalf of a Joint Venture Company .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 2.67                                 | 2.67                                 |
|    | (ii) Claims against the Company not acknowledged as debts .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                      |                                      |
|    | (a) Disputed liability relating to labour matters .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 17.25                                | 38.46                                |
|    | (b) For acquisition of land .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 64.77                                | 37.33                                |
|    | (c) Others .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 22.66                                | 11.12                                |
|    | (iii) Tax matters :                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                      |                                      |
|    | (a) Disputed liability in respect of Income-tax demands (including interest) - matters under appeal .....                                                                                                                                                                                                                                                                                                                                                                                                                                    | 65.49                                | 57.53                                |
|    | (b) Disputed Sales-tax demands (including interest and penalty) .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 16.31                                | 12.26                                |
|    | (c) Disputed Excise demands - matters under appeal .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 23.97                                | 7.61                                 |
|    | (d) Disputed Customs demands - matters under appeal .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 0.52                                 | 0.52                                 |
|    | (e) Disputed liabilities of RTO Tax on Mining Machinery .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 0.80                                 | 0.80                                 |
|    | (f) Disputed Land tax demands .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 16.38                                | 12.92                                |
|    | (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 a Special Leave Petition filed by the railways .....                                                                                                                                                                                                                                                                    | 7.38                                 | 5.51                                 |
|    | (v) Disputed liabilities relating to coal claims- matters pending in the Honourable High Court:                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                      |                                      |
|    | (a) Railway freight on coal .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 1.60                                 | 1.60                                 |
|    | (b) Penal freight on excess weight of coal .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 0.24                                 | 0.24                                 |
|    | (c) Interest on premium on coal .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 3.29                                 | 3.29                                 |
|    | (vi) Others .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 5.61                                 | -                                    |
|    | 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 favor 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 was 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 and interest of Rs. 1.13 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. ....                                                                                                                                                        | 69.58                                | 56.25                                |
| 3. | Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (net of advances) .....                                                                                                                                                                                                                                                                                                                                                                                                                       | 326.86                               | 404.04                               |
|    | Share in Joint Ventures .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 0.10                                 | 0.01                                 |

#### 4. Segment reporting :

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



**SCHEDULE 'Q' - CONSOLIDATED NOTES TO ACCOUNTS (Contd.)**

|      |                                                                                                                                                                        | 2011<br>Rs. in crores | 2010<br>Rs. in crores |
|------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
| (a)  | Revenue                                                                                                                                                                |                       |                       |
| (i)  | Sales (Net of Excise Duty)                                                                                                                                             |                       |                       |
|      | Within India .....                                                                                                                                                     | 8,420.73              | 7,279.32              |
|      | Outside India .....                                                                                                                                                    | 108.27                | 110.89                |
|      | Sub Total .....                                                                                                                                                        | 8,529.00              | 7,390.21              |
|      | Share in Joint Ventures .....                                                                                                                                          | 2.23                  | -                     |
|      | Total .....                                                                                                                                                            | 8,531.23              | 7,390.21              |
| (ii) | Other Income                                                                                                                                                           |                       |                       |
|      | Within India .....                                                                                                                                                     | 86.42                 | 127.25                |
|      | Outside India .....                                                                                                                                                    | 1.97                  | 0.09                  |
|      | Sub Total .....                                                                                                                                                        | 88.39                 | 127.34                |
|      | Share in Joint Ventures .....                                                                                                                                          | 0.02                  | -                     |
|      | Total .....                                                                                                                                                            | 88.41                 | 127.34                |
| (b)  | All the Assets of the Company, except the investments , debtors and loans and advances amounting to Rs. 45.27 crores (31.12.2010 - Rs.16.45 crores), are within India. |                       |                       |

**5 Related Party Disclosures :**
**a) List of Related Parties and relationships**

| Party                                                                        | Relation                                                                                                                              |
|------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|
| <b>A Names of related parties where control exists</b>                       |                                                                                                                                       |
| Holcim Ltd., Switzerland *                                                   | Ultimate Holding Company                                                                                                              |
| Holderfin BV Netherlands *                                                   | Intermediate Holding Company                                                                                                          |
| Holderind Investments Ltd., Mauritius *                                      | Holding Company                                                                                                                       |
| ACC Concrete Ltd., India *                                                   | Fellow Subsidiary                                                                                                                     |
| ACC Ltd., India *                                                            | Fellow Subsidiary                                                                                                                     |
| Ambuja Cement India Pvt. Ltd., India *                                       | Fellow Subsidiary                                                                                                                     |
| Bulk Cement Corporation (India) Ltd. *                                       | Fellow Subsidiary                                                                                                                     |
| Holcim (Lanka) Ltd., Srilanka *                                              | Fellow Subsidiary                                                                                                                     |
| Holcim (Malaysia) SDN BHD *                                                  | Fellow Subsidiary                                                                                                                     |
| Holcim (Vietnam) Ltd. *                                                      | Fellow Subsidiary                                                                                                                     |
| Holcim Environment Services, SA Belgium. *                                   | Fellow Subsidiary                                                                                                                     |
| Holcim Group Support Ltd., Switzerland *                                     | Fellow Subsidiary                                                                                                                     |
| Holcim Philippines Inc. *                                                    | Fellow Subsidiary                                                                                                                     |
| Holcim Services (South Asia) Ltd., India *                                   | Fellow Subsidiary                                                                                                                     |
| Holcim Trading FZCO, Dubai *                                                 | Fellow Subsidiary                                                                                                                     |
| Holcim Trading Pte Ltd., Singapore *                                         | Fellow Subsidiary                                                                                                                     |
| Holcim Trading S A, Spain *                                                  | Fellow Subsidiary                                                                                                                     |
| Jurong Cements Ltd., Singapore *                                             | Fellow Subsidiary                                                                                                                     |
| PT Holcim Indonesia *                                                        | Fellow Subsidiary                                                                                                                     |
| Siam City Cement Public Co. Ltd., Thailand *                                 | Fellow Subsidiary                                                                                                                     |
| <b>B Names of Joint Ventures</b>                                             |                                                                                                                                       |
| Wardha Vaalley Coal Field Pvt. Ltd. ....                                     | Joint Venture                                                                                                                         |
| Counto Microfine Products Pvt. Ltd. ....                                     | Joint Venture                                                                                                                         |
| <b>C Key Management Personnel</b>                                            |                                                                                                                                       |
| Mr. Onne van der Weijde .....                                                | Managing Director (Managing Director from 01.05.2010, Whole time Director & CEO-Designate during the period 17.02.2010 to 30.04.2010) |
| Mr. A. L. Kapur .....                                                        | - (Managing Director upto 30.04.2010)                                                                                                 |
| <b>D Relatives of Key Management Personnel</b>                               |                                                                                                                                       |
| Mr. Ajay Kapur .....                                                         | - (Son of Mr. A. L. Kapur)                                                                                                            |
| <b>E Enterprises over which significant influence exercised by Directors</b> |                                                                                                                                       |
| GACL Finance Ltd. ....                                                       | Mr. N. S. Sekhsaria                                                                                                                   |

# SCHEDULE 'Q' - CONSOLIDATED NOTES TO ACCOUNTS (Contd.)

b) Details of related party transactions

| Sr. No.   | Description                                    | 2011<br>Rs. in crores | 2010<br>Rs. in crores |
|-----------|------------------------------------------------|-----------------------|-----------------------|
| <b>A)</b> | <b>Transactions with Fellow Subsidiaries</b>   |                       |                       |
| 1         | Purchase of Goods .....                        | 110.34                | -                     |
|           | Holcim Trading FZCO, Dubai .....               | 103.77                | -                     |
|           | ACC Ltd., India .....                          | 6.57                  | -                     |
| 2         | Sale of Goods .....                            | 136.94                | -                     |
|           | Holcim Trading FZCO, Dubai .....               | 15.68                 | -                     |
|           | Holcim Trading Pte Ltd., Singapore .....       | 60.50                 | -                     |
|           | ACC Ltd., India .....                          | 21.63                 | -                     |
|           | ACC Concrete Ltd., India .....                 | 39.13                 | -                     |
| 3         | Sale of Fixed assets .....                     | 13.98                 | -                     |
|           | Bulk Cement Corporation (India) Ltd. ....      | 0.02                  | -                     |
|           | ACC Ltd., India .....                          | 13.96                 | -                     |
| 4         | Rendering of Services .....                    | 0.01                  | -                     |
|           | ACC Ltd., India .....                          | 0.01                  | -                     |
| 5         | Receiving of Services .....                    | 65.83                 | -                     |
|           | Holcim Trading FZCO, Dubai .....               | 2.15                  | -                     |
|           | ACC Ltd., India .....                          | 6.30                  | -                     |
|           | Holcim Group Support Ltd., Switzerland .....   | 32.10                 | -                     |
|           | Holcim Services (South Asia) Ltd., India ..... | 24.93                 | -                     |
|           | PT Holcim Indonesia .....                      | 0.14                  | -                     |
|           | Holcim (Lanka) Ltd., Srilanka .....            | 0.16                  | -                     |
|           | Holcim Philippines Inc. Philippines .....      | 0.01                  | -                     |
|           | Holcim (Vietnam) Ltd. Vietnam .....            | 0.01                  | -                     |
|           | Holcim (Malaysia) SDN BHD, Malaysia .....      | 0.03                  | -                     |
| 6         | Interest Received .....                        | 0.06                  | -                     |
|           | ACC Concrete Ltd., India .....                 | 0.06                  | -                     |
| 7         | Other recoveries .....                         | 2.33                  | -                     |
|           | Holcim (Lanka) Ltd., Srilanka .....            | 0.28                  | -                     |
|           | Holcim Group Support Ltd., Switzerland .....   | 0.25                  | -                     |
|           | ACC Ltd., India .....                          | 0.13                  | -                     |
|           | Holcim Environment Services, SA Belgium .....  | 1.67                  | -                     |
| 8         | Other Payments .....                           | 5.23                  | -                     |
|           | Holcim Trading FZCO, Dubai .....               | 4.82                  | -                     |
|           | ACC Ltd., India .....                          | 0.27                  | -                     |
|           | ACC Concrete Ltd., India .....                 | 0.01                  | -                     |
|           | Holcim Group Support Ltd., Switzerland .....   | 0.13                  | -                     |
| 9         | Amounts receivable .....                       | 22.34                 | -                     |
|           | Holcim Trading Pte Ltd., Singapore .....       | 16.02                 | -                     |
|           | Holcim Trading FZCO, Dubai .....               | 3.81                  | -                     |
|           | ACC Concrete Ltd., India .....                 | 2.05                  | -                     |
|           | ACC Ltd., India .....                          | 0.18                  | -                     |
|           | Holcim (Lanka) Ltd., Srilanka .....            | 0.28                  | -                     |
| 10        | Amounts payable .....                          | 45.10                 | -                     |
|           | Holcim Group Support Ltd., Switzerland .....   | 11.44                 | -                     |
|           | ACC Ltd., India .....                          | 1.26                  | -                     |
|           | Holcim Trading FZCO, Dubai .....               | 31.11                 | -                     |
|           | ACC Concrete Ltd., India .....                 | 0.01                  | -                     |
|           | PT Holcim Indonesia .....                      | 0.13                  | -                     |
|           | Holcim Philippines Inc., Philippines .....     | 0.01                  | -                     |
|           | Holcim Services (South Asia) Ltd., India ..... | 0.99                  | -                     |
|           | Holcim (Vietnam) Ltd., Vietnam .....           | 0.01                  | -                     |
|           | Holcim (Lanka) Ltd., Srilanka .....            | 0.14                  | -                     |
| <b>B)</b> | <b>Transactions with Joint Ventures</b>        |                       |                       |
| 1         | Purchase of Goods .....                        | 0.01                  | 0.01                  |
|           | Counto Microfine Products Pvt. Ltd .....       | 0.01                  | 0.01                  |
| 2         | Other recoveries .....                         | -                     | (Rs. 6,514)           |

**SCHEDULE 'Q' - CONSOLIDATED NOTES TO ACCOUNTS (Contd.)**

| Sr. No.   | Description                                                                                                         | 2011<br>Rs. in crores | 2010<br>Rs. in crores |
|-----------|---------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
|           | Counto Microfine Products Pvt. Ltd .....                                                                            | -                     | (Rs. 6,514)           |
| 3         | Other Payments .....                                                                                                | -                     | 0.02                  |
|           | Counto Microfine Products Pvt. Ltd .....                                                                            | -                     | 0.02                  |
| 4         | Investment in Preference Shares .....                                                                               | -                     | 15.00                 |
|           | Counto Microfine Products Pvt. Ltd .....                                                                            | -                     | 15.00                 |
| 5         | Guarantees given .....                                                                                              | -                     | 2.67                  |
|           | Wardha Vaalley Coal Field Pvt. Ltd .....                                                                            | -                     | 2.67                  |
| 6         | Amounts receivable .....                                                                                            | -                     | (Rs. 6,514)           |
|           | Counto Microfine Products Pvt. Ltd .....                                                                            | -                     | (Rs. 6,514)           |
| 7         | Guarantees given outstanding .....                                                                                  | <b>2.67</b>           | 2.67                  |
|           | Wardha Vaalley Coal Field Pvt. Ltd .....                                                                            | <b>2.67</b>           | 2.67                  |
| <b>C)</b> | <b>Transactions with Key Management Personnel</b>                                                                   |                       |                       |
| 1         | Remuneration .....                                                                                                  | <b>3.33</b>           | 4.16                  |
|           | Mr. Onne van der Weijde .....                                                                                       | <b>3.33</b>           | 2.26                  |
|           | Mr. A. L. Kapur .....                                                                                               | -                     | 1.90                  |
| 2         | Amounts Payable .....                                                                                               | <b>0.68</b>           | 0.80                  |
|           | Mr. Onne van der Weijde .....                                                                                       | <b>0.68</b>           | 0.55                  |
|           | Mr. A. L. Kapur .....                                                                                               | -                     | 0.25                  |
| <b>D)</b> | <b>Transactions with Relatives of Key Management Personnel</b>                                                      |                       |                       |
| 1         | Remuneration .....                                                                                                  | -                     | 0.40                  |
|           | Mr. Ajay Kapur .....                                                                                                | -                     | 0.40                  |
| <b>E)</b> | <b>Transactions with Enterprises over which significant influence exercised by Directors and major shareholders</b> |                       |                       |
| 1         | Purchase of Goods .....                                                                                             | -                     | 102.39                |
|           | Holcim Trading FZCO, Dubai .....                                                                                    | -                     | 94.20                 |
|           | ACC Ltd., India .....                                                                                               | -                     | 8.17                  |
|           | Holcim Group Support Ltd., Switzerland .....                                                                        | -                     | 0.02                  |
| 2         | Sale of Goods .....                                                                                                 | -                     | 160.86                |
|           | Holcim Trading FZCO, Dubai .....                                                                                    | -                     | 16.67                 |
|           | Holcim Trading Pte Ltd., Singapore .....                                                                            | -                     | 78.07                 |
|           | Holcim Trading S A, Spain .....                                                                                     | -                     | 2.53                  |
|           | ACC Ltd., India .....                                                                                               | -                     | 12.37                 |
|           | ACC Concrete Ltd., India .....                                                                                      | -                     | 51.22                 |
| 3         | Sale of Fixed assets .....                                                                                          | -                     | 9.67                  |
|           | GACL Finance Ltd .....                                                                                              | -                     | 9.67                  |
| 4         | Receiving of Services .....                                                                                         | <b>1.06</b>           | 53.45                 |
|           | ACC Ltd., India .....                                                                                               | -                     | 4.29                  |
|           | Holcim Group Support Ltd., Switzerland .....                                                                        | -                     | 24.93                 |
|           | Holcim Services (South Asia) Ltd., India .....                                                                      | -                     | 23.48                 |
|           | Siam City Cement Public Co. Ltd., Thailand .....                                                                    | -                     | 0.11                  |
|           | PT Holcim Indonesia .....                                                                                           | -                     | 0.01                  |
|           | Holcim (Lanka) Ltd., Srilanka .....                                                                                 | -                     | 0.12                  |
|           | GACL Finance Ltd. ....                                                                                              | <b>1.06</b>           | 0.51                  |
| 5         | Interest Received .....                                                                                             | -                     | 0.04                  |
|           | ACC Concrete Ltd., India .....                                                                                      | -                     | 0.04                  |
| 6         | Other recoveries .....                                                                                              | -                     | 1.43                  |
|           | Holcim Trading FZCO, Dubai .....                                                                                    | -                     | 0.10                  |
|           | Holcim (Lanka) Ltd., Sri Lanka .....                                                                                | -                     | 0.09                  |
|           | Holcim Group Support Ltd., Switzerland .....                                                                        | -                     | 1.19                  |
|           | ACC Ltd., India .....                                                                                               | -                     | 0.04                  |
|           | Jurong Cements Ltd., Singapore .....                                                                                | -                     | 0.01                  |
| 7         | Other Payments .....                                                                                                | -                     | 2.24                  |
|           | Holcim Trading FZCO, Dubai .....                                                                                    | -                     | 1.47                  |
|           | ACC Ltd., India .....                                                                                               | -                     | 0.77                  |
| 8         | Amounts receivable .....                                                                                            | -                     | 12.21                 |
|           | Holcim Trading Pte Ltd., Singapore .....                                                                            | -                     | 8.59                  |
|           | Holcim Trading FZCO, Dubai .....                                                                                    | -                     | 0.02                  |

**SCHEDULE 'Q' - CONSOLIDATED NOTES TO ACCOUNTS (Contd.)**

| Sr. No. | Description                                      | 2011<br>Rs. in crores | 2010<br>Rs. in crores |
|---------|--------------------------------------------------|-----------------------|-----------------------|
|         | ACC Concrete Ltd., India .....                   | -                     | 1.73                  |
|         | ACC Ltd., India .....                            | -                     | 1.16                  |
|         | Holcim (Lanka) Ltd., Srilanka .....              | -                     | 0.09                  |
|         | Jurong Cements Ltd., Singapore .....             | -                     | 0.01                  |
|         | Holcim Services (South Asia) Ltd., India .....   | -                     | 0.61                  |
| 9       | Amounts payable .....                            | <b>0.09</b>           | 19.60                 |
|         | Holcim Group Support Ltd., Switzerland .....     | -                     | 7.03                  |
|         | Holcim Trading Pte Ltd Singapore .....           | -                     | 4.56                  |
|         | ACC Ltd., India .....                            | -                     | 0.22                  |
|         | Holcim Trading FZCO, Dubai .....                 | -                     | 7.62                  |
|         | Siam City Cement Public Co. Ltd., Thailand ..... | -                     | 0.05                  |
|         | Holcim (Lanka) Ltd., Srilanka .....              | -                     | 0.12                  |
|         | GACL Finance Ltd. ....                           | <b>0.09</b>           | -                     |

**III. Notes :**

- Related party relationship is as identified by the Company on the basis of available information.
- \* During the current year, the Company has become a subsidiary of Holderind Investments Limited, Mauritius (HIL), Holderfin BV, Netherlands and Holcim Limited, Switzerland (Holcim Group Companies) and accordingly all other Holcim Group Companies have been reported as Fellow Subsidiaries. (Refer Note 13).  
Till previous year HIL was considered as a major shareholder having significant influence over the Company and transactions with HIL and its fellow subsidiaries are reported accordingly.
- The Company carries its Corporate Social Responsibility (CSR) activities through Ambuja Cement Foundation (ACF) and runs schools at plant locations through Ambuja Vidya Niketan Trust (AVN), charitable organisation registered under Bombay Public Trust Act -1950. The Company has contributed Rs. 28.10 crores (31.12.2010-Rs. 18.10 crores) to ACF and Rs. 4.38 crores (31.12.2010 - Rs. 2.60 crores) to AVN during the current year.

|                                                                                                                         | 2011<br>Rs. in crores                         | 2010<br>Rs. in crores                         |
|-------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------|
| <b>6. Earnings per Share (EPS) :</b>                                                                                    |                                               |                                               |
| (i) Profit attributable to Equity Shareholders for Basic and Diluted EPS .....                                          | <b>1,227.74</b>                               | 1,262.97                                      |
|                                                                                                                         | <b>Nos.</b>                                   | <b>Nos.</b>                                   |
| (ii) Weighted average number of shares for Basic EPS .....                                                              | <b>1,531,526,874</b>                          | 1,525,267,663                                 |
| Add : Potential equity shares on exercise of option of ESOS .....                                                       | <b>4,718,193</b>                              | 3,982,713                                     |
| Add : Potential equity shares on exercise of Rights and Warrants kept in abeyance out of the Rights issue in 1992 ..... | <b>261,677</b>                                | 256,441                                       |
| Weighted average number of shares for Diluted EPS .....                                                                 | <b>1,536,506,744</b>                          | 1,529,506,817                                 |
|                                                                                                                         | <b>Rs.</b>                                    | <b>Rs.</b>                                    |
| (iii) Nominal Value of Shares .....                                                                                     | <b>2.00</b>                                   | 2.00                                          |
| (iv) Earnings Per Share :                                                                                               |                                               |                                               |
| Basic .....                                                                                                             | <b>8.02</b>                                   | 8.28                                          |
| Diluted .....                                                                                                           | <b>7.99</b>                                   | 8.26                                          |
|                                                                                                                         | <b>As at<br/>31.12.2011<br/>Rs. in crores</b> | <b>As at<br/>31.12.2010<br/>Rs. in crores</b> |

**7. Deferred Tax Liability :**

Break up of Deferred Tax Assets and Liabilities are as under:

|                                                |               |        |
|------------------------------------------------|---------------|--------|
| a) Deferred Tax Liabilities, on account of :   |               |        |
| Depreciation .....                             | <b>727.56</b> | 596.37 |
| Total .....                                    | <b>727.56</b> | 596.37 |
| b) Deferred Tax Assets, on account of :        |               |        |
| Employee Benefits .....                        | <b>29.51</b>  | 26.62  |
| Provision for slow and non-moving spares ..... | <b>21.97</b>  | 20.27  |
| Others .....                                   | <b>31.57</b>  | 18.60  |
| Total .....                                    | <b>83.05</b>  | 65.49  |
| Net Deferred Tax Liabilities .....             | <b>644.51</b> | 530.88 |

# SCHEDULE 'Q' - CONSOLIDATED NOTES TO ACCOUNTS (Contd.)

|                                                                                                                                                                                                         | 2011<br>Rs. in crores | 2010<br>Rs. in crores |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
| <b>8. Movement of provisions during the period as required under Accounting Standard - 29</b>                                                                                                           |                       |                       |
| <b>Mines Reclamation Expenses :</b>                                                                                                                                                                     |                       |                       |
| Opening Provision .....                                                                                                                                                                                 | 11.54                 | 10.15                 |
| Add : Provision during the period .....                                                                                                                                                                 | 0.53                  | 3.16                  |
|                                                                                                                                                                                                         | 12.07                 | 13.31                 |
| Less : Utilisation during the period .....                                                                                                                                                              | 0.41                  | 1.77                  |
|                                                                                                                                                                                                         | 11.66                 | 11.54                 |
| Less : Reversal during the period .....                                                                                                                                                                 | 0.38                  | -                     |
| Closing Provision .....                                                                                                                                                                                 | 11.28                 | 11.54                 |
| Mines reclamation expenses 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 expenses. |                       |                       |

## 9. Employee Defined Benefits:

### a) Defined Contribution Plans -

The Company has recognised an expense towards the defined contribution plans as under :

|                                                     | 2011<br>Rs. in crores | 2010<br>Rs. in crores |
|-----------------------------------------------------|-----------------------|-----------------------|
| Contribution to Superannuation Fund .....           | 7.29                  | 6.21                  |
| Contribution to Provident Fund (Government) # ..... | 13.73                 | 11.67                 |
| Others .....                                        | 0.18                  | 0.16                  |
|                                                     | 21.20                 | 18.04                 |

# Does not include share in Joint Ventures- Rs. 0.01 crore

### b) Defined Benefit Plans - As per Actuarial Valuation

The Company has defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Corporation of India.

The Company has also agreed to provide certain additional post-employment healthcare benefits to senior employees. These benefits are unfunded.

The following tables summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the Balance Sheet for the respective plans :

| Particulars                                                               | 2011   |            |                                                         |                                                    | 2010   |            |                                                         |                                                    |
|---------------------------------------------------------------------------|--------|------------|---------------------------------------------------------|----------------------------------------------------|--------|------------|---------------------------------------------------------|----------------------------------------------------|
|                                                                           | Funded | Non Funded | Death and Disability Scheme (Shipping Staff) Non Funded | Post Retirement Medical Benefits (PRMB) Non Funded | Funded | Non Funded | Death and Disability Scheme (Shipping Staff) Non Funded | Post Retirement Medical Benefits (PRMB) Non Funded |
| <b>I Expense recognised in the Statement of Profit &amp; Loss Account</b> |        |            |                                                         |                                                    |        |            |                                                         |                                                    |
| 1 Current Service Cost .....                                              | 6.10   | 0.07       | 0.03                                                    | 0.40                                               | 5.14   | 0.05       | 0.02                                                    | 0.43                                               |
| 2 Interest Cost .....                                                     | 5.21   | 0.06       | 0.02                                                    | 0.40                                               | 4.53   | 0.04       | 0.02                                                    | 0.36                                               |
| 3 Employee Contributions .....                                            | -      | -          | -                                                       | -                                                  | -      | -          | -                                                       | -                                                  |
| 4 Expected Return on Plan Assets .....                                    | (5.33) | -          | -                                                       | -                                                  | (4.62) | -          | -                                                       | -                                                  |
| 5 Actuarial (Gains) / Losses .....                                        | 1.59   | 0.08       | (0.06)                                                  | 0.76                                               | 3.38   | 0.09       | (0.02)                                                  | (0.28)                                             |
| 6 Past Service Cost.....                                                  | -      | -          | -                                                       | -                                                  | -      | -          | -                                                       | -                                                  |
| 7 Settlement Cost .....                                                   | -      | -          | -                                                       | -                                                  | -      | -          | -                                                       | -                                                  |
| 8 Losses / (gains) on acquisition / divestiture .....                     | -      | -          | -                                                       | -                                                  | -      | -          | -                                                       | -                                                  |
| 9 Total Expense * .....                                                   | 7.57   | 0.21       | (0.01)                                                  | 1.56                                               | 8.43   | 0.18       | 0.02                                                    | 0.51                                               |
| <b>II Net Asset / (Liability) recognised in the Balance Sheet</b>         |        |            |                                                         |                                                    |        |            |                                                         |                                                    |
| 1 Present Value of Defined Benefit Obligation ....                        | 77.91  | 1.26       | 0.27                                                    | 6.39                                               | 65.09  | 0.64       | 0.28                                                    | 4.85                                               |
| 2 Fair Value of Plan Assets .....                                         | 79.61  | -          | -                                                       | -                                                  | 67.14  | -          | -                                                       | -                                                  |
| 3 Funded Status [Surplus / (Deficit)] .....                               | 1.70   | (1.26)     | (0.27)                                                  | (6.39)                                             | 2.05   | (0.64)     | (0.28)                                                  | (4.85)                                             |
| 4 Net Asset/ (Liability) * .....                                          | 1.70   | (1.26)     | (0.27)                                                  | (6.39)                                             | 2.05   | (0.64)     | (0.28)                                                  | (4.85)                                             |

\* Does not include share in Joint Venture - expenses Rs.0.01 crore and liability Rs. 0.02 crore for the current year.

**SCHEDULE 'Q' - CONSOLIDATED NOTES TO ACCOUNTS (Contd.)**

| Particulars |                                                                                                                                                                                                                                                                                                                                                                                                                      | 2011     |            |                                                         |                                                    | 2010         |                                                 |                                                         |                                                    |
|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|------------|---------------------------------------------------------|----------------------------------------------------|--------------|-------------------------------------------------|---------------------------------------------------------|----------------------------------------------------|
|             |                                                                                                                                                                                                                                                                                                                                                                                                                      | 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                                                                                                                                                                                                                                                                                                                                                                                 |          |            |                                                         |                                                    |              |                                                 |                                                         |                                                    |
| 1           | Present value of Defined Benefit Obligation at the beginning of the year .....                                                                                                                                                                                                                                                                                                                                       | 65.10    | 1.15       | 0.28                                                    | 4.85                                               | 57.28        | 0.56                                            | 0.26                                                    | 4.35                                               |
| 2           | Current Service Cost .....                                                                                                                                                                                                                                                                                                                                                                                           | 6.10     | 0.07       | 0.03                                                    | 0.40                                               | 5.14         | 0.05                                            | 0.02                                                    | 0.43                                               |
| 3           | Interest Cost .....                                                                                                                                                                                                                                                                                                                                                                                                  | 5.21     | 0.06       | 0.02                                                    | 0.40                                               | 4.53         | 0.04                                            | 0.02                                                    | 0.36                                               |
| 4           | Settlement Cost.....                                                                                                                                                                                                                                                                                                                                                                                                 | -        | -          | -                                                       | -                                                  | -            | -                                               | -                                                       | -                                                  |
| 5           | Past Service Cost .....                                                                                                                                                                                                                                                                                                                                                                                              | -        | -          | -                                                       | -                                                  | -            | -                                               | -                                                       | -                                                  |
| 6           | Employee Contributions .....                                                                                                                                                                                                                                                                                                                                                                                         | -        | -          | -                                                       | -                                                  | -            | -                                               | -                                                       | -                                                  |
| 7           | Liabilities assumed on acquisition/(settled on divesture) .....                                                                                                                                                                                                                                                                                                                                                      | -        | -          | -                                                       | -                                                  | -            | -                                               | -                                                       | -                                                  |
| 8           | Actuarial (Gains)/Losses .....                                                                                                                                                                                                                                                                                                                                                                                       | 5.45     | 0.08       | (0.06)                                                  | 0.76                                               | 3.20         | 0.09                                            | (0.02)                                                  | (0.28)                                             |
| 9           | Benefits Payments .....                                                                                                                                                                                                                                                                                                                                                                                              | (3.95)   | (0.10)     | -                                                       | (0.02)                                             | (5.05)       | (0.10)                                          | -                                                       | (0.01)                                             |
| 10          | Present Value of Defined Benefit Obligation at the end of the year .....                                                                                                                                                                                                                                                                                                                                             | 77.91    | 1.26       | 0.27                                                    | 6.39                                               | 65.10        | 0.64                                            | 0.28                                                    | 4.85                                               |
| IV          | Change in Assets during the Year                                                                                                                                                                                                                                                                                                                                                                                     |          |            |                                                         |                                                    |              |                                                 |                                                         |                                                    |
| 1           | Plan Assets at the beginning of the year .....                                                                                                                                                                                                                                                                                                                                                                       | 67.14    | -          | -                                                       | -                                                  | 59.85        | -                                               | -                                                       | -                                                  |
| 2           | Assets acquired on amalgamation in previous year .....                                                                                                                                                                                                                                                                                                                                                               | -        | -          | -                                                       | -                                                  | -            | -                                               | -                                                       | -                                                  |
| 3           | Settlements .....                                                                                                                                                                                                                                                                                                                                                                                                    | -        | -          | -                                                       | -                                                  | -            | -                                               | -                                                       | -                                                  |
| 4           | Expected return on plan assets .....                                                                                                                                                                                                                                                                                                                                                                                 | 5.33     | -          | -                                                       | -                                                  | 4.62         | -                                               | -                                                       | -                                                  |
| 5           | Contributions by employer .....                                                                                                                                                                                                                                                                                                                                                                                      | 7.23     | -          | -                                                       | -                                                  | 7.90         | -                                               | -                                                       | -                                                  |
| 6           | Actual Benefit Paid .....                                                                                                                                                                                                                                                                                                                                                                                            | (3.95)   | -          | -                                                       | -                                                  | (5.05)       | -                                               | -                                                       | -                                                  |
| 7           | Actuarial Gains / (Losses) .....                                                                                                                                                                                                                                                                                                                                                                                     | 3.86     | -          | -                                                       | -                                                  | (0.18)       | -                                               | -                                                       | -                                                  |
| 8           | Plan Assets at the end of the year .....                                                                                                                                                                                                                                                                                                                                                                             | 79.61    | -          | -                                                       | -                                                  | 67.14        | -                                               | -                                                       | -                                                  |
| 9           | Actual Return on plan assets .....                                                                                                                                                                                                                                                                                                                                                                                   | 9.19     | -          | -                                                       | -                                                  | 4.45         | -                                               | -                                                       | -                                                  |
|             |                                                                                                                                                                                                                                                                                                                                                                                                                      |          |            |                                                         | 2011                                               |              | 2010                                            |                                                         |                                                    |
| V           | The major categories of plan assets as a percentage of total plan 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 .....                                                                                                                                                                                                                                                                                                                                                    |          |            |                                                         | 0.15                                               | (0.15)       | 0.20                                            | (0.16)                                                  |                                                    |
|             | Increase/ (Decrease) on Present value of Defined Benefit obligation .....                                                                                                                                                                                                                                                                                                                                            |          |            |                                                         | 0.88                                               | (0.87)       | 1.03                                            | (0.83)                                                  |                                                    |
| VII         | Actuarial Assumptions:                                                                                                                                                                                                                                                                                                                                                                                               |          |            |                                                         |                                                    |              |                                                 |                                                         |                                                    |
| 1           | Discount Rate .....                                                                                                                                                                                                                                                                                                                                                                                                  |          |            |                                                         | 8.60% p.a.                                         |              | 8.30% p.a.                                      |                                                         |                                                    |
| 2           | Expected rate of return on plan assets .....                                                                                                                                                                                                                                                                                                                                                                         |          |            |                                                         | 8.00% 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% thereafter    |              | 12% p.a. in the first 5 years and 8% thereafter |                                                         |                                                    |
| 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. 0.76 crore (31.12.2010 -Rs. 0.43 crore) towards the deficit in the fund. The Company has contributed Rs. 6.66 crores (31.12.2010 -Rs. 5.49 crores) towards provident fund liability. |          |            |                                                         |                                                    |              |                                                 |                                                         |                                                    |



## SCHEDULE 'Q' - CONSOLIDATED NOTES TO ACCOUNTS (Contd.)

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

|                                             | 2011<br>Rs.in Crores | 2010<br>Rs.in Crores |
|---------------------------------------------|----------------------|----------------------|
| a) Gratuity * .....                         | 7.49                 | 8.38                 |
| b) Shipping Staff Gratuity .....            | 0.05                 | 0.18                 |
| c) Post Retirement Medical Benefits** ..... | 1.54                 | 0.47                 |
| d) Death and disability .....               | (0.01)               | 0.02                 |
|                                             | <b>9.07</b>          | <b>9.05</b>          |

\* Net of Rs. 0.08 crore (31.12.2010 - Rs. 0.05 crore) capitalised as pre-operative expenses.

\*\* Net of Rs. 0.02 crore (31.12.2010 - Rs. 0.04 crore) capitalised as pre-operative expenses.

c) Amount recognised as an expense in respect of compensated absences is Rs. 14.02 crores (31.12.2010 - Rs. 6.73 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 8.00% 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. 6.00 crores (31.12.2010 - Rs. 3.50 crores) to gratuity fund in the next year.

(g) Amount for the current and previous four years are as follows :

|                                                          | 2011<br>Rs. in Crores | 2010<br>Rs. in Crores | 2009<br>Rs. in Crores | 2008<br>Rs. in Crores | 2007<br>Rs. in Crores |
|----------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>i) Gratuity - Funded</b>                              |                       |                       |                       |                       |                       |
| Defined benefit obligation .....                         | 77.90                 | 65.10                 | 57.28                 | 63.21                 | 42.39                 |
| Plan assets .....                                        | 79.61                 | 67.14                 | 59.85                 | 50.04                 | 40.17                 |
| Surplus / (deficit) .....                                | 1.71                  | 2.04                  | 2.57                  | (13.17)               | (2.22)                |
| Experience adjustments on plan assets .....              | 3.86                  | (0.17)                | 0.74                  | 0.19                  | 1.79                  |
| Experience adjustments on plan liabilities .....         | 7.46                  | 3.50                  | 2.08                  | 4.48                  | 9.73                  |
| <b>ii) Gratuity - Non Funded</b>                         |                       |                       |                       |                       |                       |
| Defined benefit obligation .....                         | 1.26                  | 0.64                  | 0.56                  | 0.74                  | 0.68                  |
| Plan assets .....                                        | -                     | -                     | -                     | -                     | -                     |
| Surplus / (deficit) .....                                | (1.26)                | (0.64)                | (0.56)                | (0.74)                | (0.68)                |
| Experience adjustments on plan assets .....              | -                     | -                     | -                     | -                     | -                     |
| Experience adjustments on plan liabilities .....         | 0.13                  | 0.08                  | (0.14)                | (0.03)                | (0.08)                |
| <b>iii) Death and Disability Scheme (Shipping Staff)</b> |                       |                       |                       |                       |                       |
| Defined benefit obligation .....                         | 0.26                  | 0.28                  | 0.26                  | 0.33                  | 0.35                  |
| Plan assets .....                                        | -                     | -                     | -                     | -                     | -                     |
| Surplus / (deficit) .....                                | (0.26)                | (0.28)                | (0.26)                | (0.33)                | (0.35)                |
| Experience adjustments on plan assets .....              | -                     | -                     | -                     | -                     | -                     |
| Experience adjustments on plan liabilities .....         | (0.06)                | (0.03)                | (0.11)                | (0.18)                | (0.16)                |
| <b>iv) Post Retirement Medical Benefit (PRMB)</b>        |                       |                       |                       |                       |                       |
| Defined benefit obligation .....                         | 6.38                  | 4.85                  | 4.35                  | 2.29                  | 1.33                  |
| Plan assets .....                                        | -                     | -                     | -                     | -                     | -                     |
| Surplus / (deficit) .....                                | (6.38)                | (4.85)                | (4.35)                | (2.29)                | (1.33)                |
| Experience adjustments on plan assets .....              | -                     | -                     | -                     | -                     | -                     |
| Experience adjustments on plan liabilities .....         | 0.92                  | (0.40)                | 0.62                  | (0.02)                | 0.08                  |

### 10. Employee Stock Option Plans :

a) The Company has provided various share based payments to its employees. During the year ended 31st December, 2011, the following schemes were in operation:

| Particulars                                       | 2007*      | 2008\$     | 2009       | 2010       |
|---------------------------------------------------|------------|------------|------------|------------|
| a) Date of grant .....                            | 07.06.2007 | 01.07.2008 | 19.06.2009 | 22.04.2010 |
| b) Date of Board Approval .....                   | 11.01.2007 | 01.07.2008 | 06.02.2009 | 04.02.2010 |
| c) Date of Shareholders Approval .....            | 26.03.2007 | 22.04.2008 | 06.04.2009 | 05.04.2010 |
| d) Number of options granted .....                | 7,497,900  | 7,498,150  | 7,499,600  | 9,998,900  |
| e) Method of Settlement (Cash/Equity) .....       | Equity     | Equity     | Equity     | Equity     |
| f) Vesting period from the date of Grant .....    | 1 year     | 1 year     | 1 year     | 1 year     |
| g) Exercise Period from the date of Vesting ..... | 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' - CONSOLIDATED NOTES TO ACCOUNTS (Contd.)

b) The details of activity under the Employee Stock Option Plan schemes have been summarised below :

| Particulars                                                     | 2011             |                                       | 2010             |                                       |
|-----------------------------------------------------------------|------------------|---------------------------------------|------------------|---------------------------------------|
|                                                                 | Number of Shares | Weighted Average Exercise price (Rs.) | Number of Shares | Weighted Average Exercise price (Rs.) |
| a) Outstanding at the beginning of the year ..                  | 24,915,750       | 106.53                                | 22,215,038       | 95.20                                 |
| b) Granted during the year .....                                | -                | -                                     | 9,998,900        | 119.00                                |
| c) Forfeited during the year .....                              | 1,814,550        | 108.05                                | 854,050          | 112.85                                |
| d) Exercised during the year .....                              | 4,510,175        | 102.50                                | 6,144,706        | 87.48                                 |
| e) Expired during the year .....                                | -                | -                                     | 299,432          | 54.88                                 |
| f) Outstanding at the end of the year .....                     | 18,591,025       | 107.36                                | 24,915,750       | 106.53                                |
| g) Exercisable at the end of the year .....                     | 18,591,025       | 107.36                                | 15,542,500       | 99.01                                 |
| h) Weighted average remaining contractual life (in years) ..... | 2.30             |                                       | 3.14             |                                       |

The weighted average share price at the date of exercise for stock options was Rs. 148.94 (31.12.2010 - Rs.131.82)

The weighted average share price for the period over which stock option were exercised was Rs.139.07 (31.12.2010 - Rs.122.31)

c) The details of exercise price for stock options outstanding as at 31st December, 2011

| ESOP Plans      | 2011                          |                                                                   |                                                                   | 2010                          |                                                                   |                                                                    |
|-----------------|-------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------|-------------------------------|-------------------------------------------------------------------|--------------------------------------------------------------------|
|                 | Number of options outstanding | Weighted average remaining contractual life of options (in years) | Weighted average exercise price (Nominal value of Rs.2 per share) | Number of options outstanding | Weighted average remaining contractual life of options (in years) | Weighted average exercise price (Nominal value of Rs. 2 per share) |
| 2007            |                               |                                                                   |                                                                   |                               |                                                                   |                                                                    |
| Tranche 1 ..... | 3,618,550                     | 0.43                                                              | 113.00                                                            | 6,014,550                     | 1.43                                                              | 113.00                                                             |
| Tranche 2 ..... | 31,550                        | 1.50                                                              | 82.00                                                             | 51,950                        | 2.50                                                              | 82.00                                                              |
| 2008            |                               |                                                                   |                                                                   |                               |                                                                   |                                                                    |
| Tranche 1 ..... | 2,670,250                     | 1.50                                                              | 82.00                                                             | 3,905,000                     | 2.50                                                              | 82.00                                                              |
| Tranche 2 ..... | 71,775                        | 2.47                                                              | 96.00                                                             | 91,350                        | 3.47                                                              | 96.00                                                              |
| 2009 .....      | 4,043,550                     | 2.47                                                              | 96.00                                                             | 5,479,650                     | 3.47                                                              | 96.00                                                              |
| 2010 .....      | 8,155,350                     | 3.31                                                              | 119.00                                                            | 9,373,250                     | 4.31                                                              | 119.00                                                             |

d) Stock Options granted

During the year, no stock options were granted. The weighted average fair value of stock options granted for the year 2010 was Rs. 39.37. The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

| Variables                                               | 2011 | 2010       |
|---------------------------------------------------------|------|------------|
| Grant date .....                                        | -    | 22.04.2010 |
| Market Price (Rs. per share) on the date of grant ..... | -    | 121.05     |
| Volatility .....                                        | -    | 43.75%     |
| Risk free rate .....                                    | -    | 6.64%      |
| Exercise price .....                                    | -    | 119.00     |
| Time to Maturity (Years) .....                          | -    | 3          |
| Dividend yield .....                                    | -    | 2.30%      |
| Option fair value (Rs. per share) .....                 | -    | 39.37      |

Expected volatility has been computed by using the historical daily volatility of the stock prices on National Stock Exchange over a period corresponding with expected life of the option.

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

| Particulars                                                                                                             | 2011<br>Rs. in Crores | 2010<br>Rs. in Crores |
|-------------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
| Total Employee Compensation Cost pertaining to share based payment plans (Refer Note 1(B)) .....                        | 33.70                 | 1.34                  |
| Compensation cost pertaining to equity settled employee share based payment plan included above (Refer Note 1(B)) ..... | 33.70                 | 1.34                  |
| Liability for employee stock options outstanding as at year end, net .....                                              | 32.11                 | 1.34                  |
| Deferred Compensation Cost .....                                                                                        | -                     | 0.58                  |

## SCHEDULE 'Q' - CONSOLIDATED NOTES TO ACCOUNTS (Contd.)

- f) During the current year, the Company has adopted fair value method of measurement of compensation cost relating to employee stock options (Refer Note 1(B)). During the previous year, the Company had followed intrinsic value method and the impact on the reported net profit and earnings per share by applying the fair value based method is as under :

| Particulars                                                          | 2010<br>Rs. in Crores |
|----------------------------------------------------------------------|-----------------------|
| Profit as reported .....                                             | 1,262.97              |
| Add : Employee stock compensation under intrinsic value method ..... | 1.34                  |
| Less: Employee stock compensation under fair value method .....      | (33.94)               |
| Proforma profit .....                                                | 1,230.37              |
| Earning per share (Rs.)                                              |                       |
| Basic :                                                              |                       |
| - As reported .....                                                  | 8.28                  |
| - Proforma .....                                                     | 8.07                  |
| Diluted :                                                            |                       |
| - As reported .....                                                  | 8.26                  |
| - Proforma .....                                                     | 8.04                  |

- g) Employee compensation expenses excludes cost relating to shares granted to the employees of the Company by Holcim Limited (Switzerland), the ultimate holding company.

|                                                                         | As at<br>31.12.2011<br>Amount in<br>million | As at<br>31.12.2010<br>Amount in<br>million |
|-------------------------------------------------------------------------|---------------------------------------------|---------------------------------------------|
| <b>11. Derivative Instrument and Unhedged Foreign Currency Exposure</b> |                                             |                                             |
| 1. Outstanding creditors for purchase of Raw Material & Spares          |                                             |                                             |
| a) in USD .....                                                         | 15.74                                       | 1.94                                        |
| b) in EURO .....                                                        | 0.07                                        | 0.07                                        |
| c) in GBP .....                                                         | 0.01                                        | -                                           |
| d) in SEK .....                                                         | 0.11                                        | -                                           |
| e) in DKK .....                                                         | -                                           | 0.16                                        |
| f) in JPY .....                                                         | 6.47                                        | 3.88                                        |
| 2. Outstanding creditors for purchase of Capital Goods                  |                                             |                                             |
| a) in EURO .....                                                        | -                                           | 0.62                                        |
| b) in DKK .....                                                         | -                                           | 0.16                                        |
| c) in CHF .....                                                         | -                                           | 0.14                                        |
| d) in JPY .....                                                         | 7.22                                        | -                                           |
| 3. Outstanding creditors for expenses                                   |                                             |                                             |
| a) in USD .....                                                         | 0.05                                        | 0.09                                        |
| b) in EURO .....                                                        | 0.40                                        | 0.20                                        |
| c) in CHF .....                                                         | 2.07                                        | 1.52                                        |
| d) in THB .....                                                         | -                                           | 0.34                                        |
| e) in IDR .....                                                         | -                                           | 6.60                                        |
|                                                                         | As at<br>31.12.2011<br>Amount in<br>million | As at<br>31.12.2010<br>Amount in<br>million |
| 4. Outstanding debtors                                                  |                                             |                                             |
| a) in USD .....                                                         | 3.88                                        | 1.92                                        |
| 5. Advance to Vendors                                                   |                                             |                                             |
| a) in USD .....                                                         | 0.01                                        | 0.09                                        |
| b) in EURO .....                                                        | 0.82                                        | 1.18                                        |
| c) in GBP .....                                                         | 0.03                                        | -                                           |
| d) in DKK .....                                                         | -                                           | 0.06                                        |
| e) in CHF .....                                                         | -                                           | 0.01                                        |
| f) in JPY .....                                                         | 0.18                                        | 0.14                                        |

# SCHEDULE 'Q' - CONSOLIDATED NOTES TO ACCOUNTS (Contd.)

|     |                                                                                                                                                                                                                                                                                                                                                                                                                                    | 31.12.2011<br>Rs. in crores | 31.12.2010<br>Rs. in crores |
|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| 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'.                                                                                                                                                                                            |                             |                             |
| a)  | The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year .                                                                                                                                                                                                                                                                                                         |                             |                             |
|     | Principal .....                                                                                                                                                                                                                                                                                                                                                                                                                    | 0.35                        | 0.17                        |
|     | Interest (Rs. 32,551/-) .....                                                                                                                                                                                                                                                                                                                                                                                                      |                             | -                           |
| 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                                                                                                                                                                                                                                                    | 1.94                        | 4.25                        |
| 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 .....                                                                                                                                                                                                                               | -                           | 0.01                        |
| d)  | The amount of interest accrued and remaining unpaid at the end of each accounting year                                                                                                                                                                                                                                                                                                                                             | -                           | 0.02                        |
| 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 .....                                                                                                                                                                 | -                           | -                           |
| 13. | During the year, the Company has become a subsidiary of Holderind Investments Limited, Mauritius and Holcim Limited, Switzerland, the ultimate holding company.                                                                                                                                                                                                                                                                    |                             |                             |
| 14. | Capital Work in Progress includes (a) machinery in transit Rs. 11.29 crores (31.12.2010- Rs. 10.50 crores) and (b) expenditure during construction for project Rs. 5.85 crores (31.12.2010 - Rs. 14.13 crores), share in Joint Venture Rs. 0.74 crore (31.12.2010 - Rs. Nil).                                                                                                                                                      |                             |                             |
| 15. | During the previous year, the Company had sold its investment in ING Vysya Life Insurance Company Limited and had recognised profit before tax of Rs.72.63 Crores.                                                                                                                                                                                                                                                                 |                             |                             |
| 16. | During the previous year, the Company had estimated provision for slow and non moving spares based on age of the inventory. Accordingly, the Company had recognised a provision of Rs. 61.03 crores. The provision based on such parameters applied to spares inventory at the beginning of the previous year amounting to Rs. 46.10 crores had been disclosed as an exceptional item in the Consolidated Profit and Loss Account. |                             |                             |
|     |                                                                                                                                                                                                                                                                                                                                                                                                                                    | 2011<br>Rs. in crores       | 2010<br>Rs. in crores       |
| 17. | <b>Operating Lease :</b>                                                                                                                                                                                                                                                                                                                                                                                                           |                             |                             |
| (a) | <b>Assets taken On Lease</b>                                                                                                                                                                                                                                                                                                                                                                                                       |                             |                             |
|     | Lease Payments for the year .....                                                                                                                                                                                                                                                                                                                                                                                                  | 0.34                        | 0.34                        |
|     | <b>Minimum Lease Payments:</b>                                                                                                                                                                                                                                                                                                                                                                                                     |                             |                             |
|     | Not later than one year .....                                                                                                                                                                                                                                                                                                                                                                                                      | 0.34                        | 0.34                        |
|     | Later than one year but not later than five years .....                                                                                                                                                                                                                                                                                                                                                                            | 1.37                        | 1.36                        |
|     | Later than five years .....                                                                                                                                                                                                                                                                                                                                                                                                        | 3.01                        | 3.21                        |
|     | Share in Joint Venture .....                                                                                                                                                                                                                                                                                                                                                                                                       | 0.19                        | -                           |
| (b) | <b>General description of leasing arrangements :</b>                                                                                                                                                                                                                                                                                                                                                                               |                             |                             |
|     | (i) Leased Assets : Captive Jetty                                                                                                                                                                                                                                                                                                                                                                                                  |                             |                             |
|     | (ii) Future lease rentals are determined on the basis of agreed terms                                                                                                                                                                                                                                                                                                                                                              |                             |                             |
|     | (iii) At the expiry of lease terms, the Company has an option to return the asset or extend the terms by giving notice in writing                                                                                                                                                                                                                                                                                                  |                             |                             |
| 18  | (a) The Company is eligible for receipt of transport subsidy on the inter-state transport of raw materials, clinker and cement in certain units set up in the state of Himachal Pradesh. Accordingly, the Company has accrued an amount of Rs. 53.14 crores (31.12.2010 - Rs. 25.49 crores) which has been adjusted against the respective expenses as under :                                                                     |                             |                             |
|     | (i) Raw materials consumed .....                                                                                                                                                                                                                                                                                                                                                                                                   | 1.84                        | 1.55                        |
|     | (ii) Freight and handling charges on internal material transfer .....                                                                                                                                                                                                                                                                                                                                                              | 51.11                       | 23.46                       |
|     | (iii) Freight on finished goods .....                                                                                                                                                                                                                                                                                                                                                                                              | 0.19                        | 0.48                        |
| (b) | During the previous year, the Company had recognised interest on subsidy amounting to Rs. 5.00 crores. The amount was adjusted against interest and finance charges.                                                                                                                                                                                                                                                               |                             |                             |

## SCHEDULE 'Q' - CONSOLIDATED NOTES TO ACCOUNTS (Contd.)

19. Excise duty on sales amounting to Rs. 1,074.21 Crores (31.12.2010 -Rs.866.82 crores) has been reduced from sales in consolidated profit & loss account and excise duty on (increase)/decrease in stock amounting to Rs. 2.50 Crores (31.12.2010 -Rs. 4.92 Crores) has been considered as (income)/expense in Schedule N of consolidated financial statements.
20. Prior period expenses amounting to Rs.3.81 crores (31.12.2010 -Rs. Nil) and Rs.7.78 crores (31.12.2010 -Rs. Nil) are included in Miscellaneous expenses and Legal & Professional Fees respectively.
21. Loss on assets sold , discarded and written off includes preoperative expenses and capital work in progress incurred on certain capital projects written off during the year amounting to Rs. 8.92 crores (31.12.2010 -Rs. Nil).
22. During the year, the Company has noticed certain instances of misappropriation in the nature of receiving undue benefit by employees in collusion with vendors or otherwise, the amount of which is not determinable. Management believes that the amounts involved are insignificant. Investigations relating to these matters have been completed and appropriate action has been taken by the Company against the employees and vendors.
23. Information relating to Subsidiaries including subsidiaries of subsidiaries :

(In terms of Government of India, Ministry of Corporate Affairs general Circular No: 2/2011 , No: 5/12/2007-CL-III dated 8th February,2011)

Rs. in crores

| Name of Subsidiary Company                                        | Financial Year ends on | Share Capital | Reserves & Surplus | Total Assets (Fixed Assets + Investments + Current Assets) | Total Liabilities (Debts + Current Liabilities) | Investments (excluding investments in subsidiary companies) | Turnover | Profit / (Loss) before Taxation | Provision for Taxation | Profit / (Loss) after Taxation | Proposed Dividend |
|-------------------------------------------------------------------|------------------------|---------------|--------------------|------------------------------------------------------------|-------------------------------------------------|-------------------------------------------------------------|----------|---------------------------------|------------------------|--------------------------------|-------------------|
| M.G.T.Cements (Private) Limited                                   | 31.12.2011             | 0.75          | (0.67)             | 0.08                                                       | -                                               | -                                                           | -        | (0.02)                          | -                      | (0.02)                         | -                 |
|                                                                   | 31.12.2010             | 0.75          | (0.65)             | 0.20                                                       | 0.10                                            | -                                                           | -        | (0.02)                          | -                      | (0.02)                         | -                 |
| Chemical Limes Mundwa (Private) Limited                           | 31.12.2011             | 0.14          | (3.32)             | 0.10                                                       | 3.28                                            | -                                                           | -        | (0.11)                          | -                      | (0.11)                         | -                 |
|                                                                   | 31.12.2010             | 0.14          | (3.21)             | 0.06                                                       | 3.13                                            | -                                                           | -        | (0.37)                          | -                      | (0.37)                         | -                 |
| Kakinada Cements Limited                                          | 31.12.2011             | 0.05          | (0.04)             | 0.01                                                       | -                                               | -                                                           | -        | (Rs. 26,268)                    | -                      | (Rs. 26,268)                   | -                 |
|                                                                   | 31.12.2010             | 0.05          | (0.04)             | 0.01                                                       | -                                               | -                                                           | -        | (0.01)                          | -                      | (0.01)                         | -                 |
| Dirk India (Private) Limited (w.e.f. 1st October,2011)            | 31.03.2011             | 2.08          | 4.37               | 34.65                                                      | 28.20                                           | -                                                           | 14.44    | (0.16)                          | 0.04                   | (0.20)                         | -                 |
|                                                                   | 31.03.2010             |               |                    |                                                            |                                                 |                                                             |          |                                 |                        | -                              |                   |
| Dirk Pozzocrete (MP) Private Limited * (w.e.f. 1st October,2011)  | 31.03.2011             | 0.01          | (1.56)             | 3.94                                                       | 5.49                                            | -                                                           | 0.52     | (0.40)                          | -                      | (0.40)                         | -                 |
|                                                                   | 31.03.2010             |               |                    |                                                            |                                                 |                                                             |          |                                 |                        | -                              |                   |
| Dang Cement Industries (Private) Limited ** (w.e.f. 6th May,2011) | 16.7.2011              | 9.09          | (5.66)             | 3.43                                                       | Rs.43750                                        | -                                                           | -        | (0.02)                          | -                      | (0.02)                         | -                 |
|                                                                   | 16.7.2010              |               |                    |                                                            |                                                 |                                                             |          |                                 |                        | -                              |                   |

\* Subsidiary of Dirk India (Private) Limited

\*\* Exchange rate of Nepali rupee 1 is equivalent to INR 0.625 as on 31.12.2011

24. 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.
25. 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 attached report of even date

For S. R. BATLIBOI & Co.  
Firm Registration No. 301003E  
Chartered Accountants

per Ravi Bansal  
Partner  
Membership No. 49365

Mumbai, 9th February, 2012

For and on behalf of the Board

Sanjeev Churiwala  
Chief Financial Officer

B.L. Taparia  
Company Secretary &  
Corporate Sustainability Officer

N.S. Sekhsaria  
Chairman

Paul Hugentobler  
Vice Chairman

M.L. Bhakta  
Director

Markus Akermann  
Director

Onne van der Weijde  
Managing Director

Shailesh Haribhakti  
Chairman - Audit Committee

Nasser Munjee  
Director

Rajendra P. Chitale  
Director

Omkar Goswami  
Director

Naresh Chandra  
Director

# AMBUJA CEMENTS LIMITED

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

## NOTICE

NOTICE is hereby given that the TWENTY-NINTH ANNUAL GENERAL MEETING of the members of the Company will be held on Tuesday, 27th March, 2012 at 10.00 a.m. at the Registered Office of the Company at P.O. Ambujanagar, Taluka: Kodinar, District: Junagadh, Gujarat - 362 715, to transact the following business:-

- To consider and adopt the Profit & Loss Account for the Corporate Financial Year ended 31st December, 2011 and the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
- To declare a dividend on equity shares.
- To appoint a Director in place of Mr. Nasser Munjee, who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Mr. Rajendra P. Chitale, who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Mr. Shailesh Haribhakti, who retires by rotation and being eligible, offers himself for re-appointment.
- To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:-  
"RESOLVED that M/s S.R. Batliboi & Co. (Membership No. 301003E), Chartered Accountants, be and are hereby appointed as Statutory Auditors of the company, to hold the office from the conclusion of this meeting until the conclusion of next Annual General Meeting of the company and to authorize the Board to fix their remuneration."

### SPECIAL BUSINESS

- To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:-  
"RESOLVED that pursuant to the provisions of Section 260 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. Bernard Fontana who was appointed as an Additional Director of the Company and who holds office only up to the date of this Annual General Meeting and being eligible, offers himself for appointment and in respect of whom the Company has received a notice in writing from one of the members, pursuant to the provisions of Section 257 of the Companies Act, 1956 signifying his intention to propose the candidature of Mr. Bernard Fontana for the office of the Director, be and is hereby appointed as a Director of the Company, not liable to retire by rotation.
- To consider and if thought fit to pass with or without modification(s), the following Resolution as a Special Resolution:  
"RESOLVED that pursuant to the provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) the Articles of Association of the Company be and are hereby altered / amended in the following manner:-

| Sr. No. | Article No. | Caption                                    | Amendments                                                                                                       |
|---------|-------------|--------------------------------------------|------------------------------------------------------------------------------------------------------------------|
| 1.      | 2           | "GIIC"<br>"NSS"                            | Definition of "GIIC" to be deleted.<br>Definition of "NSS" to be deleted.                                        |
| 2.      | 8           | GIIC and NSS not to transfer shares        | Article 8 to be deleted in its entirety.                                                                         |
| 3.      | 106         | Chairman's casting vote                    | <b>Article 106 to be replaced with the following new Article:</b><br>The Chairman shall not have a Casting Vote. |
| 4.      | 122         | Representations of GIIC & NSS on the Board | Article 122 to be deleted in its entirety.                                                                       |
| 5.      | 123         | Present Directors of the Company           | Article 123 to be deleted in its entirety.                                                                       |

|    |         |                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|----|---------|-----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 6. | 124     | Right of GIIC to appoint Chairman | Article 124 to be deleted in its entirety.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 7. | 125     | Technical Director                | Article 125 to be deleted in its entirety.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 8. | 139 (a) | Removal of Directors              | <b>Article 139(a) to be altered as follows:</b><br>The words "GIIC/Government of Gujarat Director or Debenture Directors or Nominee Director or" be deleted from the said Article.<br><br>The altered Article may be read as follows:<br><br>The Company may (subject to the provisions of Section 284 and other applicable provisions of the Act and these Articles) remove any Director other than a Director appointed by the Central Government in pursuance of Section 408 of the Act, before the expiry of his term of office.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 9. | 153     | Chairman and Vice-Chairman        | <b>Article 153 to be replaced with the following new Article:</b><br>(a) Mr. Narotam S. Sekhsaria shall be Non-Executive Chairman of the Board of Directors until the age of 75 years, subject to applicable laws. Provided that Mr. Narotam S. Sekhsaria may resign as Non-Executive Chairman earlier than attaining the age of 75 years.<br>(b) The Board may from time to time elect from among their number, a Vice Chairman of the Board and determine the period for which he is to hold office. If at any meeting of the Board, the Chairman and the Vice Chairman are not present within fifteen minutes after the time appointed for holding the same, or if both of them are unwilling to act as Chairman of the meeting, the Directors present may choose one of their number to be the Chairman of the meeting.<br>(c) Notwithstanding anything contained in Article 147 of these Articles, so long as Mr. Narotam S. Sekhsaria continues to remain Non-Executive Chairman of the Board of Directors, he shall not be liable to retire by rotation.<br><br>Upon Mr. Narotam S. Sekhsaria ceasing to be the Non-Executive Chairman of the Board of Directors, Article 153 (a), (b) & (c) shall become inoperative and be replaced <i>eo ipso</i> by the following new Article 153 stating, |



|     |         |                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-----|---------|----------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|     |         |                                                          | "The Board may from time to time elect from among their number, a Chairman of the Board and determine the period for which he is to hold office. The Directors may likewise appoint from among their number, a Vice Chairman and determine the period for which he is to hold office. If at any meeting of the Board, the Chairman and the Vice Chairman are not present within fifteen minutes after the time appointed for holding the same, or both of them are unwilling to act as Chairman of the meeting, the Directors present may choose one of their number to be the Chairman of the meeting." |
| 10. | 155 (b) | Directors may appoint committees and delegate its powers | Article 155(b) to be deleted in its entirety                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 11. | 167 (a) | Service of Notice on members by the company              | <b>Article 167 (a) may be altered by inserting the following lines at the end:</b><br><br>"or through electronic mode as permitted under the Information Technology Act, 2000 to his e-mail address registered with the Company or the Depository."                                                                                                                                                                                                                                                                                                                                                      |

"RESOLVED FURTHER THAT pursuant to the provisions of Section 31 of the Companies Act, 1956, approval of the members be and is hereby accorded to the automatic deletion of Article 153 (a), (b) & (c) of the Articles of Association of the Company upon Mr. Narotam S. Sekhsaria ceasing to be the Chairman of the Company, and no further approval or consent of the shareholders' shall be required for such deletion and insertion of a new Article 153 stating "The Board may from time to time elect from among their number, a Chairman of the Board and determine the period for which he is to hold office. The Directors may likewise appoint from among their number, a Vice Chairman and determine the period for which he is to hold office. If at any meeting of the Board, the Chairman and the Vice Chairman are not present within fifteen minutes after the time appointed for holding the same, or both of them are unwilling to act as Chairman of the meeting, the Directors present may choose one of their number to be the Chairman of the meeting."

"RESOLVED FURTHER that the Managing Director and the Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things as may be necessary or desirable for and on behalf of the Company for the purpose of giving effect to this resolution."

By Order of the Board of Directors

**B. L. Taparia**

Place : Mumbai  
Date : 9th February, 2012

Company Secretary &  
Corporate Sustainability Officer

#### NOTES:

1. Explanatory statement as required under Section 173(2) of the Companies Act, 1956 is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE VALID MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
3. Disclosure pursuant to Clause 49 of the Listing Agreement with respect to the Directors seeking appointment and re-appointment at the forthcoming Annual General Meeting is given in the annexure.
4. The Register of Members and the Share Transfer Books of the Company shall remain closed from 15th February, 2012 to 22nd February, 2012 (both days inclusive) for payment of final dividend.
5. Final dividend in respect of equity shares held in electronic form will be payable to the beneficial owners of shares as on 14th

February, 2012 as per the downloads furnished to the Company by Depositories for this purpose.

In case of shares held in physical form, dividend will be paid to the shareholders, whose names shall appear on the Register of Members as on 22nd February, 2012.

6. Members are requested to furnish their Bank Account details, change of address etc. to the Registrar and Share Transfer Agents in respect of shares held in physical form. If the shares are held in electronic form, then the said particulars should be furnished to their respective Depository Participants (DPs).
7. a) Members holding the shares in electronic mode may please note that their dividend would be paid through National Electronic Clearing System (NECS) or Electronic Clearing Services (ECS) at the available RBI locations. The dividend would be credited to their bank account as per the mandate given by the members to their DPs. In the absence of availability of NECS/ECS facility, the dividend would be paid through warrants and the Bank details as furnished by the respective Depositories to the Company will be printed on their dividend warrants as per the applicable Regulations.  
b) Members are requested to send their Bank Account particulars (viz. Account No., Name & Branch of the Bank and the MICR Code) to their DPs in case the shares are held in electronic mode or to the Registrar and Share Transfer Agents in case the shares are held in physical mode for printing on dividend warrant to ensure that there is no fraudulent encashment of the warrants.
8. **The Ministry has allowed paperless compliances by the companies through electronic mode with an intention to reduce paper consumption and contribute towards a greener environment. It has issued two Circulars in this regard viz circular no.17/2011 dated 21.04.2011 and 18/2011 dated 29.04.2011. According to these circulars, companies can now send various notices/documents to their shareholders through electronic mode, at the registered email addresses of the shareholders. It includes notices calling General Meetings, Audited financial statements, Directors' Report & Auditors Report etc.**  
**We at Ambuja welcome this move from the Government and see this as a golden opportunity not only for the Company but also for every shareholder of the Company to contribute its might to the greener environment. This will also help in prompt receiving of communications and reduce paper consumption.**  
**Members who have not registered their e-mail address so far are requested to register their e-mail address, by filling in the enclosed registration form giving their e-mail id and send it to us in the enclosed Business Reply Envelope or log onto <http://www.shareproservices.com> to register. The form can also be downloaded from our website [www.ambujacement.com](http://www.ambujacement.com).**
9. Members are requested to send all communications relating to shares, bonds and unclaimed dividends to the Registrar and Share Transfer Agents at the following address:  
SHAREPRO SERVICES (INDIA) PVT. LTD.  
(Unit : Ambuja Cements Ltd.)  
13 AB Samhita Warehousing Complex,  
2nd floor, Near Sakinaka Telephone Exchange,  
Andheri – Kurla Road, Andheri (East), Mumbai - 400 072  
Tel. No. (022) 67720300
10. Important:  
Members are informed that the dividend amount remaining unclaimed, interim and final relating to the year ended 30th June, 2005 shall become due for transfer on 26th May, 2012 and 16th November, 2012 respectively to the Investor Education and Protection Fund established by the Central Government in terms of Section 205C(2)(a) of the Companies Act, 1956 on expiry of seven years from the date of its declaration.  
Members are requested to note that no claim shall lie against the Company or the aforesaid fund in respect of any amount of dividend remaining unclaimed / unpaid for a period of 7 years from the dates they became first due for payment. Any member who has not claimed dividend in respect of the financial year ended 30th June, 2005 is requested to approach the Company / the Registrar and Share Transfer Agents of the Company for claiming the same as early as possible but not later than 30th April, 2012 for interim dividend and 30th September, 2012 for final dividend.  
The Company has already sent reminders to all such members at their registered addresses in this regard.

## **EXPLANATORY STATEMENT**

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

The following Explanatory Statement sets out all the material facts relating to the Special Business under Item No.7 and Item No. 8 of the accompanying Notice dated 9th February, 2012.

### **In respect of Item No.7**

The Board of Directors has appointed Mr. Bernard Fontana as Additional Director w.e.f. 10th February, 2012 as nominee of Holcim.

Mr. Bernard Fontana, aged 51 years is a French national. He holds a degree in Engineering from the Ecole Polytechnique and the Ecole Nationale Supérieure des Techniques Avancées in Paris. He began his career with Groupe SNPE in France where he held various positions including the head of its US operations. From 2001 to 2004 he was the member of the Executive Committee. In the year 2004 he joined Arcelor Mittal where he was given the responsibility for HR, IT and Business Development at Flat Carbon. From 2006 to 2007 he was a member of the Management Committee of Arcelor Mittal with responsibility for the Automotive Worldwide Business Unit. Since 2010 Mr. Fontana has been the CEO of Aperam, a Luxembourg-domiciled listed corporate group that was spun off from Arcelor Mittal. He has been appointed as CEO of Holcim Ltd. w.e.f. 1st February, 2012 upon retirement of Mr. Markus Akermann.

The other particulars of Mr. Bernard Fontana are given in the annexure to the Notice.

Pursuant to Section 260 of the Companies Act, 1956 read with Article 130 of the Articles of Association of the company, Mr. Bernard Fontana holds office as Additional Director only up to the date of the forthcoming Annual General Meeting.

The Company has received a notice pursuant to Section 257 of the Companies Act, 1956 from one of the members signifying his intention to propose the appointment of Mr. Bernard Fontana as a Director.

The Board of Directors recommend passing of the Resolution at item no.7.

Mr. Bernard Fontana is concerned or interested in the Resolution at item no. 7 of the Notice. None of the other Directors is, in any way, concerned or interested in the Resolution.

Notice received under Section 257 of the Companies act, 1956 is available for inspection by the members at the Registered Office of the Company during the business hours on any working day up to the date of the Annual General Meeting.

### **In respect of Item No. 8**

The Board at its meeting held on 15th December, 2011 noted the termination of the Shareholders Agreement dated 30th January, 2006 (as amended vide letter agreement dated 22nd August, 2007 and 28th March, 2008) and approved the termination of the Deed of Adherence dated 14th November, 2006 between Holderind Investments Ltd., Radha Madhav Investments Ltd. (RMIL), RKBK Fiscal Services Private Ltd (RKBK), Mr. Narotam Sekhsaria and the Company.

Pursuant to the termination of the said Shareholders Agreement and the Deed of Adherence, Mr. Suresh Neotia, Mr. N.S. Sekhsaria, RMIL and RKBK ceased to be the promoters of the Company.

RMIL, RKBK and Holderind Investments Ltd. entered into a Share Purchase Agreement and also executed a Deed of Termination, both dated 15th December, 2011.

To give effect to the said Share Purchase Agreement and Deed of Termination it was decided to amend the Articles of Association. Apart from this, it was also decided to delete / amend suitably some of the existing Articles which have become redundant over a period of time and to introduce new Article for servicing of documents through electronic mode.

The Articles of Association incorporating the proposed amendment is available for inspection by the members at the Registered Office of the Company, during the business hours on any working day, upto the date of the Annual General Meeting.

Mr.N.S.Sekhsaria, Mr.Markus Akermann, Mr.Paul Hugentobler & Mr.Bernard Fontana are concerned and interested in the resolution at item no. 8 of the Notice.

None of the other Directors are, in any way, concerned or interested in the Resolution.

By Order of the Board of Directors

**B. L. Taparia**

Place : Mumbai  
Date : 9th February, 2012

Company Secretary &  
Corporate Sustainability Officer

## ANNEXURE TO ITEMS 3 to 5 & 7 OF THE NOTICE

Details of Directors seeking appointment and re-appointment at the forthcoming Annual General Meeting (in pursuance of Clause 49 of the Listing Agreement)

|                                                                                              | (As on 31st December, 2011)                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                          | (As on 9th February, 2012)                   |
|----------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|
| <b>Name of the Director</b>                                                                  | <b>Mr. Nasser Munjee</b>                                                                                                                                                                                                                                                                                                                                                                                     | <b>Mr. Rajendra P Chitale</b>                                                                                                                                                                                                                                                                | <b>Mr. Shailesh Haribhakti</b>                                                                                                                                                                                                                                                                                                                           | <b>Mr. Bernard Fontana</b>                   |
| <b>Date of Birth</b>                                                                         | 18th November, 1952                                                                                                                                                                                                                                                                                                                                                                                          | 10th April, 1961                                                                                                                                                                                                                                                                             | 12th March, 1956                                                                                                                                                                                                                                                                                                                                         | 11th March, 1961                             |
| <b>Nationality</b>                                                                           | Indian                                                                                                                                                                                                                                                                                                                                                                                                       | Indian                                                                                                                                                                                                                                                                                       | Indian                                                                                                                                                                                                                                                                                                                                                   | French                                       |
| <b>Date of appointment on the Board</b>                                                      | 16th August, 2001                                                                                                                                                                                                                                                                                                                                                                                            | 4th July, 2002                                                                                                                                                                                                                                                                               | 3rd May, 2006                                                                                                                                                                                                                                                                                                                                            | 10th February, 2012                          |
| <b>Qualifications</b>                                                                        | M.Sc.(Economics)                                                                                                                                                                                                                                                                                                                                                                                             | B.Com, LL.B, F.C.A                                                                                                                                                                                                                                                                           | B.Com, F.C.A                                                                                                                                                                                                                                                                                                                                             | Degree in Engineering                        |
| <b>Expertise in functional area</b>                                                          | Banking and Finance, Infrastructure Development.                                                                                                                                                                                                                                                                                                                                                             | Rich Experience in the Field of Audit, Taxation and Finance.                                                                                                                                                                                                                                 | Rich Experience in the Field of Audit, Finance and Corporate Sustainability.                                                                                                                                                                                                                                                                             | Expertise in Business Development , IT & HR. |
| <b>Number of shares held in the Company</b>                                                  | Nil                                                                                                                                                                                                                                                                                                                                                                                                          | Nil                                                                                                                                                                                                                                                                                          | Nil                                                                                                                                                                                                                                                                                                                                                      | Nil                                          |
| <b>List of directorships held in other companies</b>                                         | Asea Brown Boveri Ltd.<br>Bharti AXA Life Insurance Co. Ltd.<br>Britannia Industries Ltd.<br>Cummins India Ltd.<br>Development Credit Bank Ltd.<br>Housing and Urban Development Corporation Ltd.<br>Housing Development Finance Corporation Ltd.<br>Reid & Taylor (India) Ltd.<br>Shipping Corporation of India Ltd.<br>Tata Chemicals Ltd.<br>Tata Motors Ltd.<br>Unichem Laboratories Ltd.<br>Voltas Ltd. | Hinduja Global Solutions Ltd.<br>Hinduja Ventures Ltd.<br>IndusInd Media & Communications Ltd.<br>National Securities Clearing Corporation Ltd.<br>Reliance Capital Ltd.<br>Reliance Equity Advisors (India) Ltd.<br>Reliance General Insurance Co. Ltd.<br>Reliance Life Insurance Co. Ltd. | ACC Ltd.<br>Blue Star Ltd.<br>Everest Kanto Cylinder Ltd.<br>Future Capital Holdings Ltd.<br>Future Value Retail Ltd<br>Hexaware Technologies Ltd.<br>J K Paper Ltd.<br>L & T Finance Holdings Ltd.<br>Mahindra Lifespace Developers Ltd.<br>Pantaloon Retail (India) Ltd.<br>Raymond Ltd.<br>The Dhanalakshmi Bank Ltd.<br>Torrent Pharmaceuticals Ltd. | —                                            |
| <b>Chairman/Member of the Committees of the Boards of companies in which he is Director.</b> | <b>Chairman</b><br><i>Audit Committee</i> –<br>Asea Brown Boveri Ltd.<br>Cummins India Ltd<br>Tata Chemicals Ltd.<br>Tata Motors Ltd.<br><br><b>Member</b><br><i>Audit Committee</i> –<br>Bharti AXA Life Insurance Co. Ltd.<br>Britannia Industries Ltd.<br>Housing and Urban Development Corporation Ltd.<br>Unichem Laboratories Ltd.<br>Voltas Ltd.                                                      | <b>Chairman</b><br><i>Shareholders Investors Grievance Committee</i> –<br>Reliance Capital Ltd.<br><br><b>Member</b><br><i>Audit Committee</i> –<br>National Securities Clearing Corporation Ltd.<br>Hinduja Ventures Ltd.<br>Hinduja Global Solutions Ltd.<br>Reliance Capital Ltd.         | <b>Chairman</b><br><i>Audit Committee</i> –<br>L&T Finance Holdings Ltd.<br>Hexaware Technologies Ltd.<br>ACC Ltd.<br>Raymond Ltd.<br><br><b>Member</b><br><i>Audit Committee</i> –<br>Blue Star Ltd.<br>The Dhanalakshmi Bank Ltd.<br>Mahindra Life Space Developers<br>Pantaloon Retail (India) Ltd.<br>Torrent Pharmaceuticals Ltd.                   | —                                            |

Directorships / Committee memberships exclude Directorships in private / foreign companies and companies incorporated under Section 25 of the Companies Act, 1956.

# AMBUJA CEMENTS LIMITED

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

## TWENTY-NINTH ANNUAL GENERAL MEETING ATTENDANCE SLIP

Name of the Shareholder ..... Folio No./ Client ID No. ....

No. of Shares .....  
(To be filled in by the Member)

I hereby record my presence at the TWENTY-NINTH ANNUAL GENERAL MEETING of the Company being held at the Registered Office of the Company on Tuesday, 27th March, 2012 at 10.00 a.m.

.....  
Member's Signature

### Notes:

1. A Member/Proxy attending the meeting must complete the Attendance Slip and hand it over at the entrance.
2. Member intending to appoint a Proxy, should complete the Proxy Form given below and deposit it at the Company's Registered Office not later than 48 hours before the commencement of the Meeting.

.....  
Proxy's Signature

-----TEAR HERE-----

# AMBUJA CEMENTS LIMITED

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

## TWENTY-NINTH ANNUAL GENERAL MEETING PROXY FORM

Folio No./ Client ID No. ....

No. of Shares .....  
(To be filled in by the Member)

I/We..... being a Member/Members of

AMBUJA CEMENTS LIMITED, hereby appoint ..... of .....

in the district of ..... or failing him .....

of ..... in the district of ..... as my/our Proxy to  
vote for me/us on my/our behalf at the TWENTY-NINTH ANNUAL GENERAL MEETING of the Company to be held on Tuesday, 27th  
March, 2012 at 10.00 a.m. and at any adjournment thereof.

Signed this ..... day of ..... 2012

Affix Re. 1  
Revenue  
Stamp

Signature.....

**N.B.:** The proxy should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Meeting.

TEAR HERE





# Ambuja Cement

**Head office:** Elegant Business Park, Behind Kotak Mahindra Bank,  
MIDC Cross Road 'B', Off Andheri-Kurla Road, Andheri (E), Mumbai 400 059.  
Tel.: (022) 6616 7000/4066 7000

**Website:** [www.ambujacement.com](http://www.ambujacement.com)