



Benchmarking with the best

### **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



I CAN.

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

The I CAN philosophy has served to galvanise the team over the years. It will continue to be a charter for individual initiative and companywide endeavour.

**Ambuja  
Cement**

Annual Report 2010

# CONTENTS

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Chairman’s Letter	4
I Can - Some Highlights	6
Five Year Performance	14
Directors’ Report and Management Discussions & Analysis	15
Annexures to Directors Report:	
Conservation of Energy & Technology Absorption	27
Corporate Governance Report	30
Auditors’ Report	49
Financial Statements	52
Balance Sheet Abstract	86
Consolidated Accounts with Auditors Report	87
Information with regard to Subsidiary Companies	114
Accounts of Subsidiary Companies:	
i. M.G.T. Cements Private Limited	115
ii. Chemical Limes Mundwa Private Limited	123
iii. Kakinada Cements Limited	131

### CHAIRMAN EMERITUS

Mr. Suresh Neotia

### BOARD OF DIRECTORS

Mr. N. S. Sekhsaria, Chairman

Mr. Paul Hugentobler, Vice Chairman

Mr. Markus Akermann

Mr. M. L. Bhakta

Mr. Nasser Munjee

Mr. Rajendra P. Chitale

Mr. Shailesh Haribhakti

Dr. Omkar Goswami

Mr. Naresh Chandra

Mr. Onne van der Weijde, Managing Director

### CHIEF FINANCIAL OFFICER

Mr. David Atkinson

### BUSINESS HEADS

Mr. J.C. Toshniwal (North)

Mr. Ajay Kapur (West & South)

Mr. S.N. Toshniwal (East)

### COMPANY SECRETARY & HEAD - CORPORATE SERVICES

Mr. B. L. Taparia

### CORPORATE OFFICE

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

### AUDITORS

M/s. S.R. Batliboi & Associates

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

### REGISTERED OFFICE

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

## CHAIRMAN'S LETTER

Dear Shareholders,

2010 was a year of opportunities as well as challenges for the cement industry.

The economy grew at 7.4% during the 2009-10 financial year, as against 6.7% in the previous year, further accelerating to 8.5% by December 2010. The manufacturing sector registered a robust growth of 10% during the 2010 calendar year. The monsoon was extremely good throughout the country. While the extended rains decreased cement demand temporarily, they will drive rural growth and demand for cement in the coming year. Household income increased significantly resulting in higher consumption, as well as higher investments in capital markets.

There are some challenges ahead. Inflation has been a cause of serious concern. The RBI has increased the interest rates on several occasions to bring inflation under control. Oil and coal prices rose sharply and the trend does not seem to be reversing.

It is heartening to share that the country is getting global recognition as an emerging economic power and a preferred investment destination for global players. Large Indian corporates have made sizeable overseas acquisitions, including in developed countries. Further endorsement of this recognition comes from visits of the world's leaders to India, within a short span of time. Significantly, the common agenda of all these leaders was closer trade and business ties. This makes me believe that there are robust reasons for the spurt of growth in the economy, as well as enormous opportunities ahead.

Corporate sustainability has become an important global agenda. Recognising that climate change and exploitation of nature poses a global threat to economic growth, the company has revisited its sustainability initiatives. The management team has renewed their focus on conserving natural resources like water, energy and alternate fuel, while safeguarding the health and safety of people and caring for communities.

In order to accelerate the pace of sustainable operations in a systematic manner, the company has engaged Harvard Business School to do a case study.

As far as the cement industry is concerned, demand during 2010 grew by 6%. The main reason for this comparatively lower growth was the slowing down of infrastructure development, extended monsoon and unseasonal weather conditions in several regions. These factors, coupled with significant capacity addition over the past 2 years, put pressure on our cement prices, particularly during second half of the year. In addition input costs went up across the board.

The company posted a net profit of Rs. 1 264 crores, as against Rs. 1 218 crores in the previous year. This increase may look marginal per-se, but in light of the challenges faced in 2010 the performance of the company was commendable.

Increased cement capacities, the pressure of inflation, higher interest rates, and repeated increases in oil and coal prices will further affect the margins of the cement industry in the coming year.

The current year is a momentous one for the company as we celebrate our 25th anniversary. I am confident that our people will make this a landmark year full of new records and achievements, and will once again demonstrate the spirit of 'I CAN'.

Finally, I would like to thank the management team and each one of you for your faith and confidence, which has helped to build Ambuja Cement into one of the most successful and admired cement companies in the country.

With best regards,



N.S. Sekhsaria

February 3, 2011







Only one thing could beat  
that **unrelenting deadline.**



## A never-say-die spirit

At Nalagarh, the deadline loomed large. The plant had to be commissioned before **March 31, 2010.** At stake was the Ambuja reputation for meeting impossible deadlines.

Land was acquired for construction to commence in January 2009. But problem followed insurmountable problem. Property dealers staked a claim to the land, despite our having a clear title. We had to fight a legal battle before work could start. Meanwhile the clock kept ticking.

In July 2009 we realised that the Government would not meet its commitment to supply power. So we swung into action. A spare 10 MW DG lying at Ambujanagar was disassembled and shipped in parts to Nalagarh, traversing 1850 km across four States.

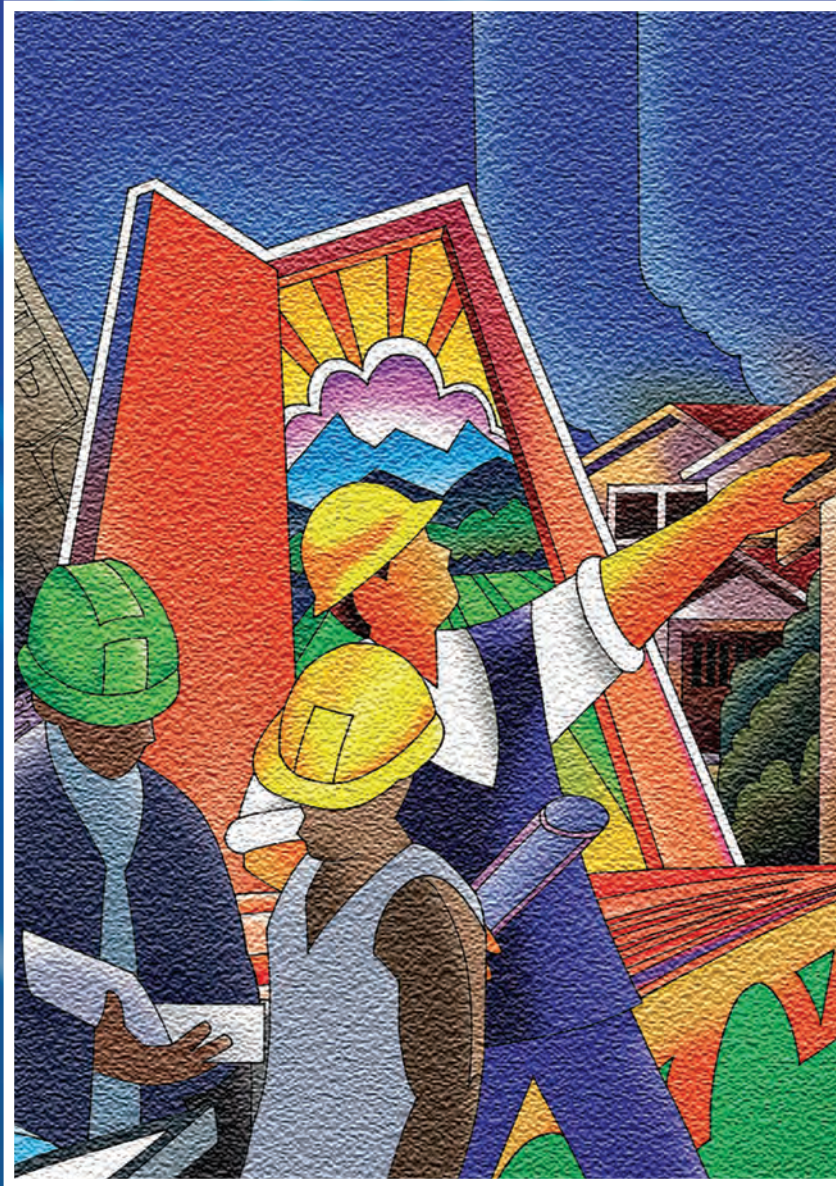
January 2010. It looked as if we would make it, but just then the greatest misfortune occurred: a fatality. It was our darkest hour. Our Managing Directors (current and incumbent) and Business Head arrived. They took stock of the situation and gave emotionally-charged speeches. On that cold, foggy December morning there was a sudden burst of sunshine.

Two months of astounding work and dedication followed. Boundaries between individual units were broken. Help poured in from all quarters. The management rolled up its sleeves and put in 20-hour days alongside the workers.

The DG was commissioned on March 22, 2010. The mill started moving on March 23rd. The first nodule of clinker was ground into cement on March 26th. The Chief Minister of HP flagged off the first five cement-loaded trucks on March 27th. There were four days to spare. We had met that impossible deadline. That too, within budget.

It reminded us of what Jesse Owens said: “At the end you are exhausted, in body, in mind, in spirit. Only one thing keeps you going. A dream, a vision you once had.”

And, we might add, the voice that kept repeating. “I CAN. Yes, I CAN.”



How to **turn dreams**  
into concrete reality?



## **Use technology** for human needs

Shelter is a basic human need. But it is most difficult to meet. Specially in semi-urban and rural areas where home owners have to encounter exploitation, lack of skilled workmanship and have to compromise on quality even after paying exorbitant costs.

Believing passionately in every individual's right to a home of his own, we embarked on a model housing construction experiment. Contractors and masons were given the right training. Management and technical support was provided round-the-clock. Rajesh Parikh, who was planning to construct a house at Bassi, was chosen as the first client for whom pre-cast cement technology would be used.

Architectural drawings were made. Experts were brought in. The best material was used. No compromise at any stage.

Since the area is vulnerable to earthquakes, this factor was built into the design. The final blueprint of Rajesh Parikh's dream home was ready and work started on April 24th 2010. Our channel partner Omprakash Kadelwal overcame problems along the way and became an on-the-spot solutions provider. Within 90 days the house was ready. Rajesh Parikh was handed over the keys to his home, which was beyond his wildest dreams.

More and more customers are opting for pre-cast cement housing and this trendsetting project is being extended to other States.

The I CAN spirit has now created a new vision for home ownership with technology that makes the impossible possible.





## They laughed

when they saw him cultivating rice  
without standing in knee-deep water.



Now he's a **change agent** they respect

Behind the plate of steaming white rice which Dhiren Soren serves his friends, is a story of sheer grit and determination.

A naturally curious farmer from the village of Pasupara in West Bengal, Dhiren attended a seminar on System of Rice Intensification (SRI) which ACF Farakka was conducting.

SRI is a method of rice cultivation that allows farmers to cut input costs, increase yields and at the same time reduce the amount of water required for irrigation.

Dhiren was intrigued and excited.

He was convinced the new method would work wonders.

Dhiren owned 8 bighas (3 bighas=1 acre) of land but was only able to cultivate about half his land. The yield was so low, he found it hard to feed his family through the year.

But now ACF was offering him a new way.

Dhiren wasn't educated but he instinctively felt that SRI would change his fortunes.

So, throwing caution to the wind, he followed ACF's advice. And began cultivating rice the new way.

"So, Dhiren, you are growing rice without standing in water?"

the other farmers laughed.

But when they saw the crop, they were astounded.

The new method gave Dhiren 1.8 times higher yields from his land.

And the rice was fluffy and tasty.

Now, Dhiren Soren is a respected change agent.

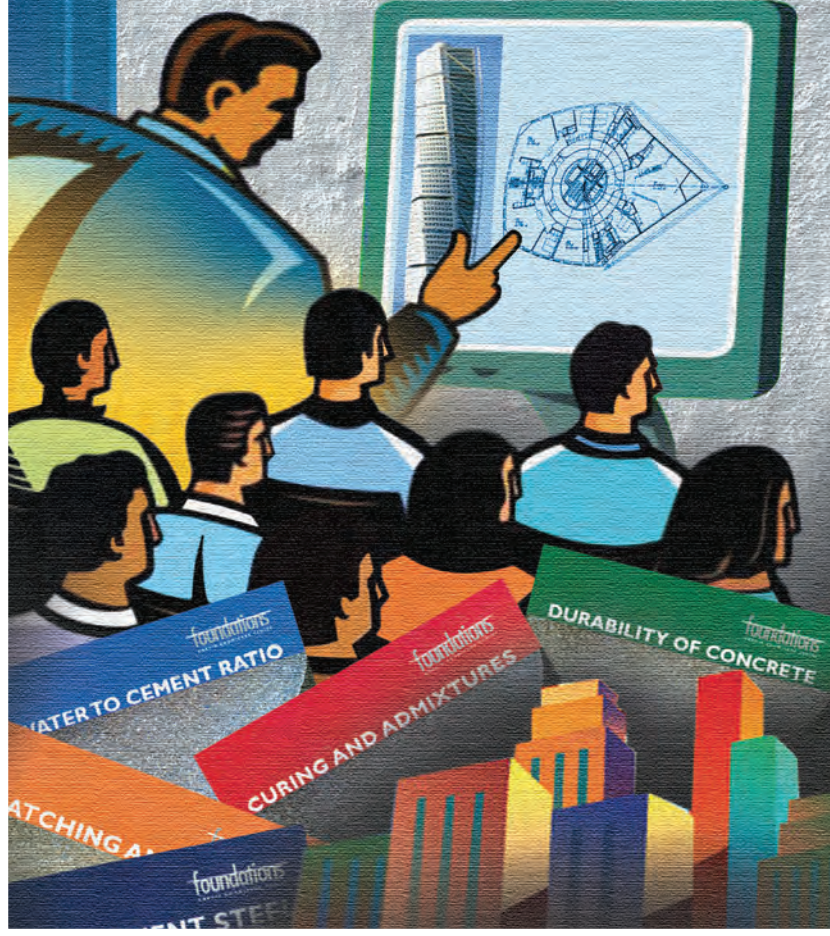
He visits other villages along with the ACF team.

Like a true ambassador of the I CAN philosophy, he is helping create a new 'white revolution'.



# foundations

AMBUJA KNOWLEDGE CENTRE





If you say concrete is just a mixture of **cement, aggregate and chemicals**, you may be right.



But you are leaving out an **important ingredient: Knowledge**

There's one important ingredient that isn't listed among the components of a concrete mix. That ingredient is Knowledge.

Knowledge about the material's versatility and immense potential.

Knowledge that comes from innovative global experiments and continuous learning.

Which is why we have created Foundations – the Ambuja Knowledge Initiative which showcases the wonderful world of cement and concrete.

Foundations creates a resource basin that professionals in the trade can draw on for comprehensive knowledge. And, more importantly, inspiration.

The Ambuja Knowledge Centre highlights fascinating facets of concrete through a series of joint endeavours. These include:

- Events and advanced workshops on concrete mix design
- A high profile lecture series to which thought leaders are invited
- Publications like the coffee table 'World Endeavour Series', a landmark publication which captures sensational and contemporary concrete structures from all over the world
- Technical literature and DIY (Do it Yourself) Knowledge Kits
- The grassroots 'Neev Abhiyan' which offers skills training to thousands of masons and contractors around the country.

Add knowledge to the I CAN spirit and you can work wonders with this 'versatile liquid stone'.

In one word: Concrete

## FIVE YEAR PERFORMANCE

Rs. in crores

	<b>2006</b> <b>(18 Months)</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Sales	6268	5705	6235	7077	<b>7390</b>
Operating Profit	2247	2239	1954	2122	<b>2071</b>
Cash Profit	2168	2163	1922	2100	<b>2049</b>
Profit before Tax	1842*	2712*	1970*	1803	<b>1662*</b>
Profit after Tax	1503	1769	1402	1218	<b>1264</b>
Gross Block	5177	5928	7654	8939	<b>9709</b>
Net Worth	3484	4655	5669	6468	<b>7330</b>
Debt	865	330	289	166	<b>65.03</b>
Cash EPS (Rs)	14.29	14.26	12.62	13.78	<b>13.39</b>
EPS, Basic (Rs)	10.12	11.64	9.21	8.00	<b>8.28</b>
Dividend (%)	165	175	110	120	<b>130</b>
Capacity - Million Tons	16.30	18.50	22	22	<b>25</b>
Production - Million Tons	22.63	16.86	17.75	18.83	<b>20.1</b>

### Note:

- \* Includes exceptional items of :  
 Rs 26.53 crore for the year 2010  
 Rs 308.33 crore for the year 2008  
 Rs 785.89 crore for the year 2007  
 Rs 47.52 crore for the period 2006 (18 months)

# DIRECTORS' REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS

Dear Members,

We are pleased to present the Annual Report of the Company for the year 2010.

## 1. THE PATH TO SUSTAINABLE GROWTH

### *Indian economy capitalises on inherent strengths*

Expectations of a rapid economic recovery in 2010-11 were by and large fulfilled, as the inherent strengths of the Indian economy, together with positive stimulatory measures introduced by the government, resulted in GDP growth of 7.4% for 2009-10 (6.7% in 2008-09). Growth has further accelerated in 2010-11, reaching 8.9% in the first half. Industrial growth has however slowed to some extent in the second half, and GDP growth for the full year is expected to be in the range of 8.5% to 8.8%.

Despite the gradual withdrawal of stimulus measures which were introduced in 2008, private consumption and investment, two important domestic demand drivers, recovered strongly in the first half of 2010-11 as the confidence of consumers and investors was restored. Private consumption returned to the pre-crisis growth rate of around 9%, as household disposable incomes significantly increased. This also helped to boost investment, in particular private corporate investment, which increased by nearly 15% year on year.

The slowdown in the second half was mainly a result of the gradually tightening monetary policy, in response to growing inflationary pressures. Food price inflation in particular has remained stubbornly high, keeping the overall WPI in double digits in the early part of the year. The series of interest rate increases implemented during 2010 was intended to bring inflation under control, and the rate is expected to be in the range of 6% to 6.5% by March 2011, but inflation remains one of the biggest challenges for the government on the economic front.

In its 2010-11 budget, the government laid strong emphasis on fiscal consolidation, and targeted a reduction in the budget deficit, to 5.5% of GDP. This looks likely to be achieved, through a combination of increased tax revenues resulting from faster growth, sales of stakes in State owned firms and 3G telcom licences, and gradual withdrawal of fiscal stimulus measures. However, progress has been slower than hoped for in key areas of infrastructure development as well as much needed tax reforms.

The fragile state of recovery in mature economies resulted in a surge in capital flows to emerging markets, particularly India, in search of better returns. Inflows from FIs increased to nearly USD 30 billion during the year, causing concern that this could lead to currency appreciation and loss of export competitiveness.

Overall the economy finished 2010 on a solid footing, still one of the fastest growing economies globally, and well positioned to attain a sustainable high growth trajectory.

### *Mixed fortunes for the cement industry*

The first and second halves of calendar year 2010 told two very different stories for the industry. The construction sector

remained buoyant in the early part of the year, supported by the government's fiscal stimulus measures and easy monetary policy. This resulted in cement demand growth of almost 10% in the first quarter. However, in subsequent quarters, as interest rates began to rise and stimulus programmes were partially rolled back, demand growth slowed and finished at just over 7% for the first half.

The early onset of monsoon compared to 2009 had a further negative impact on cement demand growth in the third quarter, as severe flooding in some regions caused major disruption to construction activities. The anticipated pick up in demand following the major festival season in November & December was then slow to materialise, partly as a result of further un-seasonal weather conditions in several regions. Finally the overall demand growth for 2010 was 6%, as industry despatches increased from 192.5 million tonnes to 204.0 million tonnes.

Export markets remained in the doldrums, as a result of the slow global recovery, and particularly the slump in construction in the Gulf region. This created added pressure in the western region of India, as greater quantities of cement and clinker were diverted to the domestic market.

On the supply side, there have been significant cement capacity additions, totalling approximately 60 million tonnes during the past two years, taking total industry capacity to around 300 million tonnes at the end of 2010. As a result of various delays in commissioning and ramp up of plants, in addition to the strong demand growth, this did not lead to a major imbalance until the second half of 2010. But during the latter period, average industry capacity utilisation fell as low as 70%, and even lower in the southern region, which saw the highest capacity additions.

The combination of slower demand growth and increased supply put pressure on cement pricing and margins, and realisations declined sharply during the third quarter, particularly in the South. Prices stabilised to some extent in the fourth quarter, however, for the full year average prices were slightly lower than in 2009.

In what has become a challenging market environment, the Company capitalised on having new capacity available, and on its strong premium brand and distribution network, in order to improve its market position at end of 2010 in relation to other major players.

## 2. KEY FIGURES 2010

- Clinker production increased 23.4%, to 14.1 million tonnes. Cement production and sales volumes increased by 6.9% and 8.2% respectively, to reach 20.1 million tonnes and 20.3 million tonnes.
- Average sales realisation declined by 4%, to approximately Rs. 3,600 per tonne. Net sales were 4.4% higher, at Rs. 7,390 crore.
- EBITDA was 1.1% lower, at Rs. 1,951 crore.
- Consolidated net profit excluding exceptional items was 4% higher, at Rs. 1,263 crore.

- Two new clinkerization plants at Bhatapara and Rauri, which were commissioned in December, 2009 and January, 2010 have stabilised fully. Two new cement grinding facilities, at Nalagarh in HP and Dadri in UP were commissioned during the first quarter of 2010, increasing the Company's cement capacity to 25 million tonnes.

### 3. FINANCIAL RESULTS 2010

As a result of volatile market conditions in the second half, the company's operating results were lower than the previous year.

## FINANCIAL RESULTS

(Rs. In Crores)

	Stand Alone		Consolidated	
	Current Year 31.12.2010	Previous Year 31.12.2009	Current Year 31.12.2010	Previous Year 31.12.2009
Sales(net of excise duty)	7390.21	7076.87	7390.21	7076.87
Profit before interest and Depreciation	2071.22	2122.72	2070.60	2121.48
Less: Interest	48.69	22.43	48.69	22.43
Gross profit	2022.53	2100.29	2021.91	2099.05
Less: Depreciation	387.19	296.99	387.21	297.28
Profit before Tax and Exceptional Items	1635.34	1803.30	1634.70	1801.77
Exceptional Items	26.53	-	26.53	-
Profit before Tax	1661.87	1803.30	1661.23	1801.77
Provision for Tax	398.26	584.93	398.26	584.93
Profit after Tax	1263.61	1218.37	1262.97	1216.84
Add: Balance brought forward from previous year	349.23	358.58	664.96	675.84
Profit available for appropriation	1612.84	1576.95	1927.93	1892.68
Appropriations:				
Debenture Redemption Reserve(Net)	25.00	-	25.00	-
General Reserve	850.00	800.00	850.00	800.00
Dividend on Equity Shares (including interim)	397.22	365.59	397.22	365.59
Corporate Dividend Tax	65.27	62.13	65.27	62.13
	1287.49	1227.72	1287.49	1227.72
Balance carried forward	325.35	349.23	640.44	664.96
	1612.84	1576.95	1927.93	1892.68

### 4. DIVIDEND

The company has paid an interim dividend of 60% (Rs.1.20 per share) during the year. The directors are pleased to recommend a final dividend of 70% (Rs.1.40 per share). Thus the aggregate dividend for the year 2010 works out to 130% (Rs.2.60 per share), and the total payout will be Rs. 462 crore, including dividend distribution tax of Rs. 65 crore. This represents a payout ratio of 37%.

### 5. MARKET DEVELOPMENTS

India witnessed cement demand growth of 6% in 2010, the slowest growth since 2004. In comparison, the Company's domestic cement sales grew 8.3%, to 19.5 million tonnes as against 18.0 million tonnes in 2009. Total sales including exports increased 6.4%, to 20.0 million tonnes compared to 18.8 million tonnes in 2009.

The Company maintained its strong position of approximately 16.5% market share in its primary markets, and around 10% on an all-India basis. The year saw significant industry capacity additions, totalling approximately 30 million tonnes, following 60 million tonnes already added during the previous two years. The impact of this surplus capacity, together with tepid

demand in the second half of 2010, exerted considerable pressure on cement prices.

The Company has built a large network of over 7,500 dealers and 20,000 retailers across 18 states in India. Its reach and penetration helps the Company to manage the last mile delivery across our relevant markets, and gives us a strong 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 Ambuja to withstand severe competition for more than two decades. With the added support of Holcim's rich experience of operating in 70 countries, Ambuja has now added sophisticated IT tools and global channel management tools to its traditional Indian model. This has enhanced our capability to face the stiff competition resulting from a scenario of substantial oversupply.

Holcim's global experience has also helped Ambuja in fine tuning its product quality management, by introducing best practices from other countries. It has helped in

enhancing the overall marketing mix, clearly targeted at the retail market in rural and semi-urban sectors, and the large buyers in the metros and mega cities.

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 now Cochin.

### All India

Demand analysis for all India is given below:

Fig.in mil. tonnes

	2009	2010	Growth %
All-India Demand			
Domestic	192.5	204.0	6.0
Export	2.7	2.1	-21.0
Total – India	195.2	206.1	5.6

Domestic cement demand grew at 9.3% CAGR in the last 5 years. In 2010, the domestic demand growth was 6%. However, exports reduced by 21% as international demand as well as prices continued to remain at low levels.

### Northern Region

Demand analysis for the North Region is given below:

Fig.in mil. tonnes

	2009	2010	Growth %
North *			
Aggregate Demand	38.0	38.7	1.8
Ambuja's Volume	6.6	6.8	3.0
Ambuja's Share (%)	17.5	17.6	

\* (excluding Uttar Pradesh)

Cement market growth in North is showing 8.5% CAGR over the last 5 years. The demand in 2010 grew by 1.8%, primarily due to reduction in the NCR region as a result of completion of Commonwealth Games construction activity. Ambuja continues to hold substantial market share in Punjab, Himachal Pradesh and Jammu & Kashmir. Meanwhile we have further increased sales in Uttaranchal and Delhi. Regional market share was marginally improved.

### Eastern Region

Demand analysis for the East Region is given below:

Fig.in mil. tonnes

	2009	2010	Growth %
East *			
Aggregate Demand	32.2	36.4	13.0
Ambuja's Volume	3.2	3.7	15.6
Ambuja's Share (%)	9.9	10.2	

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

Cement demand has grown at 10.1% CAGR over the last 5 years. The industry has grown by 13% in 2010 on YoY basis. Ambuja performed well, recording 15.6% increase in dispatches, and thereby increasing regional market share. The Farakka grinding plant performed at full capacity. We could also further expand our footprints in Jharkhand, Orissa and Bihar. Additionally, clinker sales of 0.28 million tonnes were realised, as a result of the fast ramp-up of production from the newly commissioned kiln at Bhatapara.

### West / South Region

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

Fig.in mil. tonnes

	2009	2010	Growth %
West			
Aggregate Demand	36.2	39.9	9.9
Ambuja's Volume	7.0	7.5	7.1
Ambuja's Share (%)	19.4	18.8	

Cement demand has grown at 9.7% CAGR over the last 5 years, and 9.9% in 2010 compared to last year. There was a further drop in exports of cement and clinker from the region. Despite the diversion of export volumes into the domestic market, our regional market share declined slightly.

## 6. PRODUCTION & COST DEVELOPMENTS

### Production Volumes

Clinker production was 23.4% higher than in 2009, following the commissioning of the two new kiln lines. It was still necessary to purchase around 0.36 million tonnes of clinker, mainly in the first quarter, but this was substantially lower than the 1.7 million tonnes purchased in 2009.

Total cement production increased by 6.9% compared to 2009, from 18.8 to 20.1 million tonnes. Plant utilisation levels on average remained above 80% during the year with the exception of the new plants which were in the ramp-up phase. The Company continued to focus on production of fly ash based PPC, and maintained an average blending ratio of approximately 1.43.

### Major Costs

Total raw material costs were reduced significantly (Rs. 368 crore) compared to the previous year, as a result of substituting own produced clinker for purchased clinker to a large extent. However, the costs of other raw materials, principally fly ash and gypsum, including transportation costs, showed an increasing trend.

Fuel and power costs also increased in 2010, largely as a result of steadily rising international coal and freight prices. A lower percentage of the Company's total coal requirements could be satisfied through linkages compared to the previous year, therefore it was necessary to procure greater quantities of imported and e-auction coal. Even where linkage coal was available, deterioration in quality has increasingly become an issue, necessitating blending of linkage coal with higher quality imported coal.

Partially compensating for higher fuel prices, de-bottlenecking initiatives at plants began to bear fruit in terms of improved energy consumption, with the average consumption rate reducing from 757 kcal per kg of clinker in 2009, to 750 kcal per kg in 2010. Some further progress was also made in developing the alternative fuels and raw materials (AFR) business, in order to reduce dependence on coal in the future, as well as improve environmental performance.

Captive power generation capacity increased to more than 400 MW, with which around 80% of current



power plant requirements are satisfied. Average power consumption further improved in 2010, from 83.6 kWh to 82.7 kWh per tonne of cement produced, as a result of continuous improvement in grinding process efficiency.

Freight forwarding costs increased by 12% in absolute terms, and freight on cement despatches increased by 5% on per tonne basis. Partial liberalisation of fuel prices during 2010 led to increases in diesel costs, and average lead distance increased as sales were expanded into new markets. In addition there was a further shift away from exports, sold on FOB basis, to domestic sales. The cost of packing materials also went up during 2010, as PP granule prices increased in line with global oil prices.

## 7. EXPANSION PROJECTS

During the first quarter of 2010, commercial production commenced at two new 2.2 million tonne clinker production lines, at Bhatapara (Chhattisgarh) and Rauri (HP), as well as two new 1.5 million tonne cement grinding facilities, at Dadri (UP) and Nalagarh (HP). In addition, a 33 MW captive power unit was commissioned at Bhatapara. Following completion of these projects, which cost approximately Rs. 2,700 crores, the Company can further strengthen its competitive position in the northern and eastern markets.

In the western region, an additional 30 MW captive power unit was commissioned during the year at Ambujanagar (Gujarat). This brings total Company captive power capacity to more than 400 MW. Also in Gujarat, a wind power project is currently under implementation, the first investment by the Company into renewable energy sources.

In the area of logistics, one of three new ships for western coastal transportation was delivered in 2010, with the remaining two expected to be brought into service during 2011 bringing the total fleet size to ten. A number of projects to improve efficiency of logistics operations, including rail connectivity at various locations, are also currently in progress.

Further cement grinding capacity additions totalling around 2 million tonnes are under construction, at the Bhatapara (CG) and Maratha (MH) units. These are scheduled for completion in early 2011, and will take the Company's installed cement capacity to approximately 27 million tonnes.

All the expansion projects have been financed entirely with internal accruals.

In October 2010 it was announced that the Company had signed an agreement with the Rajasthan State Industrial Development and Investment Corporation, to set up a 2.2 million tonne clinkerisation unit in Nagaur district. Pre-project planning is at an advanced stage and construction is expected to start around middle of 2011. This project will support the Company objective of maintaining long term market share at around 10 per cent.

## 8. OUTLOOK

### ***Structural reforms still needed***

The economy is poised to enter an era of sustained growth, and it is widely expected that average GDP growth can

be maintained in the range of 8% to 9% in the coming years. Domestic demand as well as both public and private investment will continue to support that growth: an increasing number of young middle class households will have increased capacity for discretionary spending, and the housing sector will be a major beneficiary.

Nevertheless a number of policy challenges remain, which must be tackled in order for the economy to realise its full potential. Government initiatives are needed, to implement structural reforms in infrastructure, agriculture, and education, and attract more private investment into these areas. In the short term, inflation continues to pose a serious threat and it will be a major challenge to tame inflation without harming growth prospects.

### ***Period of adjustment for cement industry***

The longer term outlook for the cement industry remains very positive. On one hand the government has ambitious plans for infrastructure investment, looking to accelerate spending to USD 1 trillion in the next five year plan period. On the other hand, sustained high growth should bring a significant increase in the demand for housing and commercial structures.

While these developments augur well for long term cement demand, in the short term the demand-supply imbalance as a result of the significant recent capacity additions is likely to widen further. Effective supply is expected to increase by approximately 30 million tonnes in the coming year, while demand may increase by around 20 million tonnes. Industry capacity utilisation will consequently remain relatively low for some time, and temporary pricing pressures will continue to surface from time to time, and across almost all regions.

Meanwhile, the upward trend in input costs shows no sign of abatement, and Coal India has a stated objective to bring coal prices in line with international prices, although there is no clear timeframe for this.

Ambuja Cement is well positioned, following the commissioning of its new capacities, and with the strength of its brand and focused distribution channels, to consolidate its position as one of the most competitive and profitable players in the industry.

## 9. RISKS AND AREAS OF CONCERN

### ***Energy Costs***

Notwithstanding initiatives to reduce the dependence on coal, it will remain the most important cost element for the cement industry for some time yet. Availability of linkage coal is therefore an important cost driver, and every effort is being made to maximise the quantity of linkage coal supplied. Measures have also been implemented with a view to improve the quality of coal received. 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 AFR sources, in particular industrial and agricultural waste materials, and we are investing significant amounts to develop this business model. Renewable energy sources for power, such as wind and



hydro, also become increasingly important as well as economically viable, and the Company recently started implementation of 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 the cost efficient – as well as safe – movement of materials between cement plants, customers, and suppliers. There have been several examples in the past year of shortages of rail wagons causing bottlenecks in the supply chain. Recognising the importance of this, the Company is also investing in several projects to improve its own logistics infrastructure, in particular rail connectivity of our plants.

### **Competitive Environment**

The developments in the second half of 2010, following the unexpected slowdown in demand growth, demonstrated how quickly the competitive environment can change, and how volatile the market can become, particularly in a scenario of excess supply. Assuming that demand growth can recover fairly soon, in line with GDP resuming steady growth of 8.5% to 9%, the supply overhang can potentially be absorbed relatively quickly. Infrastructure spending moving to a new higher trajectory would certainly help sustain a double-digit cement demand growth rate.

On the other hand, should there be a period of sustained low demand growth, this could lead to further volatility and pricing pressures, especially in the more fragmented markets such as South region. In addition, a disproportionate quantity of the new capacities in the pipeline is being added by smaller regional and / or new players, which could further increase the possibility of future market instability.

### **Talent Crunch**

The projected rate of growth for the cement industry in coming years will require a constant stream of new skilled workers as well as managerial talent. Skill shortages have been developing for several years, and have become an issue for most sectors of the economy. Structural and policy reforms are needed, in order to improve the quality of education and skill development, and promote vocational training. This will be critical to the successful exploitation of the country's potential demographic advantages.

In order to mitigate the risk of skill shortages and maintain its competitive position, the Company endeavours to attract, develop and retain talented individuals by ensuring a continuous inflow of bright campus graduates; skills-based trainings and structured employee engagement initiatives. Establishing a systematic approach to management and leadership development, in particular through its People Power initiative helps in creation of a pipeline for future leaders and will play an important role in supporting the achievement of the Company's business objectives.

### **Taxation / Administrative burden**

As expected, the reduction in excise duties introduced as part of the 2008 stimulus package was partially rolled back in the 2010 Union budget, and had an impact on cement realisations. Further roll-back of stimulus measures could prove damaging for the industry during what already promises to be a challenging period.

Cement in India continues to be more highly taxed than anywhere else in the world. In addition, the system is very complex and places a heavy administrative and compliance burden on companies. The implementation of GST and the new direct tax code (DTC), hopefully in 2012, should bring much needed simplification making it easier to do business, as well as a reduction in the overall administrative burden on the industry.

## **10. HUMAN RESOURCES**

### **Talent Management a priority**

An extensive job study has helped establish a well defined organisation structure and an appreciation of roles at different levels. This framework forms the basis of a structured talent management system, including people development, career pathing, succession management, and reward management. Since changes in business requirements and technology require changes in business processes, there is an ongoing effort to implement the most effective organisation structure leading to enhanced manpower productivity. Linkage has been drawn from the People Power project to ensure uniformity across all locations.

Succession management for critical roles has its genesis in a structured talent review at different management levels, leading to creation and implementation of individual development plans. Planned interventions for leadership development in general management and leadership competencies serves as an efficient leadership pipeline. Leadership development starts at lower levels of frontline management and extends to senior management levels. Functional expertise development is being planned at individual and team levels through competency mapping and development. Expansion and greenfield projects, expanding markets, and new cross functional initiatives, serve as holistic avenues for individual development. Overseas learning trips and short term overseas assignments have provided exposure to international best practices that have been customised to our operational requirements.

Engagement levels of our employees are recognised by the Company as a leading indicator for Company growth, profitability and efficient operations. Towards this end, an objective mechanism is in place for measuring employee engagement. Organisation Development interventions, designed to enhance employee engagement, are being implemented at several levels, including the plant teams. A structured mechanism monitors action plans and implementation progress.

### **Rolling out People Power**

The successful implementation of the People Power initiative at Ambujanagar has, through improved maintenance practices, resulted in significant

improvement in meantime between failures (MTBF) in kilns, raw mills, and cement mills. Electricity and thermal energy consumption have reduced and equipment availability has improved. In 2010 the People Power project was launched at the Bhatapara and Maratha plants, and during 2011 it will be replicated at the remaining plants.

The roll-out at all locations would result in standardisation of organisation structures across Units, institutionalisation of the Academy concept, and creation of leadership positions at lower levels. This would also provide an opportunity to integrate technical training at plants with the Academy.

The People Power roll-out has specific quantifiable KPIs in terms of attaining sustainable manufacturing excellence; competitive plants, EBITDA gain through efficiency improvement, and enhanced productivity and development of the leadership pipeline.

## 11. SUSTAINABLE DEVELOPMENT

The major thrust in 2010 was to provide renewed impetus on the process of sustainability in our overall business planning and strategy. Faculty members of Harvard Business School (HBS) were engaged for a detailed assessment of our initiatives in this sphere, and have provided certain recommendations to improve our working in this area.

We have simultaneously worked out a strategy and framework to undertake endeavours in a more structured, systematic, integrated and coordinated manner to achieve our goal of corporate sustainability. To achieve this objective, the earlier formed Sustainable Development Steering Committee (SDSC) has been re-constituted as Corporate Sustainability Steering Committee (CSSC) with a clear mandate and programme of implementation. This committee has been entrusted with the assessment of upcoming risks and opportunities in the business, social, and environment, fields. The whole gamut of issues dealing with environment, community development, resource optimisation, Alternative Fuels and Raw materials, energy etc, are part of the mandate for this committee. The decisions will be adopted and implemented by units through Unit Sustainability Steering Committees. The risks and opportunities arising from latest legislation and regulations in environment, labour, etc. are also included. As a leadership commitment we are updating our CSR, climate change, and green procurement policies, and decided to have an over-arching 'Sustainability Policy'.

We have released our third Corporate Sustainable Development Report in October 2010. It is based on the Global Reporting Initiative (GRI) G3 format.

### **Proactive Environment Management**

Moving ahead fulfilling our targets for the year, we have proactively commissioned Continuous Emission Monitoring Systems (CEMS) at 7 out of 9 kiln stacks so far. These systems monitor all vital emissions from our operations online. We have also commissioned Continuous Ambient Air Quality Monitoring Stations at 5 plants, for keeping track of our fugitive emissions.

In 2010, 50 solar street lights were commissioned at Roorkee (UT), a further 22 at Dadri (UP), and 15 at Farakka

(WB), in addition to the previous year's installations at Ambujanagar, Bhatapara and Bhatinda. This is in line with the target of installing solar street lights at all our plants.

Special type of dust suppression system has been installed at Maratha, in the open coal storage area, which will be used for fire fighting, besides dust suppression.

At Rauri (HP) plant, 6 telescopic chutes were installed at the clinker loading point, a technique to reduce dust generated during loading of clinker in trucks. Rubber curtains are also attached with this telescopic chute, for dust minimisation.

Sankrail (WB) is our first unit to be certified for SA 8000, which is based on adherence to international human rights norms and national labour laws, to protect and empower all personnel within a company's scope of control and influence. It also includes the Company's suppliers and sub-contractors.

Zero discharge-based Effluent Treatment Plant has been installed at Ropar plant with a capacity of 517 m3 per day, and its treated water is re-circulated for cooling.

Water treatment unit with a capacity of 9000 litres has been set up at Surat (Gujarat) in order to reduce water consumption. Waste bath water is re-used for the plantation. Rain water harvesting structure with storage capacity of 2600 m3 is provided, and construction for another such structure with capacity of 4500 m3 is in progress at Nalagarh (HP).

### **Management Systems**

Environment Management System (ISO 14001) is established at most of our plants. Currently all 5 integrated plants and 7 out of 8 grinding units are certified to ISO 14001. In a path breaking effort, the Dadri grinding unit has been certified for Integrated Management Systems including ISO 14001, ISO 9001, OHSAS 18001, within its first year of operation.

### **Co-processing: Solutions for waste disposal**

A modern AFR laboratory has been set up at Ambujanagar for determining the physico-chemical characteristics of wastes to be used for co-processing. This is done to gain better control over legal aspects and stipulating the internal technical specifications and benchmarks, environmental monitoring, and heavy metals and organic analysis. Each month 100 to 150 samples from all the locations are analysed.

Extending our steps further, paint sludge, a hazardous waste from the automobile industry, is being co-processed at Rabriyawas (RJ). The wastes added for co-processing in 2010 are: FMCG waste, liquid waste mix, gelatin waste, and mill scales, in addition to TDI tar, shredded tyres, glycerin foot, groundnut husk, cotton stalk, FO sludge etc, which were earlier being processed.

### **Voluntary Reporting**

Ambuja Cement is proud to be amongst the top 10 companies qualifying for first Carbon Disclosure Leadership Index, India (CDLI), 2010. This leadership index has been prepared by the Carbon Disclosure Project (CDP) of WWF and CII, India. Ambuja is one of the few companies in India reporting GHG emissions through

CDP, which today holds the largest database of primary corporate climate change information in the world.

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

Ambuja Cement has consistently demonstrated its commitment to have positive and meaningful relations with communities around the Company's plants. They are a large and significant stakeholder group, and our excellent relations with them is one of our strengths. This approach is integrated in our core values and business ethics.

Ambuja Cement Foundation (ACF), the CSR arm of the Company, works with community stakeholders, balancing their expectations and concerns with our business needs.

Our strong relations with the community are built and strengthened on the basis of mutual respect and trust. Initiatives in natural resource management, agro and skill-based livelihood, health and education, begin with careful assessment of their impact on society, company and the environment, and involve stakeholder participation. This year too, the Foundation also strengthened and forged new partnerships with local community-based organisations, the government, and other NGOs at the local, state, national and international level.

#### **Innovations in Natural Resource Management**

Salinity ingress, or the seepage of saline sea water into land-based water resources, is a major issue along the coastline of Gujarat. ACF has been working in partnership on several projects with the Government of Gujarat (GoG) and donor agencies, like Sir Ratan Tata Trust (SRTT), on this theme.

A two-day conference on Coastal Salinity Ingress Mitigation and Prevention: Experiences and Challenges was conducted in Diu to look at various alternatives towards salinity ingress prevention. The conference aimed at synergising efforts of various stakeholders, including corporate agencies working in the coastal regions. More than 120 delegates representing universities, scientific institutions, the government, corporates, NGOs, and local communities, participated. The conference helped pool information and resources about the various methods of salinity ingress prevention undertaken by different groups. The Company's innovative water resource management programmes in Ambujanagar were appreciated for their impact and effectiveness.

Rajasthan too faces frequent droughts and water scarcity. The team at Rabriyawas brought in a mix of traditional as well as modern technological methods to conserve water in many villages around the Company plant. Khadins are a traditional method to catch and store rainwater. These structures, built around farms, prevent excess rain water from draining off, and help saturate the soil moisture. This ensures that farmers are able to grow an additional crop, with increased financial returns.

#### **Agro-based Livelihood Initiatives**

Enhancing agro-based livelihoods for rural communities is another area of focus for ACF. Better Cotton Initiative (BCI) is a programme for producing economically, environmentally, and socially sustainable cotton. BCI is a farm level intervention that has the potential to change

the scenario on the global market, and has demonstrable long-term benefits for both farmers and the environment.

Better Cotton Initiative is an international programme implemented in major cotton producing countries in the world, including India. Major retailers and promoters have pooled money in a Fast Track Fund (FTF), to enable cotton growers' access to technology, and inputs on producing environmentally friendly, higher grade cotton. ACF is the largest among the 8 implementing agencies in the country, a process coordinated by the Dutch organisation Solidaridad.

In 2010, ACF worked with cotton farmers in Bhatinda, Kodinar, Chandrapur and Nadikudi, to integrate BCI techniques in current farming practices. Through planned interventions, strategic pesticide use, contamination prevention and effective picking, storing and harvesting methods, more than 2552 farmers across locations have been able to show a reduction of Rs. 3000 per acre on production costs. And BCI cotton has been able to command upper-band rates bringing in profits to farmers. Projected figures of BCI cotton produced in 2010-11 under ACF are expected to be 83537 quintals. In recognition of ACF's efforts, we have been invited to be a partner in the global BCI programme, a move that will bring in additional funds and technical inputs to processes here.

In 2010, ACF's nascent organic farming intervention grew exponentially to reach out to more farmers. Awareness programmes among the farming community provided a glimpse of a viable, alternate way of farming. Currently there are 558 farmers growing organically on more than 564 acres of land in Punjab alone. Using organic manures and preventive pest control methods has ensured that the yield they get from their land is sufficient, and the crop produced is healthy and safe for consumption. The soil is no longer getting stripped of its nutrients and is in fact on the road to recovery. Farmers are recognising the profitability in organic farming, and motivating others to take it up as well.

Other innovative initiatives include the Wadi project, wherein fruit-bearing trees are planted along existing farms. At no extra cost or effort, the farmer is ensured of additional income within five years. Quality Seed Production in collaboration with the Rajasthan State Seed Corporation has taken root in Rajasthan. Farmers from 6 villages are involved in raising quality seeds in a controlled manner in more than 230 acres of land. The plots on which the seeds are produced are closely monitored and are inspected periodically by the Rajasthan State Seed Certifying Agency. These seeds are then certified, bought and marketed by the State Agency, bringing in additional income to the farmers.

#### **Skills and Capacity Building**

The construction sector is closely related to the cement industry. In view of the paucity of skilled workers, ACF, along with the Tribal Development Department of Government of Gujarat, has been working on mason training for the past two years. The process brought together ACF's community mobilisation skills, ACF's technical inputs, and governmental support to train hundreds of unskilled tribal youths into skilled masons.

This year ACF initiated the Advanced Mason Training

programme, to hone the semi-skilled into skilled professionals. The course is shorter in duration, but more intense, and includes skills such as plumbing, pointing, tiling and roofing.

ACF has also focused on providing alternate skills for employment generation to rural youth. The number of Skill and Entrepreneurship Development Institutes (SEDI) has increased to 12 this year. The new SEDIs though are in various stages of development. More than 1500 students have been trained this year in 17 different technical trades including welding, carpentry, repairs of domestic appliances, mobiles, two-wheelers, computer basics and DTP and security guard training. SEDIs are also ideal vehicles for collaboration with other organisations. Apart from centres that are solely managed by ACF, SEDIs have also been set up in PPP with the government in different locations.

Post-training, SEDI provides trainees assistance in finding suitable job opportunities or in establishing small scale enterprises. Across the Institutes, the rate of employment of those trained has reached about 70%, which is very encouraging.

By concentrating on livelihood generation of various kinds, ACF is working towards improving the standard of living of people and improving the quality of their life – a factor that is inextricably linked to the Company's growth and expansion.

#### ***Integrated Health Programme***

Access to health care has been identified by ACF as one of the critical community issues. Communities around the Company plants have little or no access to clean drinking water, or health care services. ACF addresses these issues through its integrated health programme.

In 2010, ACF continued to strengthen its cadre of health workers under the Village Health Functionary (VHF) Programme. VHFs, also called 'Sakhis', are village women trained in clinical, preventive and promotive aspects of health. Sakhis are the crucial link bridging the community with health care access. They conduct sessions on health with women, and youth, interact with Panchayats to implement sanitation programmes in the villages, promote sustainable practices like kitchen garden and vermin composting, and work closely with state-run anganwadis to monitor health of young children.

Currently, 309 Sakhis from 258 villages cater to a population of over 1.4 lacs. ACF is proud that the health programme is completely supportive of and complementary to the National Rural Health Mission (NRHM) and will be replicated to more villages in our current operational areas in partnership with the government.

ACF's health programme is moulded to suit the conditions and the specific needs of communities in the region. In Bhatinda, ACF implements a drug de-addiction programme, while malnutrition among young children is a key area of focus in Bhatapara in Chhattisgarh. Given the skewed sex-ratio in Punjab, ACF implements a programme against sex-selection in Ropar. In Chandrapur, Maharashtra, ACF broadened the Home Based Neo-natal Care (HBNC) programme to tackle maternal and infant mortality, institutionalise deliveries

and promote safe child care. This shift in approach has been able to meet community needs better, and in turn contributed to greater trust and a more solid stakeholder relationship with the Company.

Truckers are also an important stakeholder for a cement company. However, they also are a high-risk group for HIV and AIDS. In 2010, the HIV and AIDS Prevention Programme continued to reach out to them and other communities through setting up of Sexually Transmitted Infection (STI) Clinics and Voluntary Counselling and Testing Centres (VCTC).

#### ***Education Development***

ACF's work in raising the quality of education in village-level government schools got a boost in 2010 with the introduction of various innovative learning tools and concepts for trainers, teachers, and students.

For many students, maths continues to remain a complex and unfriendly subject. 'Activity-Based Maths Learning', introduced this year, combines a hands-on and practical process to make maths enjoyable and fun. 'Reading as a Way to Literacy' focuses on building and retaining a child's interest in reading. Introduced in three locations in HP, UP, and Maharashtra, the programme includes training of teachers, resource acquisition, and giving a new lease of life to existing school libraries. 'Concept Learning through Technology' was launched as a pilot project in primary schools in Dadri and Darlaghat. This programme integrates the use of computers into the education process.

ACF also concentrated on strengthening the existing School Management Committees (SMC). Set-up by the government, this group is empowered to make decisions for the school. With ACF's intervention these committees, in schools across three locations, are now able to make a bigger difference.

Regular and sustained training of anganwadi workers and school teachers are an important feature of the ACF education programme. Fifty anganwadi workers and teachers each were trained this year on various methods of learning and teaching.

A significant collaboration has been with UNICEF in Maharashtra, to promote sport and leadership skills among school children in district Chandrapur.

#### ***Measuring Success***

At ACF, communication and stakeholder involvement is a continuous activity. Understanding their needs and expectations is therefore fundamental to our work. It is important to assess, take stock and receive feedback from the communities we are working with, on a regular basis. This helps in gauging the effectiveness of our programmes.

The unique Social Engagement Scorecard (SES) was used this year as well to assess community development initiatives at all locations. The responses have been encouraging, with scores in all locations in the range of 75% to 100%. Many discussions were also able to identify newer issues facing the community, and the ways in which the Company could contribute to its solution. For



example in the SES process in Bhatinda, community representatives expressed their satisfaction with the way ACF had taken up organic farming practices. However, they also shared their need for intensive programmes in water management and sanitation, areas which ACF will include in future planning.

To further integrate CSR into its culture and thinking, ACF is in the process of establishing Community Advisory Panels (CAP). Comprising representatives from the Company, ACF, and community stakeholders, CAP is designed to coordinate and conduct engagement with stakeholders. Through regular meetings and other trust-building activities, CAP aims to promote sustainable local development and ensure synergy between community initiatives in all business segments. These processes are opportunities to identify and address stakeholder concerns proactively, and the natural way to earn trust and gain acceptance for our business activities.

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

### **Towards “Zero Harm”**

We have significantly improved OH&S awareness across all levels and have adopted a structured approach towards achieving our objective of “Zero Harm to People”. The key focus areas in 2010 were:

- 1) Increase in Visible Leadership by line managers. This has been achieved through conducting awareness programmes on OH&S, safety observation tours, and sharing of leadership experience across the organisation.
- 2) Implementing OH&S management system, including Fatality Prevention Elements, and other Holcim directives.
- 3) Reducing vehicle and traffic safety risks through structured approach in the form of conducting surveys and risk assessments. This has resulted in significant improvements in the operating environment.
- 4) Establishing capacity and capability to manage projects, which present significant OH&S risks. We have addressed this challenge by strengthening OH&S systems and their application, by establishing formal project OH&S organisations.

We have also initiated the process of implementing Contractor Safety Management systems. This will enable us to significantly mitigate the OH&S risks. Our long term OH&S strategy is to reduce OH&S risks through engineering design improvements, together with behaviour-based safety interventions.

## **12. EMPLOYEE STOCK OPTION SCHEME**

In recognition of the valuable contribution made by the employees in the progress of the Company, and with a view to remain a preferred employer, the Company has granted Stock Options for the eleventh year in succession to all management grade employees and the then Managing Director. The particulars required to be disclosed pursuant to Clause 12 of SEBI (Employees Stock Option Scheme) Guidelines 1999, are given in subsequent paragraphs.

### **a) ESOS 2010**

#### **Salient Features:**

During the year 2010, the company granted 99,98,900 stock options on 22nd April, 2010 (each option carrying entitlement for one share of the face value of Rs.2/- each) at an exercise price of Rs.119.00 per share. The exercise price was determined by averaging the daily closing price of the equity shares of the Company on the National Stock Exchange during 7 days immediately preceding the date of grant. The market price of the shares on the date of grant was Rs.121.05 per share. These stock options shall vest on expiry of one year from the date of grant and can be exercised during a period of four years from the date of vesting.

#### **Valuation and Accounting:**

The company has adopted intrinsic value method for the valuation and accounting of the stock options as per SEBI guidelines. Since the market price per share on the previous day of the date of grant was more by Rs. 2.05 than the exercise price, a sum of Rs. 2.05 crores has been accounted for as compensation cost for the year ended 31st December, 2010. The fair value of the options as per the “Black Scholes” model comes to Rs. 39.37 per option. Had the Company valued and accounted the options as per the “Black Scholes” model, the net profit for the year would have been lower by Rs. 39.37 crores and the diluted earnings per share (of the face value of Rs. 2 each) would have been Rs. 8.05 instead of Rs. 8.26 per share.

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

- (i) Risk-free interest rate – 6.64%.
- (ii) Expected life of the option – 3 years.
- (iii) Expected volatility – 43.75%.
- (iv) Expected dividend yield – 2.30%.

#### **Grants beyond threshold:**

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

#### **Disclosure on grants:**

- (i) To senior management employees:

The options granted to the then Managing Director and other Executive Committee members are as follows:

Mr. A. L. Kapur	325000
Mr. David Atkinson	95000
Mr. B. L. Taparia	95000
Mr. J.C. Toshniwal	95000
Mr. S.N. Toshniwal	95000
Mr. Ajay Kapur	50000
Mr. R.R. Darak	44600
Ms. Meenakshi Narain	44600
Total	844200

(ii) To other employees:

An aggregate of 91,54,700 options were granted to all other employees in management grades. Some important data relating to them:

Total number of other employees	3658
Total number of options granted	9154700
Max. number of options granted	44600
Min. number of options granted	350
Avg. number of options granted	2500

**b) Cumulative disclosure**

The particulars with regard to the stock options as on 31st December, 2010 as required to be disclosed under the SEBI's guidelines are as follows:

Cumulative position as on 31st December, 2010

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	25898050						
d. Options exercised	10355550						
e. The total number of shares arising as a result of exercise of options	Total number of shares arising as a result of exercise of options shall be 3,95,31,332 shares of Rs. 2 each.						
f. Options lapsed / surrendered	2505500						
g. Variation of terms of option	--						
h. Money realised by exercise of options.	Rs.174.62 crores						
i. Total number of options in force	24915750						
j. Details of options granted/ exercised by the Managing Director and Whole-time Directors	No. of options granted			No. of options exercised			
	Mr. A.L. Kapur			565000			
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. 8.05						
m. Weighted average exercise price of options	2003-04	2004-05	2005-06	2007	2008	2009	2010
Weighted average fair value of options	310*	443*	69.60**	113**	82**	96**	119**
	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.



### 13. 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 major part of the Corporate Governance Voluntary Guidelines, 2009, has been complied with by complying the requirements under the Companies Act, 1956, the Listing Agreement, and the Company's own governance policies.

### 14. DIRECTORS

#### **Cessation**

A.L. Kapur

Mr. A.L. Kapur superannuated on 30th April 2010 as Managing Director of the Company. He joined the Board as Whole-time Director in May 1999 and became Managing Director in May 2007.

Amongst many achievements during his tenure as Managing Director, his significant achievements were: efficient handling of the transition phase upon Holcim taking over the management control, implementation of SAP and People Power Projects, successful commissioning of Rauri, Bhatapara, Dadri and Nalagarh projects, and Captive Power Plants at Bhatapara and Ambujanagar. He was also responsible for building a strong team across all levels in the Company. During his tenure, major thrust was given in the areas of HR, Health and Safety, Alternative Fuels and Raw materials.

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

#### **Retirement by rotation**

In accordance with the provisions of Article 147 of the Articles of Association of the company, (i) Mr. M. L. Bhakta, (ii) Dr. Omkar Goswami, (iii) Mr. Naresh Chandra, 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.

#### **Onne van der Weijde, new Managing Director**

The Board has appointed Mr. Onne van der Weijde as the Managing Director of the Company w.e.f. 1st May, 2010 upon superannuation of Mr. A. L. Kapur. The Members at their 27th Annual General Meeting held on 5th April, 2010, approved his appointment. Since Mr. Weijde is a foreign national, additional approval of the Central Government was also obtained on 24th May, 2010, confirming his appointment as the Managing Director.

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

### 15. DIRECTORS' RESPONSIBILITY

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

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures.

- ii) Appropriate accounting policies have been selected and applied consistently, and judgments and estimates made are reasonable and prudent, so as to give a true and fair view of the state of affairs of the company as on 31st December, 2010, and of the profit and cash flow of the company for the period ended 31st December, 2010.
- iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv) The annual accounts have been prepared on a going concern basis.

### 16. INTERNAL CONTROL SYSTEM

The company has implemented a robust and comprehensive internal control system in order to direct, monitor, and measure its resources. The internal control system has been established by standardising and documenting policies and procedures for all the major processes, to ensure reliability of financial reporting, timely feedback on achievement of operational and strategic goals, and compliance with laws and regulations.

The formalised systems of control are designed to ensure 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 independently tests the design and operating effectiveness of the internal control system across the Company. This provides an objective assurance to the Board of Directors and 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.

### 17. AUDITORS

M/s. S.R. Batliboi & Associates, the Statutory Auditors of the company, will retire at the ensuing Annual General Meeting and are eligible for re-appointment. M/s. S.R. Batliboi & Associates have expressed their unwillingness to get re-appointed as the Statutory Auditors of the company.

The Board, based on the recommendation of the Audit Committee, recommends the appointment of M/s S.R. Batliboi & Co. as the Statutory Auditors of the company, for whom the company has received a notice u/s 225 read with section 190 of the Companies Act from a shareholder seeking their appointment in place of M/s.S.R. Batliboi & Associates. M/s S.R. Batliboi & Co have confirmed that their appointment, if made, shall be within the limits of Section 224(1B) of the Companies Act, 1956.

M/s. P.M. Nanabhoy & Co., Cost Accountants, have been appointed as Cost Auditors of the company for the year 2011.

## 18. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

The company has transferred a sum of Rs 0.31 crore during the financial year 2010 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 have been 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.

## 19. ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

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

## 20. PARTICULARS OF EMPLOYEES

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 Members at the Registered Office of the Company during business hours on working days upto the date of the ensuing Annual General Meeting, and if any Member is interested in obtaining a copy thereof such Member may write to the Company Secretary, whereupon a copy would be sent.

## 21. SUBSIDIARY COMPANIES

As required u/s 212 of the Companies Act, 1956, the audited statements of accounts, alongwith the report of Board of Directors, relating to the Company's subsidiaries, viz. Kakinada Cements Limited, MGT Cements Private Limited, and Chemical Limes Mundwa Private Limited, and respective Auditors Report thereon for the year ended 31st December, 2010, are annexed to this report.

## 22. CONSOLIDATED FINANCIAL STATEMENTS

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

The consolidated net profit of the Company, its subsidiaries and associates, amounted to Rs.1,263 crores for the corporate financial year ended on 31st December, 2010 as compared to Rs.1,264 crores for the Company on a standalone basis.

## 23. EQUAL OPPORTUNITY EMPLOYER

The company has always provided a congenial

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

## 24. AWARDS AND RECOGNITION

- (a) Our mines continued to be adjudged among the best mines in their respective regions by the Director General of Mines on various parameters such as mine working, maintenance, innovations, health & safety, training, environmental protection etc.
- (b) Our MCW plant won the following awards:
  - 1) Awarded for **National award** for "Excellence in Water Management - 2010 given by Confederation of Indian Industries (CII).
  - 2) Awarded **Silver Medal** in IMEA-2010 (Indian Manufacturing Excellence Award) conducted jointly by Frost and Sullivan and Economic Times.
  - 3) Awarded Green Tech Environment Excellence award - 2010" in **Gold category** in Cement Sector.
  - 4) Awarded Illrd in Inter Industrial Safety Performance 2009-10 conducted by Vidarbha Industrial Safety Council.

## 25. CAUTIONARY STATEMENT

Statements in the Directors' Report and the Management Discussion & Analysis describing the Company's objectives, expectations or predictions, may be forward-looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include: global 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.

## 26. ACKNOWLEDGEMENTS

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

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

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

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

For and on behalf of the Board,

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

Mumbai  
3rd February, 2011

## ANNEXURE - I

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

### A) CONSERVATION OF ENERGY

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

- (1) Optimisation of Process & Equipments:
  - (i) Replacement of pre heater down comer duct of Ambuja unit Ambujanagar
  - (ii) Upgradation of Reclaimer at Gaj - I (Ambujanagar)
  - (iii) Optimization of Ambuja Cement Mill-2 by shortening of first chamber (Ambujanagar)
  - (iv) Using of Positive Displacement Blower in place of compressor for fly ash unloading (Farakka,).
  - (v) Clinkerisation process optimised by various measures like installation of SPRS (Slip Power Recovery System) panel, removal cooler fresh air damper and reduction of fan speed by changing pulley (Rabriyawas)
- (2) Installation of speed control devices:
  - (i) Installation of Grid Rotor Resistance in place of Liquid Resistance control Line I Raw mill Fan (Bhatapara)
  - (ii) Installation of speed control devices like VVVF (Variable Frequency) drive in fans, Reclaimer harrow drive, cement mill & Compressor drives (Maratha, Rabriyawas, Sankrail, Roorkee)
- (3) Energy efficient plant & township lighting:
  - (i) At Colony Area, 250 W HPSV light fittings replaced by 70 W CFL Light Fittings (Maratha)
  - (ii) Optimisation of operating voltage of lighting transformers (Maratha).
  - (iii) Optimisation of plant lighting by taking in PLC instead of conventional timer (Maratha,).
  - (iv) Direct firing system for liquid alternate fuel at Gaj - I & II (Ambujanagar)
  - (v) Modification of compressed air pipe line to save power (Suli)
  - (vi) Installation of Light Emitting Diode (LED) lights in street / colony area (Suli, Sankrail)
  - (vii) Reducing the steps of Separator Fan & sepol drive (Roorkee)
- (4) Installation of energy efficient new equipments:
  - (i) Alternative Fuel system for Line 2 (Bhatapara)
  - (ii) Installation of express feeder for uninterrupted power supply for plant operation (Panvel)
  - (iii) Installation of CPP - Pet Coke Ash usage system for Coal Mill #2
- (5) Solar power utilization:
  - (i) Installation of solar water heating system in Colony etc. (Bhatapara).

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

- (1) Optimisation of process & equipments:-
  - (i) Modification of Gaj Line I Raw Mill (Ambujanagar)
  - (ii) Installation fuel blending system for power plant (Ambujanagar)
  - (iii) High efficiency impeller to be installed in Raw Mill & Kiln Fan (Suli)
  - (iv) Modification of Raw mill#2 fan inlet box (Rabriyawas)
  - (v) Retrofitting of impeller for ILC(Inline Calciner) Preheater fans and cooler ESP fan (Rabriyawas)
  - (vi) Inline Calciner preheater stage I cyclone dip tube modifications (Rabriyawas).
- (2) Installation of speed control devices:

- (i) Variable Frequency drives (VVVF) in fans (Rabriyawas, Bhatinda, Sankrail, Farakka, Bhatapara).
- (ii) Installation of Grid Rotor Resistance (GRR) in place of Liquid Resistance control in fans (Rabriyawas).
- (3) Energy conservation measures for plant & township lighting:
  - (i) Mid tap from Gaj Line I cooler for Raw mill heating up (Ambujanagar)
  - (ii) Preheater profile study to be carried out by FLS (Suli)
  - (iii) Energy audit to be done by external party (Suli, Rabriyawas)
  - (iv) Installation of Energy Monitoring system (Sankrail)
  - (v) Replacement of 70 W HPSV by 36 W CFL (Surat)
  - (vi) Rerouting of SLC coal firing locations to improve the combustion efficiency (Rabriyawas)
  - (vii) Study and optimisation of compressed air system (Surat, Sankrail)
- (4) Installation of energy efficient equipments:
  - (i) Reactor installation & Grid connectivity with 3.5 MVA CD (Ambujanagar)
  - (ii) High efficiency classifier for Coal mill (Suli)
  - (iii) Installation of high momentum burner in Jan 2011 (Suli)
  - (iv) New generation Cooler to be installed in Oct 2011 (Suli)
  - (v) Installation of Coriolis fine coal feeding system for ILC (Rabriyawas)
  - (vi) Replacement of Low energy efficiency motors with High energy efficiency Motors (Bhatapara)
  - (vii) Lime stone screening & crushing (Ambujanagar)
- (5) Solar Power Utilization:
  - (i) Installation of solar 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.19.00 crores per annum. Measures referred to in (b) is expected to result in saving of Rs.26.00 crores per annum.

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

Information given in the prescribed Form-A annexed.

### B) TECHNOLOGY ABSORPTION

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

### C) FOREIGN EXCHANGE EARNINGS AND OUTGO

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

In view of good growth in domestic demand and fall in international demand and prices, the Company has reduced its exports to 5.06 lacs tonnes of cement as against 7.46 lacs tonnes in the previous year. In terms of value, the exports during this year amounted to Rs.97.27 crores (FOB) as against Rs. 170.72 crores (FOB) in the previous year.

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

	Current Year (Rs. in crores)	Previous Year (Rs. in crores)
Used	<b>531.79</b>	719.71
Earned	<b>100.01</b>	220.68

# FORM - A

(See Rule 2)

Form for Disclosure of Particulars with respect to Conservation of Energy

	Current Year Jan to Dec 2010	Previous Year Jan to Dec 2009
<b>A. POWER &amp; FUEL CONSUMPTION</b>		
<b>1 Electricity * :</b>		
(a) Purchased		
Units (Kwh) Crores	<b>40.20</b>	32.60
Total amount (Rs. in Crores)	<b>169.69</b>	122.38
Rate / Unit (Rs.)	<b>4.22</b>	3.75
(b) Own Generation		
( i ) Through DG Generator		
Net Units (Kwh) Crores	<b>18.64</b>	24.26
Net Units / Ltr. of LDO/Furnace Oil	<b>3.90</b>	4.17
LDO/Furnace Oil Cost / Unit Generated (Rs.)	<b>7.02</b>	4.96
( ii ) Through Steam Generator		
Net Units (Kwh) Crores #	<b>120.93</b>	103.57
Net Units / T of Fuel	<b>842</b>	897
Oil/Gas Cost / Unit	<b>3.14</b>	3.31
<b>2 Coal &amp; Other Fuels :</b>		
Quantity (Million K. Cal)	<b>10533678</b>	8594924
Total Cost (Rs. in Crores)	<b>893</b>	754
Average Rate (Rs. / Million K. Cal)	<b>847.53</b>	877.26
<b>3 Light Diesel Oil/HSD :</b>		
Quantity (K. Litres)	<b>3508.87</b>	1623.89
Total Cost (Rs. in Crores)	<b>12.69</b>	5.57
Average Rate (Rs. / K. Litres)	<b>36178</b>	34284
<b>4 Others / Internal Generation :</b>		
Quantity	<b>NIL</b>	NIL
Total Cost	<b>NIL</b>	NIL
Rate / Unit	<b>NIL</b>	NIL

## B. CONSUMPTION PER UNIT OF PRODUCTION

	Industry Norms		
Electricity (Kwh / T. of Cement) **	100	<b>85.9</b>	86.4
LDO (Ltr. / T. of Clinker)	N.A.	<b>0.24</b>	0.14
Coal & Other Fuels (K.Cal / Kg. of Clinker)	800	<b>750</b>	755

\* Power consumption at company's Distribution Terminals has been included in current year's figure and accordingly previous year's data have been recast wherever applicable.

Total power consumed includes 2.91 Crore kwh consumed for Capital Work in progress for project work (previous year 1.51 Crore kwh) and also for distribution activities 0.87 crore kwh (previous year 0.84 crore kwh)

\*\* Does not include Electricity consumed in residential colony which is 0.53 kwh /tonne of cement (previous year 0.58 kwh/Tonne of cement).

# Includes 5.77 crore units of TG-power sold (previous year 7.51 crore units)

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 2.70 (previous year (kwh) crore 0.14), Net Units / T. of Fuel 557 (previous year 268), Oil/Gas Cost Rs. / Unit 3.22 (previous year Rs. / unit 6.78).

# FORM - B

(See Rule 2)

## Form for disclosure of particulars with respect to Absorption

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

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

- Investigation on the Usage of special Refractory suitable to use with Alternate fuel (Ambujanagar)
- Installation of Phospho-gypsum Beneficiation plant based on cooler exhaust hot gases (Ambujanagar)
- Evaluation of fly ash from different sources with respect to their mineralogical composition and reactivity to enhance its usage in PPC (Ambujanagar)
- Development of new product - Ambuja Cement Plus (Sankrail)

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

- Conservation of resources, improve plant performance and manufacturing cost reduction.
- New product for finding new market

#### 3) Future plan of action:

- Investigation on usage of waste derived fuel from various industries as a replacement of fossil fuel (Ambujanagar)
- Cultivation of Industrial Algae from CO<sub>2</sub> exhaust from cement kiln for reduction of CO<sub>2</sub> emission and to use the product for bio diesel generation and as an alternative fuel (Ambujanagar)
- Mineral gypsum replacement with power plant gypsum to reduce cost of production (Sankrail)

#### 4) Expenditure on R&D

	Current Year 31.12.2010 (Rs. Crores)	Previous Year 31.12.2009 (Rs. Crores)
A Capital Expenditure	1.08	1.95
B Recurring Expenditure	0.58	1.29
C Total Expenditure	1.66	3.24
D Total R & D expenditure as a percentage of total turnover	0.02%	0.04%

### B. TECHNOLOGY ABSORPTION, ADAPTION & INNOVATION

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

- Automatic oxy acetylene cutting machine to minimise manual intervention and improving cutting edge quality (Ambujanagar).
- High efficiency multi channel burner for Ambuja kiln (Ambujanagar)
- Introduction of Box type truck which resulted in reduction in CO<sub>2</sub> emission and logistics cost (Ambujanagar).
- New energy management system in cement Plant & power plant (Maratha)
- Power analyser for energy study (Maratha)
- Solar traffic signal light and solar blinkers (Maratha)
- Beck actuator in Kiln feed regulating valve to control feed variation from +/- 5% to +/- 2.0% (Maratha)
- Flow conveyor in place of belt conveyor for CM-3 (Suli)
- Gunning machine for refractory casting to save shutdown time and better quality of casting (Suli)

- Vehicle mounted safety platform for working at height upto 40 mtrs (Suli)
- 400 TPD Synthetic Gypsum production line to cater the needs of high purity Gypsum (Rabriyawas)
- FLS QCX with new XRF with UPS which will result in online action thus improve homogenizing of raw mix (Rabriyawas)
- Microscope for clinker microscopy (Rabriyawas)
- Kima Sound level sensor in Cement Mill 1 (Bhatapara)
- Online Bag Printing Machine (Surat, Farakka, Panvel)
- Alpine Jet Sieve adopted for analysis of better control of particle size particularly 45 micronst. (Suli)
- Optical Microscope for better process control through study of minerology composition of clinker (Rauri)
- Plate type heat exchanger for Cement Mill slide shoe & Gear box in place of shell & Tube type heat exchanger (Maratha)
- Bag Identification Electronic System to discharge bag of diff. MRP at same time (Dadri)
- Process Expert Server for cement mill to improve operation & grinding efficiency (Dadri)
- Replacement of existing KEC make HVSB panels with latest Siemens make HVSB panels (Ropar)

#### 2) Benefits derived as a result of the above efforts in the year 2010:

- 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.
- High momentum Duoflex Burner for Kilns
- Membrane bags in place of Conventional glass bags in bag house.
- Refracta bricks installation at Kiln outlet
- World best fine coal feeding Coriolis system for Kiln.
- PGNAA cross belt analyser installed on stacker belts
- Mechanical Kiln Monitoring (MKM) System to improve mechanical reliability
- Installation of Kima Sound level sensor in Cement Mill
- Unipulse electronic in packers for fine tuning of weight, individual weight screen and online parameters
- Partial Size Analyser has been used for optimisation of grinding media
- Wireless Software for Bag Counters in Packers
- Installation of Mobile notification System



# CORPORATE GOVERNANCE

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

## 1. CORPORATE GOVERNANCE

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

At Ambuja Cements, Corporate Governance has been an integral part of the way we have been doing our business since inception. We believe that good Corporate Governance emerges from the application of the best and sound management practices and compliance with the law coupled with 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 and targets, policies, reporting mechanism 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 headed by a Business Head. Business Heads are 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 applicable at the plant levels.

## 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 2010, the total Board strength of 10 Directors included 3 Non-executive Promoter Directors, 6 Independent Directors and a Managing Director. Non-executive Promoter directors consist of 2 Foreign Directors and 1 Indian Director.

Mr. Onne van der Weijde assumed the charge as Managing Director w.e.f. 1st May, 2010 upon superannuation of Mr. A. L. Kapur on 30th April, 2010.



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

The Non-executive Directors including Independent Directors on the Board are experienced, competent and highly renowned persons from their respective fields. They take active part at the Board and Committee Meetings which 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 - Promoter Director, Non-Independent)**

Mr. Sekhsaria is a doyen of the Indian Cement Industry and one of the most respected business personalities in India. In a career spanning over 30 years, he has introduced new standards in 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.

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, Bangkok, Thailand. He has been a Member of the Executive Committee of Holcim since January 2002 with responsibility for South Asia and ASEAN excluding Philippines.

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

**(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 former Swiss Bank Corporation. In 1978, he moved to Holcim where he was active in a number of roles including Area Manager for Latin America and Holcim Trading. In 1993, he was appointed to the Executive Committee with responsibility for Latin America and international trading activities.

He was appointed CEO of Holcim Limited in 2002.

He joined the Board in May 2006.

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

He has served on the Board of large number of leading companies and is presently a Director of Reliance Industries Limited.

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 by Asialaw, Hong Kong. He is on the Board of several large corporates.

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 a deep interest for rural development, housing finance, urban issues, specially the development of modern cities and humanitarian causes. He is also 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 & Associates, a leading boutique international structuring, tax and legal advisory firm. He is a member of the Insurance Advisory Committee of the Insurance and Regulatory Authority of India, and has served as a member of the Company Law Advisory Committee, Government of India, the Takeover Panel of the Securities & Exchange Board of India, the Advisory Committee on Regulations of the Competition Commission of India, and the Maharashtra Board for Restructuring of State Enterprises, Government of Maharashtra. He has served on the board of Life Insurance Corporation of India, Unit Trust of India, Small Industries Development Bank of India, National Stock Exchange of India Ltd., and SBI Capital Markets Ltd. He is on the Board of several large corporates.

He joined the Board in July 2002.

**(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 his D. Phil (Ph.D.) from Oxford University. He taught and researched economics for 19 years at Oxford, Delhi School of Economics, Harvard, Tufts, Jawaharlal Nehru University, Rutgers University and the Indian Statistical Institute, New Delhi. 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 w.e.f. 1st May, 2010, Non Independent)**

Mr. Onne, a Dutch national, holds a Bachelors' degree in Economics & Accounting from Rotterdam, the Netherlands and a Master's degree in Business Administration from the University of Bradford, UK. In the year 1996 he joined Holcim and after holding various positions, he was appointed Director and General Manager for Holcim (India) Pvt. Ltd. in March 2005. He was the CFO of ACC for around 2 years during 2006-2008. He possesses more than 15 years of experience in cement industry including 6 years in Indian cement industry.

He joined the Board in January 2009.

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

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

During the year ended on 31st December, 2010 the Board of Directors had 5 meetings. These were held on 4th February, 2010, 22nd April, 2010, 22nd July, 2010, 21st October, 2010 and 08th December, 2010.

The last Annual General Meeting (AGM) was held on 5th April, 2010. The attendance record of the Directors at the Board Meetings during the year ended on 31st December, 2010, 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 Non Executive Non Independent	5	Yes
2.	Mr. Paul Hugentobler	Vice Chairman Non Executive Non Independent	5	Yes
3.	Mr. Markus Akermann	Non-Executive Non Independent	3	No
4.	Mr. M. L. Bhakta	Non-Executive Independent	5	Yes
5.	Mr. Nasser Munjee	Non-Executive Independent	5	No
6.	Mr. Rajendra Chitale	Non-Executive Independent	4	Yes
7.	Mr. Shailesh Haribhakti	Non-Executive Independent	5	Yes
8.	Dr. Omkar Goswami	Non-Executive Independent	3	Yes
9.	Mr. Naresh Chandra	Non-Executive Independent	3	No
10.	Mr. Onne van der Weijde (w.e.f. 01.05.2010)	Managing Director Non Independent	5	Yes
11.	Mr. A. L. Kapur (upto 30.04.2010)	Managing Director Non Independent	2/2	Yes

## 2.3 Other Directorships etc.:

The details of the Directorships, Chairmanships and the Committee memberships in other Companies (excluding Private Limited Companies, Foreign Companies and section 25 Companies) held by the Directors as on 31st December, 2010, 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	1	1
3.	Mr. Markus Akermann	1	–	–	–	–
4.	Mr. M. L. Bhakta	5	–	6	4	1
5.	Mr. Nasser Munjee	14	1	8	23	4
6.	Mr. Rajendra P. Chitale	8	–	5	3	1
7.	Mr. Shailesh V. Haribhakti	14	–	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 of 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 for attending the Board and Committee meetings.

In addition to the sitting fees, the Company also pays commission to the Non-executive Directors for the time spent at the Board and Committee Meetings and their overall engagement and contribution for the Company's business. Accordingly, the Company has provided for payment of commission of Rs. 9 lacs to each of the Non-Executive Directors for the financial year 2010, payable pro-rata to those who were in office for part of the year.

Similarly, the Company has provided additional commission of Rs.7 lacs for each of the Non-Executive Member Directors of the Audit Committee and Compliance Committee for the financial year 2010, payable pro-rata to those who occupied the office for part of the year. The maximum commission payable to each Non-Executive Director has been capped at Rs.16 lacs.

### (ii) Employee Stock Options:

The compensation and remuneration policy of the Company aims at attracting, retaining and motivating employees to excel in their performance and to recognize their contribution towards achieving the Company's goal. Towards this end, the Employee Stock Option Scheme has been proved as an effective tool for employee motivation and talent attraction. The Company has been granting the stock options to all the employees in the 'Management' grade for the past 10 years and considering the handsome reward the employees have been getting from the past schemes, the Company, like in the previous years continued granting stock options to its employees.

The eligible employees (including the then Managing Director, Mr. A.L. Kapur) were granted 99,98,900 stock options from ESOS 2010. They are entitled to subscribe for one equity share for each option at an exercise price of Rs. 119/- per share. This exercise price has been computed by averaging the daily closing price of equity shares of the Company during the 7 days immediately preceding the date on which the options were granted. Non-Executive Directors are not entitled to the Stock Options as per the scheme.

These stock options would vest on 22nd April 2011 i.e. on the expiry of one year from the date of grant and can be exercised within a period of 4 years from the date of vesting.

Non-Executive Directors do not hold any convertible instruments.

The details of remuneration, sitting fees, performance bonus, commission paid and stock options granted to each of the Directors during the year ended on 31st December, 2010 are given below:-

Sr. No.	Name of the Directors	Salary (see note below)	Sitting fees	Commission	Stock Option (see note below)	Service contract	Notice period	No. of shares held
1.	Mr. N. S. Sekhsaria	Nil	1,30,000	9,00,000	Nil	N.A.	N.A.	1000
2.	Mr. Markus Akermann	Nil	60,000	9,00,000	Nil	N.A.	N.A.	Nil
3.	Mr. Paul Hugentobler	Nil	3,10,000	16,00,000	Nil	N.A.	N.A.	Nil
4.	Mr. M. L. Bhakta	Nil	3,70,000	16,00,000	Nil	N.A.	N.A.	225000
5.	Mr. Nasser Munjee	Nil	1,40,000	9,00,000	Nil	N.A.	N.A.	Nil
6.	Mr. Rajendra P. Chitale	Nil	2,90,000	16,00,000	Nil	N.A.	N.A.	Nil
7.	Mr. Shailesh Haribhakti	Nil	3,30,000	16,00,000	Nil	N.A.	N.A.	Nil
8.	Dr. Omkar Goswami	Nil	1,00,000	16,00,000	Nil	N.A.	N.A.	Nil
9.	Mr. Onne van der Weijde Managing Director (w.e.f. 01.05.2010)	2,25,85,820	30,000	2,06,027	Nil	5 years	3 months	Nil
10.	Mr. Naresh Chandra	Nil	90,000	16,00,000	Nil	N.A.	N.A.	4
11.	Mr. A. L. Kapur As Managing Director (upto 30.04.2010)	1,90,02,003	Nil		325000	N.A.	N.A.	1303700
<b>TOTAL</b>		<b>4,15,87,823</b>	<b>18,50,000</b>	<b>1,25,06,027</b>	<b>325000</b>			

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

## 2.5 Code of Conduct:

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

All the Board members and senior management personnel have confirmed compliance with the code. A declaration 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 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   |

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

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



- 3.2 The terms of reference of the Audit Committee are as per the guidelines set out in the listing agreement with the stock exchanges read with section 292A of the Companies Act. These broadly include (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 accounting entries involving exercise of judgment by the management.
- 3.3 In view of large number of applicable laws & regulations to the Company's business, and time required for monitoring the compliances, the task of monitoring and review of legal & regulatory 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 details of Compliance Committee have been given under point no. 4 of this report.
- 3.4 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.
- 3.5 The Audit Committee during the year ended on 31st December, 2010 had 6 meetings. The attendance of each Committee member was as under:-

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

- 3.6.
1. The Chairman of the Audit Committee, Mr. Shailesh Haribhakti was also present at the last Annual General Meeting to answer shareholders queries.
  2. Head of Internal Audit department attends all the Audit Committee Meetings as far as possible and briefs the Committee on all the points covered in the Internal Audit Report as well as the other issues which come up during discussions.
  3. The representatives of the Statutory Auditors have attended all the 6 Audit Committee meetings held during the year. The representatives of the Cost Auditors have attended 1 Audit Committee Meeting where the Cost Audit Report was discussed.
  4. 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.
  5. 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.
  6. In order to get the inputs and opinions of the Statutory Auditors and the Internal Auditors, the Committee also held separate one-to-one meetings with the Statutory Auditor and Head of Internal Audit department without the presence of the Managing Director and management representatives.

### 3.7 Self Assessment of Audit Committee

During the year, the Audit Committee felt the need of its performance assessment to benchmark against the best practices. The assessment broadly covered (i) composition, structure and the committee meetings, (ii) business & risk management, (iii) overview of financial reporting process, (iv) internal control systems and (v) overview of internal & external audits.

The feedback received from each member was compiled and presented to the Committee, which recommended areas for improvement and the time bound plan of action in this regard.

## 4. COMPLIANCE COMMITTEE

With the rapid growth of business and its complexities, a need has been felt to move towards zero non compliance regime for sustainable business operations. With this object, it was decided to put a structured mechanism for ensuring full compliance of various statutes, rules & regulations. Accordingly, a separate Committee of Directors by the name "Compliance Committee" has been constituted by the Board to:

- a. periodically review the Legal Compliance Audit report of various Units / Department submitted by the Corporate Legal Department;
- b. suggest taking necessary corrective actions for non compliance, if any;
- c. specifically review and confirm that all the requirements of Competition Law are fully met;
- d. review the significant amendments in the laws, rules & regulations;
- e. review the significant legal cases filed by and against the Company;
- f. review the judgments of various court cases not involving the Company as a litigant but having material impact on the Company's operations;
- g. 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 facilitating 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. The Committee consists of the members as stated below. During the year 2010 the Committee held 4 meetings which were attended by the members as under:-

Sr. No.	Name of the Directors	Category	No. of Meetings attended
1.	Mr. Shailesh Haribhakti, Chairman	Independent Director	4
2.	Dr. Omkar Goswami	Independent Director	4
3.	Mr. Naresh Chandra	Independent Director	3
4.	Mr. Paul Hugentobler	Promoter Director	4
5.	Mr. Onne van der Weijde (w.e.f. 01.05.2010)	Managing Director	4
6.	Mr. A. L. Kapur, (upto 30.04.2010)	Managing Director	2/2

## 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, 2010 had 3 meetings. The attendance of the members was as under:-

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

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

The Committee is empowered -

- (a) 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;
- (b) to recommend to the Board the CFO's remuneration.  
The remuneration to the Managing Director and CFO are decided on the basis of following broad criteria:-
  - i) industry trend
  - ii) remuneration package in other comparable corporates
  - iii) job responsibilities
  - iv) Company's performance and individual's key result areas
- (c) 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;
- (d) to supervise the implementation of the 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, 2010, this Committee had 10 meetings which were attended by the members as under:-

Sr. No.	Name of the Directors	Category	No. of Meetings attended
1.	Mr. M. L. Bhakta, Chairman	Independent Director	9
2.	Mr. Rajendra Chitale	Independent Director	9
3.	Mr. A. L. Kapur	Managing Director (upto 30.04.2010)	1/1
4.	Mr. Onne van der Weijde	Managing Director (w.e.f. 01.05.2010)	5/9

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

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

Nature of Complaints	Opening	Received During the Year	Resolved	Pending Resolution
Non Receipt of Bonus Shares	NIL	NIL	NIL	NIL
Non Receipt of Transferred Shares	NIL	NIL	NIL	NIL
Non Receipt of Dividend	NIL	1	1	NIL
Non Receipt of Revalidated Dividend Warrants	NIL	NIL	NIL	NIL
Letters from SEBI / Stock Exchanges, ROC etc.	NIL	74	74	NIL
Demat Queries	NIL	1	1	NIL
Miscellaneous Complaints	NIL	2	2	NIL
TOTAL	NIL	78	78	NIL

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

Over and above the aforesaid complaints, the Company and its Registrar & Share Transfer Agent have received more than 7,500 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 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 met twice in the year and the attendance of the members was as follows:

Sr. No.	Name of the Directors	Category	No. of Meetings attended
1.	Mr. Paul Hugentobler	Non-Executive, Promoter	2
2.	Mr. Nasser Munjee	Non-Executive, Independent	1
3.	Mr. Rajendra P. Chitale	Non-Executive Independent	2

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.

### (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. Five committee meetings were held during the year 2010. The committee comprises of the following members:

Mr. M. L. Bhakta, Chairman	– Independent Director
Mr. Shailesh Haribhakti	– Independent Director
Mr. Onne van der Weijde	– Managing Director

### (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 the following members:

Mr. Onne van der Weijde, Chairman	– Managing Director
Mr. Shailesh Haribhakti	– Independent Director
Mr. Rajendra Chitale	– Independent Director

## 8. WHISTLE BLOWER POLICY

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

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

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

- (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 directors and employees on reporting any suspicious activity and handling critical information and evidence.

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

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

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

The FRMC is responsible for the following:

- a. implementation of the policy and spreading awareness amongst employees;
- b. review all reported cases of suspected fraud / misconduct;
- c. order investigation of any case either through internal audit department or through external investigating agencies or experts;
- d. 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.

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

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

- Dedicated Email : Acl-speakup@ambujacement.com
- National Toll Free Phone Line : 1800 022 7090
- Written Communication to : The Response Manager, FRM Cell, Corporate Office, Mumbai

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

## 9. GENERAL BODY MEETINGS

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

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

Year	Day, Date and Time	Venue	Whether Special Resolution passed
2007	25th AGM held on Tuesday, 22nd April, 2008 at 10.00 a.m.	Registered Office	Yes
2008	26th AGM held on Monday, 6th April, 2009 at 10.00 a.m.	Registered Office	Yes
2009	27th AGM held on Monday, 5th April, 2010 at 10.00 a.m.	Registered Office	Yes

### (ii) Extra Ordinary General Meetings:

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

### (iii) Postal Ballot:

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

## 10. DISCLOSURES

- (i) There are no materially significant transactions with the related parties viz. Promoters, Directors or the Management, their Subsidiaries or relatives 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.



## 11. CEO / CFO CERTIFICATION

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

## 12. NON-MANDATORY REQUIREMENTS

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

- (i) The Board has set up a Compensation & Remuneration Committee and
- (ii) The Audit Committee has laid down a Whistle Blower Policy in the form of Fraud Risk Management Policy, the details of which has been given in point no. 8 above.

The other non-mandatory requirements not yet adopted by the Company are as under:

- i) Maintenance of Chairman's Office.
- ii) Fixing tenure for Independent directors viz. 9 years.
- iii) The half yearly financial performance to be sent to each household of shareholders.
- iv) Audit qualification - Zero qualification regime.
- v) Training of Board members.
- vi) Mechanism for evaluating non-executive Board members.

These non-mandatory requirements shall be complied with at appropriate time.

## 13. MEANS OF COMMUNICATION

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

These results are simultaneously posted on the website of the Company at [www.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 are also available on the Company's website.

## 14. GENERAL SHAREHOLDERS' INFORMATION

### 14.1 Registered Office:

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

### 14.2 Address for Correspondence:

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

Phone No: 022 - 40667000

#### Exclusive e-mail id for Investor Grievances

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

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

### 14.3 Plant Locations:

#### Integrated Cement Plants

- 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

1. Roopnagar, Punjab.
2. Bathinda, Punjab.
3. Sankrail, Dist. Howrah, West Bengal.
4. Roorkee, Dist. Haridwar, Uttaranchal.
5. Farakka, Dist. Murshidabad, West Bengal.
6. Dadri, Dist Gautam Budh Nagar, Uttar Pradesh.
7. Nalagarh, Dist. Solan Himachal Pradesh.
8. Surat, Gujarat.

## Bulk Cement Terminals

1. Muldwarka, District Junagadh, Gujarat.
2. Parvel, District Raigad, Maharashtra.
3. 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

## 14.5 Annual General Meeting:

Day & Date : Monday, 11th April, 2011

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 Tuesday the 15th February 2011 till Tuesday the 22nd February 2011 (both days inclusive) for payment of final dividend.

## 14.7 Dividend Payment Date:

Dividend shall be paid to all the eligible shareholders on 15th April 2011.

## 14.8 Listing of Shares & Other Securities:

### A. Equity Shares

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

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

### B. Debentures

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

### C. GDRs

The GDRs are listed under the EURO MTF Platform (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:

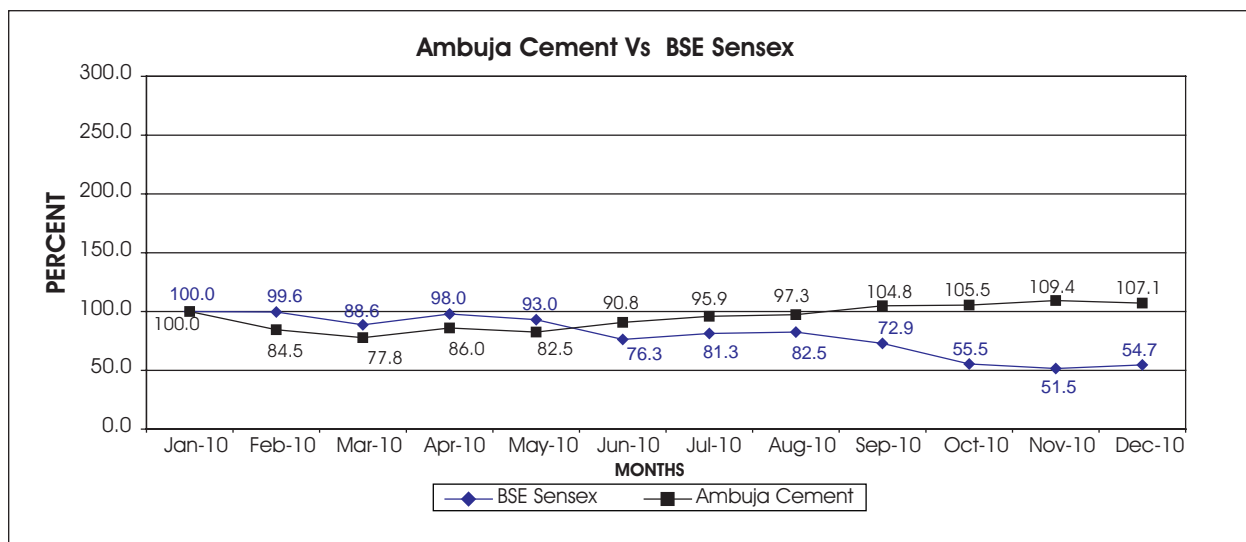
The Company has paid listing fees upto 31st March, 2011 to the Bombay Stock Exchange (BSE) and National Stock Exchange of India Ltd. (NSE) where Company's shares are listed.

#### 14.10 Market Price Data:

The high / low market price of the shares during the year 2010 at the Stock Exchange, Mumbai and at National Stock Exchange of India Ltd. were as under:-

Month	Bombay Stock Exchange		National Stock Exchange	
	High	Low	High	Low
January-10	113.90	99.25	114.50	99.05
February-10	110.65	95.05	110.50	96.55
March-10	124.00	104.80	124.60	105.10
April-10	125.60	115.00	125.80	115.80
May-10	121.50	100.00	123.00	102.05
June-10	121.00	106.00	124.00	105.55
July-10	121.25	107.55	122.00	107.50
August-10	128.20	113.00	128.40	113.00
September-10	150.25	122.75	150.35	123.05
October-10	146.35	134.50	147.00	134.30
November-10	166.50	133.00	166.80	133.05
December-10	146.00	131.05	152.60	130.85

#### 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, 2010 is given below:-

No. of Equity Shares	No. of Shareholders	No. of Shares	Percentage of Shareholding
Less than 50	108515	2674402	0.18
51 to 100	32895	2919666	0.19
101 to 500	36865	9427611	0.62
501 to 1000	10069	7852473	0.51
1001 to 5000	18070	47950627	3.13
5001 to 10000	3586	25985879	1.70
10001 to 50000	2075	38070837	2.49
50001 to 100000	134	9673711	0.63
100001 to 500000	148	32404451	2.12
500001 & above	130	1352899429	88.43
TOTAL	212847	1529859086	100.00

#### 14.13 Shareholding Pattern:

The shareholding of different categories of the shareholders as on 31st December, 2010 is given below:-

Category	No. of Shares	Percentage %
Indian Promoters	12081909	0.79
Foreign Promoters	695393717	45.45
Foreign Investors (including FII)	423995172	27.72
Mutual Funds, Banks & Institution	225116908	14.73
OCB NRIs	18049153	1.18
Body Corporates	15285595	0.99
GDR Holders	17358501	1.13
Others	122578131	8.01
TOTAL	1529859086	100.00

#### 14.14 Foreign Promoters Group Disclosure:

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

#### 14.15 Dematerialisation of Shares:

About 98% of total equity share capital is held in dematerialised form with NSDL and CDSL as on 31st December, 2010.

#### 14.16 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.

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

- (i) The Company had issued Foreign Currency Convertible Bonds (FCCB) in the year 1993 and 2001. Out of the total conversion of these bonds into GDRs, 17358501 GDRs are outstanding as on 31st December, 2010 which are listed on the Luxembourg Stock Exchange, Luxembourg. The underlying shares representing the outstanding GDRs have already been included in equity share capital. Therefore, there will be no further impact on the equity capital of the Company.



- (ii) The Company has issued warrants and has granted stock options from time to time in the past. The outstanding position of these convertible instruments as on 31st December, 2010 and their likely impact on the equity share capital is as under:-

Sr. No.	Issue Particulars	Conversion rate (Rs. per share)	Likely impact on full conversion	
			Share Capital (Rs. in crores)	Share Premium (Rs. in crores)
<b>A. Employee Stock Options</b>				
(i)	6014550 Outstanding options granted under ESOS 2007, one stock option convertible into 1 equity share upto 6th June, 2012	113.00	1.20	66.76
(ii)	51950 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	0.42
(iii)	3905000 Outstanding options granted under ESOS 2008, one stock option convertible into 1 equity share upto 30th June, 2013	82.00	0.78	31.24
(iv)	91350 Outstanding options granted under ESOS 2008 (SAP CORE TEAM) one stock option convertible into 1 equity share upto 18th June, 2014	96.00	0.02	0.86
(v)	5479650 Outstanding options granted under ESOS 2009, one stock option convertible into 1 equity share upto 18th June, 2014	96.00	1.10	51.51
(vi)	9373250 Outstanding options granted under ESOS 2010, one stock option convertible into 1 equity share upto 21st April, 2015	119.00	1.87	109.67
SUB-TOTAL (A)			4.98	260.46
<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)	139830 Right shares	6.66*	0.03	0.07
(ii)	186690 warrants	7.50*	0.04	0.10
SUB-TOTAL (B)			0.07	0.17
<b>GRAND TOTAL (A+B)</b>			<b>5.05</b>	<b>260.63</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. 311.02 crores.

#### 14.18 Share Transfer System:

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

#### 14.19 Transmission of Shares in Physical Form:

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.

#### 14.20 Financial Calendar 2011:

First quarterly results	:	April 2011
Second quarterly / Half yearly results	:	July 2011
Third quarterly results	:	October 2011
Annual results for the year ending on 31st December, 2011	:	February 2012
Annual General Meeting for the year ending on 31st December, 2011	:	April 2012

#### 14.21 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 130% (Rs. 2.60 per share) including 60% (Rs. 1.20 per share) paid as interim dividend. As a future policy for payment of dividend, Company shall endeavour to follow a pay-out ratio of about 30% in the ordinary circumstances.

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

Financial year	Dividend	Dividend Rate (%)	Dividend Amt. (Rs. in Crores)
2004-05	Interim	60	108.05
	Final	30	81.11
2005-06	1st Interim	50	135.80
	2nd Interim	75	204.08
	Final	40	121.34
2007	Interim	125	380.40
	Final	50	152.24
2008	Interim	60	182.70
	Final	50	152.26
2009	Interim	60	182.74
	Final	60	182.85
2010	Interim	60	182.74
	Final	70	214.18

### 15. SUBSIDIARY COMPANIES

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

## AUDITORS' CERTIFICATE

To,  
The Members of Ambuja Cements Limited

We have examined the compliance of conditions of corporate governance by Ambuja Cements Limited, ('the Company'), for the year ended on December 31, 2010, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

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

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

For S. R. BATLIBOI & ASSOCIATES  
Firm registration number: 101049W  
Chartered Accountants

*per* Sudhir Soni  
Partner  
Membership No.: 41870

Mumbai, February 3, 2011

## 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.

Onne van der Weijde  
Managing Director

Mumbai, February 3, 2011

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## CEO / CFO CERTIFICATION

The Board of Directors  
Ambuja Cements Ltd.

We have reviewed the financial statements, read with the cash flow statement of Ambuja Cements Ltd. for the year ended 31st December, 2010 and that to the best of our knowledge and belief, we state that;

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

Yours sincerely,

David Atkinson  
Chief Financial Officer

Onne van der Weijde  
Managing Director

Mumbai, February 3, 2011



## 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, 2010 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;
  - 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, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on December 31, 2010 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, 2010;
    - b) in the case of the profit and loss account, of the profit for the year ended on that date; and
    - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For S. R. Batliboi & Associates  
Firm registration number: 101049W  
Chartered Accountants

per Sudhir Soni  
Partner  
Membership No.: 41870

Place : Mumbai  
Date : February 03, 2011

## ANNEXURE

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a programme for physical verification on a rotational basis, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Accordingly, certain fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly sub clause (b), (c) and (d) are not applicable.
- (e) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly sub clause (f) and (g) are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the company.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable 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 were outstanding, at the year end, 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 Statute	Nature of Dues	Amount ** (Rs. In crores)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Demand of Excise	1.26	2005-2007	CESTAT
	Duty on clearance	0.25	2006-2007	CESTAT*
	of Cement & Others	0.01	1999-2007	Commissioner A
	Denial on Modvat	5.83	2004-2008	CESTAT
	Credit on input and	3.72	2001-2005	CESTAT*
	Capital goods	1.15	1994-2004	Commissioner A
		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 ** (Rs. In crores)	Period to which the amount relates	Forum where dispute is pending
	Denial of Service tax Act	0.20	2005-2006	CESTAT*
		2.24	2005-2007	CESTAT
		0.55	2005-2006	Commissioner (A)
		0.01	2005-2006	High Court*
Central Sales Tax Act and Various State Sales Tax	Demand of Sales tax / Additional tax / Purchase tax	151.33	1991-2010	Commissioner
		5.27	2005-2010	High Court
		3.30	1999-2008	Supreme Court
		7.76	1992-2008	Tribunal
Custom Act, 1962	Demand of Customs Duty	0.99	1996-2007	CESTAT*
		0.02	1996-2007	Deputy Commissioner
		0.52	1996-2009	CESTAT
		0.44	2000-2008	Deputy Commissioner
Rajasthan Provisional Collection of Taxes Act, 1958	Environmental Cess	8.03	2006-2010	High Court
Chhattisgarh Upkar (Sanshodhan Adhinyam) 2004	Mineral Area Development Cess	4.33	1982-1991	High Court

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

\*\* Net of amount deposited

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

For S. R. Batliboi & Associates

Firm registration number: 101049W

Chartered Accountants

per Sudhir Soni

Partner

Membership No.: 41870

Place : Mumbai

Date : February 03, 2011

**BALANCE SHEET**  
**AS AT 31ST DECEMBER, 2010**

	Schedule	Rs. in Crores	As at 31.12.2010 Rs. in Crores	As at 31.12.2009 Rs. in Crores
<b>SOURCES OF FUNDS</b>				
<b>Shareholders' Funds</b>				
Share Capital .....	<b>A</b>	<b>305.97</b>		304.74
Employee Stock Option Outstanding (Refer Note 10 (e)) .....		<b>1.34</b>		0.24
Reserves and Surplus .....	<b>B</b>	<b>7,022.79</b>		6,165.92
			<b>7,330.10</b>	6,470.90
<b>Loan Funds</b>				
Secured Loans .....	<b>C</b>	-		100.00
Unsecured Loans .....	<b>D</b>	<b>65.03</b>		65.70
			<b>65.03</b>	165.70
<b>Deferred Tax Liability, net</b> (Refer Note 7) .....			<b>530.88</b>	485.84
TOTAL .....			<b>7,926.01</b>	7,122.44
<b>APPLICATION OF FUNDS</b>				
<b>Fixed Assets</b> .....				
Gross Block .....	<b>E</b>	<b>8,778.82</b>		6,224.13
Less: Depreciation .....		<b>3,151.07</b>		2,784.09
Net Block .....		<b>5,627.75</b>		3,440.04
Capital Work in Progress (Refer Note 23) .....		<b>803.65</b>		2,564.82
		<b>6,431.40</b>		6,004.86
Advances against capital expenditure .....		<b>127.05</b>		149.61
			<b>6,558.45</b>	6,154.47
<b>Investments</b> .....	<b>F</b>		<b>625.95</b>	727.01
<b>Current Assets, Loans and Advances</b> .....				
Inventories .....	<b>G</b>	<b>901.86</b>		683.24
Sundry Debtors .....	<b>H</b>	<b>128.18</b>		152.20
Cash and Bank Balances .....	<b>I</b>	<b>1,748.17</b>		880.68
Other Current Assets .....	<b>J</b>	<b>16.57</b>		10.17
Loans and Advances .....	<b>K</b>	<b>340.55</b>		253.05
		<b>3,135.33</b>		1,979.34
Less: Current Liabilities and Provisions .....	<b>L</b>			
Current Liabilities .....		<b>1,297.61</b>		1,067.05
Provisions .....		<b>1,096.57</b>		674.04
		<b>2,394.18</b>		1,741.09
<b>Net Current Assets</b> .....			<b>741.15</b>	238.25
<b>Miscellaneous Expenditure</b>				
(to the extent not written off or adjusted) .....				
Quarry / Mines Development Expenses .....			<b>0.46</b>	2.71
TOTAL .....			<b>7,926.01</b>	7,122.44

Notes to Accounts .....

**Q**

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 & ASSOCIATES  
Firm Registration No. 101049W  
Chartered Accountants

David Atkinson  
Chief Financial Officer

N.S. Sekhsaria  
Chairman

Shailesh Haribhakti  
Chairman - Audit Committee

Paul Hugentobler  
Vice Chairman

Nasser Munjee  
Director

per Sudhir Soni  
Partner  
Membership No. 41870

M.L. Bhakta  
Director

Rajendra P. Chitale  
Director

Markus Akermann  
Director

Omkar Goswami  
Director

Mumbai, 3rd February, 2011

B.L. Taparia  
Company Secretary &  
Head Corporate Services

Onne van der Weijde  
Managing Director

Naresh Chandra  
Director



**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31ST DECEMBER, 2010**

	Schedule	Rs. in Crores	2010 Rs. in Crores	2009 Rs. in Crores
<b>INCOME</b>				
Sales (Refer Note 13 (e)) .....		8,257.03		7,721.42
Less : Excise duty (Refer Note 30) .....		<u>866.82</u>		<u>644.55</u>
			7,390.21	7,076.87
Other Income .....	M		<u>247.60</u>	<u>255.84</u>
			<u>7,637.81</u>	<u>7,332.71</u>
<b>EXPENDITURE</b>				
Manufacturing and other expenses .....	N	5,577.95		5,229.32
Interest and Finance Charges .....	O	48.69		22.43
Depreciation and Amortisation .....		<u>387.19</u>		<u>296.99</u>
		<u>6,013.83</u>		<u>5,548.74</u>
Self consumption of clinker, cement and limestone (net of excise duty Rs. 1.27 crores; 31.12.2009 Rs. 1.94 crores) (Refer Note 30) .....		<u>(11.36)</u>		<u>(19.33)</u>
			<u>6,002.47</u>	<u>5,529.41</u>
Profit before tax and exceptional items .....			<u>1,635.34</u>	<u>1,803.30</u>
Exceptional items .....	P		<u>26.53</u>	-
Profit before tax .....			<u>1,661.87</u>	<u>1,803.30</u>
Provision for Taxation : .....				
For the current year : .....				
- Current tax .....		446.25		479.00
- Deferred tax .....		(10.88)		105.09
- Fringe benefits tax .....		-		0.84
		<u>435.37</u>		<u>584.93</u>
Relating to earlier years : .....				
- Current tax .....		(92.76)		-
- Deferred tax .....		55.92		-
- Fringe benefits tax .....		(0.27)		-
		<u>(37.11)</u>		<u>-</u>
			<u>398.26</u>	<u>584.93</u>
Net Profit .....			<u>1,263.61</u>	<u>1,218.37</u>
Balance as per last Account .....			349.23	358.58
Transferred from Debenture Redemption Reserve .....			25.00	-
Transferred to General Reserve .....			850.00	800.00
Interim Dividend On Equity Shares .....		183.04		182.74
Dividend Distribution Tax on above .....		<u>29.70</u>		<u>31.06</u>
			212.74	213.80
Proposed Final Dividend On Equity Shares .....		214.18		182.85
Dividend Distribution Tax on above .....		<u>35.57</u>		<u>31.07</u>
			<u>249.75</u>	<u>213.92</u>
Balance carried to Balance Sheet .....			<u>325.35</u>	<u>349.23</u>
Earnings Per Equity Share of Rs. 2 each (31.12.2009- Rs. 2 each) (Refer Note 5)			Rs.	Rs
Basic .....			8.28	8.00
Diluted .....			8.26	7.99
Notes to Accounts .....	Q			

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 & ASSOCIATES  
Firm Registration No.101049W  
Chartered Accountants

David Atkinson  
Chief Financial Officer

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Chairman

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B.L. Taparia  
Company Secretary &  
Head Corporate Services

Onne van der Weijde  
Managing Director

Naresh Chandra  
Director

Mumbai, 3rd February, 2011

## CASH FLOW STATEMENT

### FOR THE YEAR ENDED 31ST DECEMBER, 2010

	<u>2010</u>	<u>2009</u>
	<u>Rs. in Crores</u>	<u>Rs. in Crores</u>
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
PROFIT BEFORE TAX .....	<b>1,661.87</b>	1,803.30
Adjustment for :		
Depreciation and Amortisation .....	<b>387.19</b>	296.99
Surplus on Sale of Assets .....	<b>(13.78)</b>	(1.25)
Exceptional items .....	<b>(26.53)</b>	-
Loss on Assets sold, scrapped, discarded and written off .....	<b>3.27</b>	6.40
Capital Spares consumed .....	<b>2.77</b>	7.28
Part of Deferred Revenue expenditure, written off .....	<b>0.61</b>	1.57
Profit on Sale of Current Investments (net) (excluding exceptional items) .....	<b>(34.47)</b>	(7.39)
Interest and Finance Charges .....	<b>48.69</b>	22.43
Interest income .....	<b>(71.88)</b>	(72.25)
Provision for slow and non moving spares (excluding exceptional items) .....	<b>14.93</b>	-
Discounting income on sales tax loan .....	<b>(13.89)</b>	(59.27)
Sales tax loan liability written back on assessment .....	<b>(1.87)</b>	-
Unrealized Exchange (gain) / loss, net .....	<b>(0.43)</b>	0.98
Dividend income from current investment - other than trade .....	<b>(0.02)</b>	(2.32)
Provisions no longer required .....	<b>(27.11)</b>	(26.52)
Bad Debts, Sundry Debit Balances and Claims written off .....	<b>2.80</b>	1.03
Provision for doubtful debts and advances (net) .....	<b>0.63</b>	0.50
Wealth Tax .....	<b>0.18</b>	0.21
	<b>271.09</b>	168.39
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES .....	<b>1,932.96</b>	1,971.69
Adjustment for :		
Sundry Debtors, Other Current Assets & Loans and Advances .....	<b>(56.64)</b>	115.62
Inventories .....	<b>(279.65)</b>	255.48
Current Liabilities and Provisions .....	<b>314.36</b>	98.94
	<b>(21.93)</b>	470.04
CASH GENERATED FROM OPERATIONS .....	<b>1,911.03</b>	2,441.73
Direct Taxes paid net of refund Rs. 349.92 crores (31.12.2009 Rs. 308.00 crores) (Refer Note 2 below) .....	<b>(36.76)</b>	(315.30)
NET CASH GENERATED FROM OPERATING ACTIVITIES .....	<b>1,874.27</b>	2,126.43
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets and advances for capital expenditure .....	<b>(850.86)</b>	(1,347.54)
Sale of Fixed Assets .....	<b>16.62</b>	3.64
Proceeds from sale of Investments .....	<b>203.01</b>	44.90
Purchase of Investments and advances for investments .....	<b>(22.77)</b>	-
Profit on sale of investment in mutual fund (considered as cash and cash equivalents) .....	<b>34.47</b>	7.39
Unclaimed sale proceeds of the odd lot shares of erstwhile ACEL and ACRL .....	<b>(0.02)</b>	(0.03)
Purchase of deposits matured (net, with maturity more than three months) .....	<b>(8.11)</b>	(2.00)
Interest received .....	<b>65.08</b>	64.17
Interest on income tax received .....	<b>35.27</b>	33.00
Dividend received .....	<b>0.02</b>	2.32
NET CASH USED IN INVESTING ACTIVITIES .....	<b>(527.29)</b>	(1,194.15)
Carried forward .....	<b>1346.98</b>	932.28

## CASH FLOW STATEMENT (Contd.)

	2010	2009
	Rs. in Crores	Rs. in Crores
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Brought forward .....	<b>1346.98</b>	932.28
Proceeds from issue of Share Capital (including Securities premium) .....	<b>55.08</b>	7.38
Proceeds from borrowings .....	<b>58.80</b>	49.94
Repayment of borrowings .....	<b>(143.71)</b>	(113.64)
Interest and Finance Charges paid .....	<b>(19.37)</b>	(19.56)
Unclaimed Application Money on Securities Rs. (114/-) (31.12.2009 Rs. (266/-)).....		
Subsidy received .....	<b>0.50</b>	-
Dividend paid .....	<b>(364.07)</b>	(333.11)
Dividend Distribution Tax .....	<b>(60.77)</b>	(56.93)
NET CASH USED IN FINANCING ACTIVITIES .....	<b>(473.54)</b>	(465.92)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS .....	<b>873.44</b>	466.36
CASH AND CASH EQUIVALENTS as at the beginning of the year :		
Earmarked for specific purposes (Refer Note 3 below) .....	<b>17.26</b>	15.40
Other balances .....	<b>1,398.21</b>	933.71
	<b>1,415.47</b>	949.11
CASH AND CASH EQUIVALENTS as at the end 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
<b>Components of cash and cash equivalents :</b>		
Cash and cheque on hand .....	<b>0.35</b>	0.32
With banks - in current accounts .....	<b>178.99</b>	99.06
With banks - in fixed deposits .....	<b>1,549.77</b>	764.04
With banks - earmarked for specific purposes (Refer Note 3 below) .....	<b>19.06</b>	17.26
Cash and Bank Balance as per schedule "I" .....	<b>1,748.17</b>	880.68
Less : Fixed deposits not considered as cash and cash equivalents .....	<b>(35.77)</b>	(27.66)
Add : Investment in Mutual Funds .....	<b>576.51</b>	562.45
<b>CASH AND CASH EQUIVALENTS in Cash Flow Statement .....</b>	<b>2,288.91</b>	1,415.47

### 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 S. R. BATLIBOI & ASSOCIATES  
Firm Registration No. 101049W  
Chartered Accountants

David Atkinson  
Chief Financial Officer

For and on behalf of the Board

N.S. Sekhsaria  
Chairman

Shailesh Haribhakti  
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Company Secretary &  
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Onne van der Weijde  
Managing Director

Naresh Chandra  
Director

Mumbai, 3rd February, 2011

## SCHEDULES 'A' TO 'Q'

Annexed to and forming part of the Balance Sheet as at and  
Profit And Loss Account for the year ended 31st December, 2010

	<u>Rs. in Crores</u>	<u>As at 31.12.2010 Rs. in Crores</u>	<u>As at 31.12.2009 Rs. in Crores</u>
<b>SCHEDULE 'A' - SHARE CAPITAL</b>			
<b>Authorised :</b>			
2,500,000,000 (31.12.2009-2,500,000,000) Equity Shares of Rs. 2 each .....	500.00		500.00
150,000,000 (31.12.2009-150,000,000) Preference Shares of Rs. 10 each .....	<u>150.00</u>		<u>150.00</u>
		<u><b>650.00</b></u>	<u>650.00</u>
<b>Issued :</b>			
1,530,185,606 (31.12.2009-1,524,040,900) Equity Shares of Rs. 2 each fully paid-up .....		<u><b>306.04</b></u>	<u>304.81</u>
<b>Subscribed :</b>			
1,529,859,086 (31.12.2009-1,523,711,380) Equity Shares of Rs. 2 each fully paid-up .....		<u><b>305.97</b></u>	<u>304.74</u>
<b>Notes:</b>			
1) Out of above Equity Shares :			
a) 973,157,405 (31.12.2009-973,157,405) 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 (31.12.2009-24,717,990) 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 (31.12.2009-13,312,370) 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 (31.12.2009-153,961,356) 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.			
2) a) Outstanding Employee stock options exercisable into 24,915,750 (31.12.2009-22,215,038) 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 (31.12.2009-188,190) and 139,830 (31.12.2009-141,330) 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 .....	1.60		1.60
Additions during the year, as capital investment subsidy from State Governments .....	<u>3.00</u>		<u>-</u>
		<u><b>4.60</b></u>	<u>1.60</u>
(b) Grant-in-aid Subsidy from DANIDA .....	<u>0.12</u>		<u>0.12</u>
		<b>4.72</b>	1.72
<b>Capital Reserve</b> .....		<b>130.71</b>	130.71
<b>Capital Redemption Reserve</b> .....		<b>9.93</b>	9.93
<b>Securities Premium :</b>			
As per last Account .....	1,194.85		1,187.59
Additions on exercise of employee stock options and others .....	<u>52.75</u>		<u>7.26</u>
		<b>1,247.60</b>	1,194.85
<b>Debenture Redemption Reserve :</b>			
As per last Account .....	25.00		25.00
Transferred to Profit and Loss Account .....	<u>25.00</u>		<u>-</u>
		-	25.00
<b>General Reserve :</b>			
As per last Account .....	4,454.48		3,654.48
Add : Set aside this year .....	<u>850.00</u>		<u>800.00</u>
		<b>5,304.48</b>	4,454.48
<b>Surplus as per Profit and Loss Account</b> .....		<u><b>325.35</b></u>	<u>349.23</u>
Total .....		<u><b>7,022.79</b></u>	<u>6,165.92</u>

## SCHEDULE 'C' - SECURED LOANS

Debentures :

	As at 31.12.2010 Rs. in Crores	As at 31.12.2009 Rs. in Crores
- (100) 6.85 % Secured Redeemable Non-Convertible Debentures of Rs. 10,000,000 each - Series '30' (Redeemed at par on 31.03.2010) .....	-	100.00
Total .....	-	100.00

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

## SCHEDULE 'D' - UNSECURED LOANS

Short term loan from a bank - export credit facility (Due within one year Rs. 8.53 crores; 31.12.2009-Rs. Nil.) .....

Sales Tax Deferment Loan under Sales Tax Incentive Scheme of various State Governments (Due within one year Rs. 6.80 crores; 31.12.2009-Rs. 7.33 crores) (Refer Note 32) .....

Total .....	<b>8.53</b>	-
	<b>56.50</b>	65.70
	<b>65.03</b>	65.70

## SCHEDULE 'E' - FIXED ASSETS

Rs. in Crores

DESCRIPTION	GROSS BLOCK (at Cost)				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 01.01.2010	Additions	Deductions/ Transfers	As at 31.12.2010	Upto 01.01.2010	For the year (g)	Deductions/ Transfers	Upto 31.12.2010	As at 31.12.2010	As at 01.01.2010
<b>Tangible Assets :</b>										
Freehold Land .....	308.71	100.80	0.15	<b>409.36</b>	-	-	-	-	<b>409.36</b>	308.71
Leasehold Land .....	76.81	13.96	-	<b>90.77</b>	7.64	2.07	-	<b>9.71</b>	<b>81.06</b>	69.17
Buildings, Roads and Water Works (a) .....	811.12	348.95	2.31	<b>1,157.76</b>	141.11	26.78	0.61	<b>167.28</b>	<b>990.48</b>	670.01
Marine Structures (b) .....	95.58	-	-	<b>95.58</b>	48.27	3.82	-	<b>52.09</b>	<b>43.49</b>	47.31
Plant and Machinery (c) .....	4,092.45	1,837.25	13.99	<b>5,915.71</b>	2,184.51	284.77	9.46	<b>2,459.82</b>	<b>3,455.89</b>	1,907.94
Electrical Installations .....	373.93	212.91	0.56	<b>586.28</b>	165.85	26.00	0.52	<b>191.33</b>	<b>394.95</b>	208.08
Railway Sidings and Locomotives (d) .....	70.52	2.06	6.75	<b>65.83</b>	30.64	2.85	6.41	<b>27.08</b>	<b>38.75</b>	39.88
Railway wagons given on lease (e) .....	6.43	-	-	<b>6.43</b>	3.92	0.31	-	<b>4.23</b>	<b>2.20</b>	2.51
Furniture, Fixtures and Office Equipments	122.03	12.72	1.80	<b>132.95</b>	57.93	10.59	1.12	<b>67.40</b>	<b>65.55</b>	64.10
Ships .....	115.65	46.16	-	<b>161.81</b>	68.49	7.88	-	<b>76.37</b>	<b>85.44</b>	47.16
Vehicles .....	51.50	5.81	5.55	<b>51.76</b>	28.64	6.51	4.15	<b>31.00</b>	<b>20.76</b>	22.86
Power Lines (f) .....	33.92	3.41	-	<b>37.33</b>	8.51	1.05	-	<b>9.56</b>	<b>27.77</b>	25.41
Sub Total .....	6,158.65	2,584.03	31.11	<b>8,711.57</b>	2,745.51	372.63	22.27	<b>3,095.87</b>	<b>5,615.70</b>	3,413.14
<b>Intangible Assets :</b>										
Water Drawing Rights .....	6.16	-	-	<b>6.16</b>	4.54	0.52	-	<b>5.06</b>	<b>1.10</b>	1.62
Computer Software (h) .....	59.32	1.77	-	<b>61.09</b>	34.04	16.10	-	<b>50.14</b>	<b>10.95</b>	25.28
Sub Total .....	65.48	1.77	-	<b>67.25</b>	38.58	16.62	-	<b>55.20</b>	<b>12.05</b>	26.90
Total .....	6,224.13	2,585.80	31.11	<b>8,778.82</b>	2,784.09	389.25	22.27	<b>3,151.07</b>	<b>5,627.75</b>	3,440.04
Previous year's Total .....	5,706.94	567.73	50.54	6,224.13	2,514.19	303.85	33.95	2,784.09	3,440.04	

### NOTES:

(a) Includes :

- Premises on ownership basis of Rs. 95.75 crores (31.12.2009-Rs. 95.30 crores) and Rs. 7.31 crores (31.12.2009-Rs. 6.15 crores) being the depreciation thereon upto 31st December, 2010. Cost of shares in Co-operative Societies Rs. 13,130/- (31.12.2009-Rs. 13,130/-).
- Rs. 13.91 crores (31.12.2009-Rs. 10.47 crores) being cost of roads constructed by the Company, ownership of which vests with the Government / Local Authorities and Rs. 1.05 crores (31.12.2009-Rs. 0.94 crore) being the depreciation thereon upto 31st December, 2010.

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

(c) Includes Rs. 34.02 crores (31.12.2009-Rs. 22.43 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. 18.54 crores (31.12.2009-Rs. 16.59 crores) being the depreciation thereon upto 31st December, 2010.

(d) Includes Rs. 6.84 crores (31.12.2009-Rs. 6.84 crores) being cost of Railway siding constructed by the Company, ownership of which vests with the Government / Railway Authorities and Rs. 1.03 crores (31.12.2009-Rs. 0.71 crore) being the depreciation thereon upto 31st December, 2010.

(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. 2.06 crores (31.12.2009-Rs. 6.86 crores) capitalised as pre-operative expenses.

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



## SCHEDULE 'F' - INVESTMENTS

### Long-Term Investments (at cost) :

#### In Government & Trust Securities :

##### Unquoted:

National Savings Certificate Rs. 31,500/- (31.12.2009 - Rs. 31,500/-) deposited with Government Department as Security .....

#### In Fully Paid Shares, Debentures and Bonds, other than Trade

##### Unquoted:

In Fully Paid Equity Shares :

-	(117,487,181) Equity Shares of Rs. 10 each in ING Vysya Life Insurance Company Limited (Refer Note 24) .....	-	120.39
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
		-	-
			120.39

#### 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
		4.57	4.57

#### In Joint Venture Company:

In Fully Paid Equity Shares :

##### Unquoted:

272,700	(-) Equity Shares of Rs. 10 each in Wardha Vaalley Coal Field Private Limited (Refer Note 27) .....	0.27	-
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In Fully Paid Preference Shares :

##### Unquoted:

15,000,000	(-) 6.50% Redeemable Cumulative Preference Shares of Rs.10/- each in Counto Microfine Products Private Limited (Refer Note 26) .....	15.00	-
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#### In Public Sector Bonds :

##### Unquoted:

296	(296) 5.13% taxable redeemable bonds of Rs. 10,00,000 each of Himachal Pradesh Infrastructure Development Bonds (Refer Note 2(b))	29.60	29.60
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#### Current Investments other than trade (at cost or fair value, whichever is lower) :

In Fully Paid Debentures :

##### Quoted:\*

-	(100) 7.20% Secured Redeemable Non-Convertible Debentures of Rs. 10,00,000 each of Housing Development Finance Corporation Limited .....	-	10.00
		-	10.00

In Units of Mutual Funds - Fully paid-up :

##### Unquoted:

116,831.629	(-) units of Axis Liquid Fund - Institutional Growth of Rs.1000 each of Axis Mutual Fund .....	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	-
11,177,817.390	(-) units of Birla Sunlife Cash Plus - Institutional Premium - Growth of Rs.10 each in Birla Sunlife Mutual Fund .....	17.17	-
11,120,939.002	(-) units of BNP Paribas Overnight - Institutional Growth of Rs.10 each in BNP Paribas Mutual Fund .....	16.16	-
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	-
116,259.574	(-) units of DSP BlackRock Liquidity Fund - Institutional Plan - Growth of Rs.1000 each in DSP BlackRock Mutual Fund .....	15.97	-
	Carried forward .....	79.50	-

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

	As at 31.12.2010 Rs. in Crores	As at 31.12.2009 Rs. in Crores
Brought forward .....	79.50	-
24,028,814.783 (-) units of HDFC Liquid Fund - Premium Plan - Growth of Rs.10 each in HDFC Mutual Fund .....	46.23	-
1,758,566.519 (-) units of ICICI Prudential Liquid Super Institutional Plan - Growth of Rs.10 each in ICICI Prudential Mutual Fund .....	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	-
8,077,674.922 (-) units of JP Morgan India Liquid Fund - Super Institutional Growth Plan of Rs.10 each in JP Morgan Mutual Fund .....	10.00	-
6,661,183.411 (-) units of JM High Liquidity Fund - Super Institutional Plan - Growth of Rs.10 each in JM Financial Mutual Fund .....	10.00	-
3,882,681.232 (-) units of L&T Liquid Super Institutional Plan - Cumulative of Rs.10 each in L&T Mutual Fund .....	5.00	-
5,658,321.440 (-) units of Principal Cash Management Fund - Growth of Rs.10 each in Principal Mutual Fund .....	8.42	-
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	-
3,883,553.836 (-) units of Religare Liquid Fund - Super Institutional Growth of Rs.10 each in Religare Mutual Fund .....	5.09	-
4,713,300.873 (-) units of SBI - Magnum Insta Cash Fund - Cash Option of Rs.10 each in SBI Mutual Fund .....	10.03	-
4,045,361.993 (-) units of SBI Premier Liquid Fund - Super Institutional - Growth of Rs.10 each in SBI Mutual Fund .....	6.00	-
90,450.358 (-) units of UTI Liquid Cash Plan Institutional - Growth Option of Rs.1,000 each in UTI Mutual Fund .....	14.17	-
- (55,738,659.552) units of Birla Sunlife Savings Fund Institutional Plan Growth Option of Rs. 10 each of Birla Mutual Fund .....	-	95.83
- (3,642,825.045) units of Canara Robeco Treasury Advantage Fund Super Institutional Plan Growth Option of Rs. 10 each of Canara Robeco Mutual Fund .....	-	5.00
- (9,416,507.288) units in DWS Ultra Short Term Fund Institutional Plan Growth Option of Rs. 10 each of Deutsche Mutual Fund .....	-	10.00
- (14,080,201.858) units in Fortis Money Plus Institutional Plan Growth Option of Rs. 10 each of Fortis Mutual Fund .....	-	19.00
- (29,496,026.948) units in HDFC Cash Management Fund Treasury Advantage Plan Wholesale Growth Option of Rs. 10 each of HDFC Mutual Fund .....	-	58.30
- (15,927,803.072) units of IDFC Money Manager Fund Treasury Plan Super Institutional Plan C Growth Option of Rs. 10 each of IDFC Mutual Fund .....	-	17.00
- (6,298,597.097) units ICICI Prudential Flexible Income Plan Premium Growth Option of Rs. 100 each of ICICI Prudential Mutual Fund .....	-	106.21
- (5,118,920.799) units JP Morgan India Treasury Fund Super Institutional Plan Growth Option of Rs. 10 each of J P Morgan Mutual Fund .....	-	6.00
- (3,927,747.765) units JM Money Manager Fund Super Plus Plan Growth Option of Rs. 10 each of J M Financial Mutual Fund .....	-	5.00
- (23,852,053.791) units Kotak Floater Long Term Plan Growth Option of Rs. 10 each of Kotak Mutual Fund .....	-	34.01
- (32,006,538.788) units LIC Mutual Fund Savings Plus Fund Growth Plan of Rs. 10 each of LIC Mutual Fund .....	-	46.01
- (1,388,881.502) units Principal Floating Rate Fund FMP Institutional Option Growth Plan of Rs. 10 each of Principal Mutual Fund .....	-	2.00
- (688,262.622) units Reliance Money Manager Fund Institutional Option Growth Plan of Rs. 1000 each of Reliance Mutual Fund .....	-	84.91
- (20,582,651.135) units SBI SHF Ultra Short Term Fund Institutional Plan Growth Option of Rs. 10 each of SBI Mutual Fund .....	-	24.15
- (7,491,873.694) units Tata Floater Fund Growth Option of Rs. 10 each of Tata Mutual Fund .....	-	10.01
- (323,262.090) units UTI Treasury Advantage Fund Institutional Plan Growth Option of Rs. 1,000 each of UTI Mutual Fund .....	-	39.02
Carried forward .....	<b>238.33</b>	<b>562.45</b>

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

	As at 31.12.2010 Rs. in Crores	As at 31.12.2009 Rs. in Crores
Brought forward .....	<b>238.33</b>	562.45
6,858,287.211 (-) units of Canara Robeco Floating Rate Short Term Growth Fund of Rs. 10 each in Canara Robeco Mutual Fund .....	<b>10.00</b>	-
5,651,539.322 (-) units of JM Money Manager Fund Regular Plan - Growth of Rs. 10 each in JM Financial Mutual Fund .....	<b>7.35</b>	-
7,836,560.690 (-) units of Reliance Monthly Interval Fund - Series I - Institutional Growth Plan of Rs. 10 each in Reliance Mutual Fund .....	<b>10.00</b>	-
3,841,927.726 (-) units of Reliance Monthly Interval Fund - Series II - Institutional Growth Plan of Rs. 10 each in Reliance Mutual Fund .....	<b>5.00</b>	-
6,422,306.018 (-) units of Tata Fixed Income Portfolio Fund Scheme A2 Institutional Growth of Rs. 10 each in Tata Mutual Fund .....	<b>6.63</b>	-
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 .....	<b>10.00</b>	-
10,000,000.000 (-) units of Birla Sunlife Short Term FMP Series 2 Growth of Rs. 10 each in Birla Sunlife Mutual Fund .....	<b>10.00</b>	-
8,131,072.895 (-) units of Birla Sunlife Quarterly Interval - Series 4 - Growth of Rs. 10 each in Birla Sunlife Mutual Fund .....	<b>10.00</b>	-
5,000,000.000 (-) units of BNP Paribas Fixed Term Fund Series 17D Growth of Rs. 10 each in BNP Paribas Mutual Fund .....	<b>5.00</b>	-
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 .....	<b>5.00</b>	-
15,000,000.000 (-) units of DSP BlackRock FMP - 3M Series 22 - Growth of Rs. 10 each in DSP BlackRock Mutual Fund .....	<b>15.00</b>	-
5,000,000.000 (-) units of DSP BlackRock FMP - 3M Series 25 - Growth Mutual Fund of Rs. 10 each in DSP BlackRock Mutual Fund .....	<b>5.00</b>	-
10,000,000.000 (-) units of DSP BlackRock FMP - 3M Series 26 - Growth of Rs. 10 each in DSP BlackRock Mutual Fund .....	<b>10.00</b>	-
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 .....	<b>10.00</b>	-
10,000,000.000 (-) units of IDFC Fixed Maturity Plan – Quarterly Series 61 - Growth of Rs. 10 each in IDFC Mutual Fund .....	<b>10.00</b>	-
8,293,937.132 (-) units of Kotak Quarterly Interval Plan Series 3 - Growth of Rs. 10 each in Kotak Mutual Fund .....	<b>10.00</b>	-
8,283,151.242 (-) units of Kotak Quarterly Interval Plan Series 4 - Growth of Rs. 10 each in Kotak Mutual Fund .....	<b>10.00</b>	-
7,268,138.921 (-) units of Kotak Quarterly Interval Plan Series 8 - Growth of Rs. 10 each in Kotak Mutual Fund .....	<b>8.16</b>	-
8,070,913.838 (-) units of Kotak Quarterly Interval Plan Series 1 - Growth of Rs. 10 each in Kotak Mutual Fund .....	<b>10.00</b>	-
3,319,105.780 (-) units of Kotak Quarterly Interval Plan Series 6 - Growth of Rs. 10 each in Kotak Mutual Fund .....	<b>4.04</b>	-
9,286,661.000 (-) units of L & T FMP -II (November 91D A) - Growth of Rs. 10 each in L&T Mutual Fund .....	<b>9.29</b>	-
10,345,726.560 (-) units of L & T FMP -II (December 91D A) - Growth of Rs. 10 each in L&T Mutual Fund .....	<b>10.34</b>	-
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 .....	<b>2.00</b>	-
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 .....	<b>10.00</b>	-
7,821,604.837 (-) units of Reliance Quarterly Interval Fund - Series II - Institutional Growth Option of Rs. 10 each in Reliance Mutual Fund .....	<b>10.00</b>	-
11,813,814.287 (-) units of Reliance Quarterly Interval Fund - Series III - Institutional Growth Plan of Rs. 10 each in Reliance Mutual Fund .....	<b>15.00</b>	-
14,565,227.946 (-) units of Reliance Interval Fund - Quarterly Plan - Series I - Institutional Growth Plan of Rs. 10 each in Reliance Mutual Fund .....	<b>15.00</b>	-
4,888,875.852 (-) units of Religare Active Income Fund Institutional - Growth of Rs. 10 each in Religare Mutual Fund .....	<b>5.00</b>	-
10,000,000.000 (-) units of Religare Fixed Maturity Plan - Series - IV Plan A - Growth of Rs. 10 each in Religare Mutual Fund .....	<b>10.00</b>	-
5,370,000.000 (-) units of Religare Fixed Maturity Plan - Series IV Plan C - Growth Plan of Rs. 10 each in Religare Mutual Fund .....	<b>5.37</b>	-
Carried forward .....	<b>501.51</b>	562.45

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

	Rs. in Crores	As at 31.12.2010 Rs. in Crores	As at 31.12.2009 Rs. in Crores
Brought forward .....	<b>501.51</b>		562.45
20,000,000.000 (-) units of SBI Mutual Fund - SDFS 90 Days - 35 - Growth of Rs. 10 each in SBI Mutual Fund .....	<b>20.00</b>		-
10,000,000.000 (-) units of SBI Mutual Fund - SDFS 90 Days - 37 - Growth of Rs. 10 each in SBI Mutual Fund .....	<b>10.00</b>		-
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 .....	<b>5.00</b>		-
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 .....	<b>10.00</b>		-
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 .....	<b>5.00</b>		-
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 .....	<b>15.00</b>		-
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 .....	<b>10.00</b>		-
		<b>576.51</b>	562.45
Total .....		<b>625.95</b>	727.01

	Book Value as on		Market Value as on	
	31.12.2010 Rs. in Crores	31.12.2009 Rs. in Crores	31.12.2010 Rs. in Crores	31.12.2009* Rs. in Crores
Aggregate amount of Quoted Investments	-	10.00	-	10.00
Aggregate amount of Unquoted Investments	<b>625.95</b>	717.01		
	<b>625.95</b>	727.01		

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

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

Name	Face Value Rs.	Nos.	Purchase Cost Rs. in Crores
<b>Units of Mutual Fund :</b>			
Axis Liquid Fund - Institutional Growth .....	1,000	145,006.288	14.90
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 Sunlife Cash Plus - Institutional Premium - Growth .....	10	298,401,976.586	445.06
Birla Sun Life Saving Fund Institutional - Growth .....	10	76,984,986.568	135.02
Birla Sunlife Interval Income Fund - Institutional - Quarterly - Series 2 - Growth .....	10	21,541,881.726	25.00
Birla Sunlife Interval Income Fund Institutional - Quarterly - Series 1 - Growth .....	10	5,000,545.527	5.00
Birla Sunlife 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
Birla Sunlife Floating Rate Fund - Long Term Institutional - Growth .....	10	40,949,917.465	45.08
BNP Paribas Overnight-Institutional Plus - Growth .....	10	15,156,696.670	16.00
BNP Paribas Overnight Institutional Growth .....	10	10,323,128.632	14.81
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 Liquid Super Institutional Growth Fund .....	10	22,281,733.789	25.29
Canara Robeco Treasury Advantage Super Institutional Growth Fund .....	10	3,635,147.844	5.00
DWS Insta Cash Plus Fund - Institutional Plan Growth .....	10	2,089,063.956	3.00
DWS Insta Cash Plus Fund - Super Institutional Plan Growth .....	10	33,169,421.402	39.81
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 BlackRock Liquidity Fund - Institutional Plan - Growth .....	1,000	2,007,377.874	269.06
DSP BlackRock Floating Rate Fund - Institutional Plan - Growth .....	1,000	829,259.444	110.01
HDFC Liquid Fund -Premium Plan - Growth .....	10	227,277,828.350	427.51
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

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

Name	Face Value Rs.	Nos.	Purchase Cost Rs. in Crores
HDFC FMP 35D October 2010 (1) - Growth - Series XVII .....	10	10,000,000.000	10.00
ICICI Prudential Liquid Super Institutional Plan - Growth .....	100	59,392,327.421	824.61
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 Cash Fund - Super Institutional Plan C - Growth .....	10	122,335,260.112	139.34
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 Liquid Fund - Super Institutional Growth Plan .....	10	28,763,707.980	34.42
JP Morgan India Treasury Fund - Super Institutional Growth Plan .....	10	15,918,743.408	19.00
JM High Liquidity Fund - Super Institutional Plan - Growth .....	10	6,348,838.856	9.24
JM Money Manager Fund Super Plus Plan - Growth .....	10	1,555,603.143	2.00
Kotak Liquid Fund Institutional Premium Growth .....	10	39,371,678.799	74.56
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 Mutual Fund Liquid Fund - Growth Plan .....	10	76,197,107.148	129.28
LIC Mutual Fund Savings Plus Fund - Growth Plan .....	10	27,496,345.918	40.01
L&T Liquid Super Institutional Plan - Cumulative .....	10	18,136,670.702	23.12
L&T Freedom Income STP - Institutional - Cumulative - Org .....	10	9,400,165.701	14.00
L&T - FMP - I ( June 91 D A ) - Growth .....	10	10,000,000.000	10.00
L&T FMP - I ( August 91 D A ) - Growth .....	10	9,131,158.000	9.13
L&T FMP - I ( September 91 D A ) - Growth .....	10	10,160,800.000	10.16
Principal Cash Management Fund - Liquid Option - Institutional Premium Plan - Growth Plan .....	10	13,638,836.319	19.89
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 Liquidity Fund - Growth Option .....	10	573,816,614.481	805.38
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 Liquid Fund Super - Institutional Growth .....	10	31,308,954.931	40.18
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 - Magnum Insta Cash Fund - Cash Option .....	10	106,299,461.909	218.93
SBI - SHF - Ultra Short Term Fund - Institutional Plan - Growth .....	10	114,739,660.984	137.02
Tata Liquid Super High Inv. Fund - Appreciation .....	1,000	358,342.526	61.83
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 Liquid Cash Plan Institutional - Growth Option .....	1,000	1,128,134.903	171.81
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 31.12.2010 Rs. in Crores	As at 31.12.2009 Rs. in Crores
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## SCHEDULE 'G' - 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. 12.76 crores; 31.12.2009-Rs. 22.95 crores) (Refer Note 25) .....	<b>545.21</b>	458.38
Stock-in-trade :		
Raw materials (including in transit-Rs. 1.58 crores; 31.12.2009-Rs. 6.89 crores) .....	<b>52.45</b>	48.56
Materials-in-process .....	<b>229.25</b>	123.27
Finished goods .....	<b>74.95</b>	53.03
	<b>356.65</b>	224.86
Total .....	<b>901.86</b>	683.24

## SCHEDULE 'H' - SUNDRY DEBTORS

Over six months :

Considered good (Secured by way of security deposit Rs. 0.34 crore; 31.12.2009 Rs. 0.41 crore) .....	<b>2.02</b>	2.18
Considered doubtful, unsecured .....	<b>8.54</b>	8.41
Less : Provision .....	<b>8.54</b>	8.41
	-	-
	<b>2.02</b>	2.18
Others considered good (Secured by way of security deposit Rs. 46.65 crores; 31.12.2009 Rs. 54.47 crores) (Refer Note below) .....	<b>126.16</b>	150.02
Total .....	<b>128.18</b>	152.20

### Note :

Others Includes :

Due from ACC Limited Rs. 1.16 crores (31.12.2009 Rs. 0.11 crore), (maximum outstanding due during the year Rs. 5.89 crores (31.12.2009 Rs. 0.20 crore)), and from ACC Concrete Limited Rs. 1.73 crores (31.12.2009 Rs. 2.43 crores), (maximum outstanding due during the year Rs. 8.80 crores (31.12.2009 Rs. 3.04 crores)), companies under same management

## SCHEDULE 'I' - CASH AND BANK BALANCES

Cash on hand .....	<b>0.35</b>	0.32
Cheques on hand with Banks as Collecting Agency in terms of an arrangement (31.12.2009 Rs. 21,150/-) .....	-	-
Bank Balances :		
With Scheduled Banks :		
In Current Account .....	<b>198.05</b>	116.32
In Fixed Deposits (Deposit Receipts of Rs. 10.15 crores (31.12.2009-Rs. 2.06 crores) deposited with Government Departments as Security Deposit and Rs. 25.61 crores (31.12.2009-Rs. 25.61 crores)) deposited with banks as security deposit for guarantees .....	<b>1,549.77</b>	764.04
	<b>1,747.82</b>	880.36
Total .....	<b>1,748.17</b>	880.68

## SCHEDULE 'J' - OTHER CURRENT ASSETS

Interest accrued on Investments .....	<b>1.02</b>	1.43
Other Interest receivable (including due from a subsidiary Rs. 0.02 crore; 31.12.2009 Rs. 0.02 crore) .....	<b>12.82</b>	5.61
Scrapped assets awaiting disposal (at net book value or estimated net realisable value whichever is less) .....	<b>0.05</b>	1.31
Sundry Receivables .....	<b>2.68</b>	1.82
Total .....	<b>16.57</b>	10.17

	As at 31.12.2010 Rs. in Crores	As at 31.12.2009 Rs. in Crores
<b>SCHEDULE 'K' - LOANS AND ADVANCES</b>		
(Unsecured Considered Good, unless otherwise stated)		
Loan to a subsidiary company (Refer Note 31) .....	0.25	0.25
Advances recoverable in cash or in kind or for value to be received		
Good (Refer Note 26) .....	133.92	130.44
Doubtful .....	10.39	9.92
Less : Provision .....	10.39	9.92
	<u>-</u>	<u>-</u>
	133.92	130.44
Incentives receivable under central / state government incentive scheme .....	126.79	53.54
Deposits .....	78.13	65.17
Balance with Central Excise, Customs, Port Trusts, etc. ....	1.46	3.65
Total .....	<u>340.55</u>	<u>253.05</u>

## SCHEDULE 'L' - CURRENT LIABILITIES AND PROVISIONS

### LIABILITIES :

#### Sundry Creditors :

Dues of Micro and Small Enterprises (Refer Note 21) .....	0.17	2.31
Creditors Other than Micro and Small Enterprises .....	1,106.11	919.97
	1,106.28	922.28

Investor Education and Protection Fund shall be credited by the following (See Note below) \* :

Unclaimed Dividends .....	16.11	14.29
Unclaimed Application Money on Securities .....	0.15	0.15
Unclaimed Interest (31.12.2009-Rs. 9,439/-) .....	-	
Unclaimed sale proceeds of the odd lot shares belonging to the Shareholders of erstwhile ACRL and ACEL .....	2.94	2.96
	19.20	17.40
Security Deposits .....	172.13	122.21
Interest accrued but not due on loans .....	-	5.16
	1,297.61	1,067.05

### PROVISIONS :

Provision for wealth tax, net of advances .....	0.43	0.38
Provision for fringe benefit tax, net of advances .....	-	0.27
Proposed Dividend .....	214.18	182.85
Provision for Dividend Distribution Tax .....	35.57	31.07
Provision for gratuity and staff benefit schemes .....	5.18	4.66
Provision for compensated absences .....	47.40	46.60
Provision for mines reclamation expenses (Refer Note 12) .....	11.54	10.15
Provision for Income tax, net of advances (including interest thereon) .....	782.27	398.06
	1,096.57	674.04
Total .....	<u>2,394.18</u>	<u>1,741.09</u>

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

	As at 31.12.2010 Rs. in Crores	As at 31.12.2009 Rs. in Crores
<b>SCHEDULE 'M' - OTHER INCOME</b>		
<b>Operating Income :</b>		
Insurance Claims .....	12.24	0.54
Sale of Power .....	29.17	42.51
Surplus on Sale of Assets .....	13.78	1.25
Exchange Rate Difference (net) .....	2.24	2.09
Miscellaneous Income (Gross; Tax deducted Rs. 1.00 crores; 31.12.2009-Rs. 0.87 crore)	42.80	31.70
Provisions no longer required .....	27.11	26.52
	<b>127.34</b>	<b>104.61</b>
<b>Other Income :</b>		
Dividend income from current investment - other than trade .....	0.02	2.32
Profit / (Loss) on Sale of Current Investments (net) .....	34.47	7.39
Interest Income (Gross; Tax deducted Rs. 6.46 crores; 31.12.2009 Rs. 4.68 crores) .....		
On Current Investments (Debentures and Bonds) .....	1.82	2.86
On Fixed deposits with banks .....	66.17	43.74
On Income Tax Refund (Net of interest expenses Rs. Nil; 31.12.2009 Rs. 9.83 crores)	-	23.19
Others .....	3.89	2.46
	<b>71.88</b>	<b>72.25</b>
Miscellaneous income .....	-	10.00
Discounting income on sales tax loan (Refer Note 32) .....	13.89	59.27
	<b>120.26</b>	<b>151.23</b>
Total .....	<b>247.60</b>	<b>255.84</b>

## SCHEDULE 'N' - MANUFACTURING AND OTHER EXPENSES

<b>1 Raw Materials Consumed :</b>		
Purchased Clinker .....	123.70	570.74
Others (Refer Note 29 (a)) .....	472.58	393.69
	<b>596.28</b>	<b>964.43</b>
<b>2 Freight and Handling Charges on internal material transfer (Refer Note 29 (a)) .....</b>	<b>352.01</b>	<b>225.75</b>
<b>3 Royalty and Cess .....</b>	<b>126.43</b>	<b>87.26</b>
<b>4 Stores and Spares Consumed .....</b>	<b>272.13</b>	<b>255.54</b>
<b>5 Provision for slow and non moving spares (Refer Note 25) .....</b>	<b>14.93</b>	<b>-</b>
<b>6 Packing Materials Consumed .....</b>	<b>239.85</b>	<b>196.37</b>
<b>7 Power and Fuel .....</b>	<b>1,697.34</b>	<b>1,422.75</b>
<b>8 Mines reclamation expenses .....</b>	<b>3.16</b>	<b>0.40</b>
<b>9 Repairs and Maintenance :</b>		
Buildings .....	8.33	8.91
Machinery .....	97.44	74.00
Others .....	15.84	15.66
	<b>121.61</b>	<b>98.57</b>
<b>10 Excise duty :</b>		
Excise duty on captive consumption of clinker .....	42.94	39.44
Excise duty variation on opening / closing stock .....	4.92	(3.27)
	<b>47.86</b>	<b>36.17</b>
<b>11 Employees' Remuneration and Benefits :</b>		
Salaries, Wages, Bonus, Allowances, etc. ....	290.15	246.44
Contribution to Provident and other Funds (Refer Note 9 (h)) .....	32.79	10.50
Welfare Expenses .....	19.38	15.90
	<b>342.32</b>	<b>272.84</b>
Employee Compensation expenses under Employee .....		
Stock Option Scheme (Refer Note 10 (e)) .....	1.34	-
	<b>343.66</b>	<b>272.84</b>
Carried forward .....	<b>3815.26</b>	<b>3560.08</b>

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

	As at 31.12.2010 Rs. in Crores	As at 31.12.2009 Rs. in Crores
Brought forward .....	<b>3815.26</b>	3560.08
12 Administrative, Selling and Other Expenses :		
Rent .....	<b>21.85</b>	21.73
Rates and Taxes .....	<b>7.13</b>	4.41
Insurance .....	<b>20.89</b>	19.67
Advertisement and Publicity .....	<b>84.07</b>	59.65
Freight and Forwarding charges [including Rs. 3.32 crores on Exports (31.12.2009-Rs. 3.94 crores)] (Refer Note 29 (a)) .....	<b>1,258.07</b>	1,121.69
Commission on sales .....	<b>19.66</b>	14.99
Discount on sales .....	<b>87.49</b>	80.92
Selling and Distribution Expenses .....	<b>37.56</b>	31.87
Turnover Tax, Additional Tax and Purchase Tax .....	<b>6.08</b>	7.34
Miscellaneous Expenses .....	<b>243.12</b>	203.66
Directors' Fees and Expenses .....	<b>0.24</b>	0.26
Commission to Non-executive Directors (Refer Note 8) .....	<b>1.25</b>	1.45
Loss on Assets sold, scrapped, discarded and written off .....	<b>3.27</b>	6.40
Donations (Refer Note 22) .....	<b>22.07</b>	42.45
Bad Debts, Sundry Debit Balances and Claims written off .....	<b>2.80</b>	1.03
Provision for doubtful debts and advances (net) .....	<b>0.63</b>	0.50
Part of Deferred Revenue expenditure, written off .....	<b>0.61</b>	1.57
Wealth Tax .....	<b>0.18</b>	0.21
	<b>1,816.97</b>	1,619.80
13 Variation in Stocks :		
Closing stocks :		
Materials-in-process .....	<b>229.25</b>	123.27
Finished goods .....	<b>74.95</b>	53.03
	<b>304.20</b>	176.30
Opening stocks :		
Materials-in-process .....	<b>123.27</b>	147.73
Finished goods .....	<b>53.03</b>	78.01
	<b>176.30</b>	225.74
	<b>(127.90)</b>	49.44
Less : Trial run stocks :		
At the commencement of Commercial Production .....	<b>73.62</b>	-
(Increase) / Decrease in Stocks .....	<b>(54.28)</b>	49.44
Total .....	<b>5,577.95</b>	5,229.32

## SCHEDULE 'O' - INTEREST AND FINANCE CHARGES

Interest :		
On Debentures and Bonds .....	<b>1.69</b>	6.85
On Income Tax (net of interest income on refund Rs. 35.31 crores; 31.12.2009 Rs. Nil) .....	<b>32.08</b>	-
Others (Refer Note 29 (b)) .....	<b>14.91</b>	15.54
	<b>48.68</b>	22.39
Finance Charges .....	<b>0.01</b>	0.04
Total .....	<b>48.69</b>	22.43

## SCHEDULE 'P' - EXCEPTIONAL ITEMS

Profit on sale of investment (Refer Note 24) .....	<b>72.63</b>	-
Provision for slow and non moving spares (Refer Note 25) .....	<b>(46.10)</b>	-
Total .....	<b>26.53</b>	-

## SCHEDULE 'Q' - 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.
- (iv) The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual result could differ from these estimates.

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

#### (a) Fixed Assets:

- (i) Fixed Assets are stated at their original cost of acquisition/installation (net of Modvat / Cenvat credit availed), net of accumulated depreciation, 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.
- (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' - NOTES TO ACCOUNTS (Contd.)

(e) Inventories :

Inventories are valued as follows:

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

As per CFS present at 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 and finished goods and trial run inventories:

As per CFS present at 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 Sales Tax / VAT remission entitlement due in accordance with the respective incentive schemes.

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

(i) Mines Reclamation 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 is 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 & 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.

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

(l) Employee Stock Compensation cost :

The Company measures compensation cost relating to employee stock option using the intrinsic value method. Discount on Equity Shares as compensation expenses under the Employee Stock Option Scheme, is 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 and fringe benefit taxes. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income-tax Act. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available against which 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 'Cement' 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.
- (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.

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

(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.

		<b>As at</b>	As at
		<b>31.12.2010</b>	31.12.2009
		<b>Rs. in Crores</b>	Rs. in Crores
2.	a) Contingent liabilities not provided for in respect of :		
	(i) Bank Guarantee given to Mines & Geology Dept. Government of Rajasthan for setting up of Cement plant .....	-	2.00
	(ii) Claims against the Company not acknowledged as debts		
	(a) Disputed liability relating to labour matters .....	<b>38.46</b>	44.09
	(b) For acquisition of land .....	<b>50.25</b>	51.39
	(c) For Non Agriculture Assessment Tax .....	-	2.65
	(d) Others .....	<b>4.18</b>	23.38
	(iii) Tax matters		
	(a) Disputed liability in respect of Income-tax demands (including interest) - matters under appeal .....	<b>57.53</b>	60.78
	(b) Disputed Sales-tax demands (including interest and penalty) .....	<b>12.26</b>	25.96
	(c) Disputed Excise demands - matters under appeal (Deposit with Excise Department Rs. 0.21 crore; Previous year Rs. 0.21 crore) .....	<b>7.61</b>	26.66
	(d) Disputed Customs demands - matters under appeal .....	<b>0.52</b>	1.43
	(e) Disputed liability of RTO Tax on Mining Machinery .....	<b>0.80</b>	0.62
	(iv) Disputed liabilities relating to Railway Freight on Cement - matter once decided in favour of the Company by the Honourable High Court of Gujarat was remanded back by the Honourable Supreme Court pursuant to a Special Leave Petition filed by the railways. ....	<b>5.51</b>	5.51
	(v) Disputed liabilities relating to Coal claims - matter pending in the Honourable High Court :		
	(a) Railway freight on Coal .....	<b>1.60</b>	1.49
	(b) Penal freight on Excess Weight of Coal .....	<b>0.24</b>	0.24
	(c) Interest on Premium on Coal .....	<b>3.29</b>	3.29
	In respect of items above, future cash outflows in respect of contingent liabilities are determinable only on receipt of judgements / decisions pending at various forums / authorities.		
	b) The Honourable High Court of Himachal Pradesh has passed an order in favour of the Company for its claim in respect of power subsidy in the form of Power Tariff Freeze (PTF) and Peak Load Exemption Charges (PLEC). Against this, Government of Himachal Pradesh on 1st May, 2004 has issued 296 5.13% H P Infrastructure Development Bonds of face value of Rs.10 lacs each, having a value of Rs.29.60 crores redeemable after 10 years and balance of Rs.0.08 crore is refunded to the Company.		
	The Government of Himachal Pradesh has filed Special Leave Petition in the Honourable Supreme Court against the decision of the Honourable High Court of Himachal Pradesh. The Company has given an undertaking to refund Rs.29.68 crores paid by the State Government together with interest thereon up to the date of final judgment in time bound manner, in the event that the matter is decided against the Company.	<b>29.68</b>	29.68
	c) The Government of Rajasthan has granted 75% exemption from Sales Tax in respect of Rabriyawas unit. However, the eligibility of exemption in excess of 25% has been contested by the State Government in a similar matter of another Company and the matter is pending before the Honourable Supreme Court. The Company has given an undertaking to the Government of Rajasthan that the Company will deposit the differential amount of Sales Tax, in case the Supreme Court's decision goes against in the matter referred above.	<b>82.16</b>	82.16
	d) Writ petition filed against the order of Madhya Pradesh State Mining Department demanding Rs. 4.76 crores and 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.	<b>56.25</b>	52.51
3.	Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (net of advances).	<b>404.04</b>	398.50

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

## 4 Related Party Disclosures :

## a) List of Related Parties and relationships

Party	Relation
<b>A Names of related parties where control exists</b>	
Kakinada Cements Ltd. ....	Subsidiary
M.G.T.Cements Private Ltd. ....	Subsidiary
Chemical Limes Mundwa Private Ltd. ....	Subsidiary
Cement Ambuja International Ltd. ....	- (Subsidiary up to 20.02.2009)
<b>B Names of Joint Ventures</b>	
Wardha Vaalley Coal Field Pvt. Ltd. ....	Joint Venturer
Counto Microfine Products Pvt. Ltd. ....	Joint Venturer
<b>C Key Management Personnel</b>	
Mr. A. L. Kapur .....	Managing Director upto 30.04.2010
Mr. Onne van der Weijde .....	Managing Director from 01.05.2010 (Whole time Director & CEO-Designate during the period 17.02.2010 to 30.04.2010)
Mr. P. B. Kulkarni .....	- (Whole-time Director upto 31.01.2009)
Mr. N. P. Ghuwalewala .....	- (Whole-time Director upto 27.06.2009)
Mr. B. L. Taparia .....	- (Whole-time Director upto 30.04.2009)
<b>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>(A) Directors</b>	
GACL Finance Ltd. ....	Mr. N. S. Sekhsaria
Radha Krishna Birmalkumar Pvt. Ltd. ....	- (Mr. Suresh Neotia, Director upto 23.09.2009)
<b>(B) Major Shareholders</b>	
Holderind Investments Ltd., Mauritius .....	Major shareholder having significant influence
Holcim Ltd., Switzerland .....	Holding Company of Holderind Investments Ltd., Mauritius
Holcim Trading Pte Ltd., Singapore .....	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
Holcim Trading SA, Spain .....	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
Holcim Group Support Ltd., Switzerland .....	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
Holcim Trading FZCO, Dubai .....	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
PT Holcim Indonesia .....	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
Holcim Services (Asia) Ltd., Thailand .....	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
Holcim Services (South Asia) Ltd., India .....	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
Holcim (Lanka) Ltd., Srilanka .....	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
Jurong Cements Ltd., Singapore .....	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
Siam City Cement Public Co. Ltd., Thailand ..	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
St. Lawrence Cement Inc., Canada .....	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
Holcim (US) Inc., USA .....	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
ACC Ltd., India .....	Associate of Holderind Investments Ltd., Mauritius
ACC Concrete Ltd., India	Subsidiary of ACC Ltd.

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

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

Rs. In crores

Transactions	Subsidiaries	Joint Ventures	Key Management Personnels	Relatives of Key Management Personnel	Enterprises over which significant influence exercised by Directors and Major Shareholders
<b>I. Transactions during the period</b>					
Purchase of Goods	-	<b>0.01</b>	-	-	<b>102.39</b>
	(-)	(-)	(-)	(-)	(258.68)
Sale of Goods	-	-	-	-	<b>160.86</b>
	(-)	(-)	(-)	(-)	(197.27)
Sale of Fixed Assets	-	-	-	-	<b>9.67</b>
	(-)	(-)	(-)	(-)	(0.11)
Receiving of Services	-	-	-	-	<b>53.45</b>
	(-)	(-)	(-)	(-)	(39.11)
Interest Received	<b>0.03</b>	-	-	-	<b>0.04</b>
	(0.03)	(-)	(-)	(-)	(-)
Remuneration	-	-	<b>4.16</b>	<b>0.40</b>	-
	(-)	(-)	(5.96)	(0.63)	(-)
Other Recoveries	-	<b>Rs.6514</b>	-	-	<b>1.43</b>
	(-)	(-)	(-)	(-)	(0.10)
Others Payments	-	<b>0.02</b>	-	-	<b>2.24</b>
	(-)	(-)	(-)	(-)	(0.06)
Equity contribution	-	<b>0.27</b>	-	-	-
	(-)	(-)	(-)	(-)	(-)
Investment in Preference Shares	-	<b>15.00</b>	-	-	-
	(-)	(-)	(-)	(-)	(-)
<b>II. Amounts Outstanding as at Balance Sheet date</b>					
Loans given Outstanding	<b>0.25</b>	-	-	-	-
	(0.25)	(-)	(-)	(-)	(-)
Amounts receivable	<b>0.02</b>	<b>Rs.6514</b>	-	-	<b>12.21</b>
	(-)	(-)	(-)	(-)	(14.44)
Amounts payable	-	-	<b>0.80</b>	-	<b>19.60</b>
	(-)	(-)	(-)	(-)	(22.21)

**III. Notes :**

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



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

Details of material related party transactions [included in b.]

Description	Subsidiary	Joint Venture		Key Management Personnel			Enterprises Over which significant influence is exercised by Directors and Major shareholders										Rs. In crores								
		Counto Microfine Products Pvt.Ltd	Wardha VaoilleyCoal FieldPvt.Ltd	Mr. Orme van der Weijde	Mr.A.L. Kapur	Mr. P.B. Kulkarni	Mr.N.P. Ghurawalewala	Mt.B.L. Taparia	GACL Finance Ltd	PT Holcim Indonesia	Siam City Cement Public co. Ltd	ACC Ltd.	ACC Concrete Ltd.	Holcim Services (South Asia) Ltd.	Holcim Lanka Ltd	Holcim Trading S A. Spain		Holcim Trading FZCO, Dubai	Holcim Trading, Singapore	Holcim Group Support Ltd.	Holcim (US) Inc	Jurong Cement			
<b>Purchase of Goods</b>	-	<b>0.01</b>	-	-	-	-	-	-	-	-	-	<b>8.17</b>	-	-	-	-	<b>94.20</b>	-	-	-	-	-	<b>0.02</b>	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(24.81)	(-)	(-)	(-)	(-)	(233.87)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
<b>Sale of Goods</b>	-	-	-	-	-	-	-	-	-	-	-	<b>12.37</b>	<b>51.22</b>	-	-	-	<b>16.67</b>	<b>78.07</b>	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(0.32)	(49.08)	(-)	(-)	(-)	(147.87)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
<b>Sale of Fixed Assets</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(0.11)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
<b>Receiving of Services</b>	-	-	-	-	-	-	-	-	-	-	-	<b>4.29</b>	-	-	<b>0.12</b>	-	-	-	-	-	-	-	<b>24.93</b>	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(6.65)	(-)	(22.65)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(9.81)	(-)	(-)
<b>Interest Received</b>	<b>0.03</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	<b>0.04</b>	-	-	-	-	-	-	-	-	-
	(0.03)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
<b>Remuneration</b>	-	-	-	<b>2.26</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(3.13)	(0.97)	(1.30)	(0.56)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
<b>Other Recoveries</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	<b>0.04</b>	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	<b>0.01</b>
<b>Other Payments</b>	-	<b>0.02</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	<b>1.47</b>	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(0.05)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
<b>Equity contribution</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
<b>Investment in Preference Shares</b>	-	<b>15.00</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
<b>Loan Given Outstanding</b>	<b>0.25</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(0.25)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
<b>Amount receivable</b>	<b>0.02</b>	-	-	-	-	-	-	-	-	-	-	<b>1.16</b>	<b>1.73</b>	<b>0.61</b>	<b>0.09</b>	-	<b>0.02</b>	<b>8.59</b>	-	-	-	-	-	-	<b>0.01</b>
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(0.11)	(2.42)	(1.59)	(0.05)	(-)	(10.27)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
<b>Amount payable</b>	-	-	-	<b>0.55</b>	<b>0.25</b>	-	-	-	-	-	-	<b>0.22</b>	-	-	<b>0.12</b>	-	<b>7.62</b>	<b>4.56</b>	-	-	-	-	<b>7.03</b>	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(0.77)	(-)	(-)	(-)	(-)	(12.72)	(4.10)	(-)	(-)	(-)	(-)	(4.62)	(-)	(-)

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

	<b>2010</b> <b>Rs. in Crores</b>	2009 Rs. in Crores
<b>5 Earnings per Share (EPS) :</b>		
(i) Profit attributable to Equity Shareholders for Basic and Diluted EPS .....	<b>1,263.61</b>	1,218.37
	<b>Nos.</b>	Nos.
(ii) Weighted average number of Equity Shares for Basic EPS .....	<b>1,525,267,663</b>	1,522,873,556
Add : Potential equity shares on exercise of option of ESOS .....	<b>3,982,713</b>	1,396,388
Add : Potential equity shares on exercise of Rights and warrants kept in abeyance out of the Rights issue in 1992 .....	<b>256,441</b>	231,386
Weighted average number of shares for Diluted EPS .....	<b>1,529,506,817</b>	1,524,501,330
	<b>Rs.</b>	Rs.
(iii) Nominal Value of Shares .....	<b>2.00</b>	2.00
(iv) Earning per Share :		
Basic .....	<b>8.28</b>	8.00
Diluted .....	<b>8.26</b>	7.99
	<b>2010</b>	2009
	<b>Rs. in Crores</b>	Rs. in Crores
<b>6 Segment reporting :</b>		
The Company has only one business segment 'Cement' as primary segment. The secondary segment is geographical, which is given as under:		
a) Revenue .....		
i) Sales (Net of Excise Duty)		
Within India .....	<b>7,279.32</b>	6,904.63
Outside India .....	<b>110.89</b>	172.24
	<b>7,390.21</b>	7,076.87
ii) Other Income		
Within India .....	<b>127.25</b>	114.56
Outside India .....	<b>0.09</b>	0.05
	<b>127.34</b>	114.61
b) All the Assets of the Company, except the debtors and loans and advances amounting to Rs. 16.45 crores (31.12.2009 - Rs. 18.30 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>596.37</b>	515.27
Total .....	<b>596.37</b>	515.27
b) Deferred Tax Assets, on account of :		
Employee Benefits .....	<b>26.62</b>	21.65
Provision for slow and non moving spares .....	<b>20.27</b>	-
Others .....	<b>18.60</b>	7.78
Total .....	<b>65.49</b>	29.43
Net Deferred Tax Liabilities .....	<b>530.88</b>	485.84

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

	<u>Rs. in Crores</u>	<u>2010 Rs. in Crores</u>	<u>2009 Rs. in Crores</u>
<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>1,263.61</b>	1,218.37
Add : Depreciation and Amortisation .....	<b>387.19</b>		296.99
Provision for doubtful debts and advances (net) .....	<b>0.63</b>		0.50
Provision for Wealth Tax .....	<b>0.18</b>		0.21
Provision for Current Tax (including for earlier years) .....	<b>353.49</b>		479.00
Provision for Deferred Tax (including for earlier years) .....	<b>45.04</b>		105.09
Provision for Fringe Benefits Tax (including for earlier years) .....	<b>(0.27)</b>		0.84
		<b>786.26</b>	882.63
Less : Depreciation under Section 350 of the Companies Act, 1956 .....	<b>387.19</b>		296.99
Excess of Sale price over the cost of assets sold .....	<b>10.82</b>		-
Other income .....	-		10.00
Profit on sale of investment (including exceptional items) .....	<b>107.10</b>		7.39
		<b>505.11</b>	314.38
Net profit as per Section 349 of the Companies Act, 1956 .....		<b>1,544.76</b>	1,786.62
Add : Managing Directors' and Whole-time Director's Remuneration .....	<b>4.16</b>		5.96
Commission to Non-executive Directors .....	<b>1.25</b>		1.45
		<b>5.41</b>	7.41
Profit on which Commission is payable .....		<b>1,550.17</b>	1,794.03
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>62.01</b>	45.22
Remuneration on pro-rata profit @ 10% .....		<b>31.00</b>	88.96
		<b>93.01</b>	134.18
Managerial Remuneration Paid .....		<b>4.16</b>	5.96
ii) Commission			
Commission to Non-executive and Independent Directors :			
Eligible Commission in terms of Section 309 of the Companies Act, 1956, Rs. 15.50 crores (1% of Rs. 1550.17 crores) (previous year 17.94 crores (1% of Rs. 1794.03 crores))			
Commission to be paid as determined by the Board of Directors .....		<b>1.25</b>	1.45
B) The Profit & Loss Account includes payments to and provisions for Managerial Remuneration as under :			
Salaries and Allowances and performance bonus .....		<b>3.82</b>	5.17
Contribution to Provident & Other Funds .....		<b>0.29</b>	0.57
Perquisites (including estimated monetary value Rs. 37,207; previous year Rs. Nil) .....		<b>0.05</b>	0.22
		<b>4.16</b>	5.96

**Notes :**

- 1) Remuneration includes gratuity to the extent of contribution and leave encashment on payment basis.
- 2) Remuneration excludes benefit under Employee Stock Option Scheme of the Company.
- 3) The above remuneration includes :
  - a) 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.
  - b) In previous year, Remuneration to Mr. P.B. Kulkarni, Mr. B.L. Taparia and Mr. N.P. Ghuwalewala as Whole-time Director for the period upto 31st January 2009, 30th April 2009 and 30th June 2009, respectively.

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

**9 Employee Defined Benefits:**

a) Defined Contribution Plans

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

	<b>2010</b>	2009
	<b>Rs. in crores</b>	Rs. in crores
Contribution to Superannuation Fund .....	<b>6.21</b>	4.76
Contribution to Provident Fund (Government) .....	<b>11.67</b>	11.10
Others .....	<b>0.16</b>	0.08
	<b>18.04</b>	15.94

b) Defined Benefit Plans- As per Actuarial Valuation

Rs. in crores

Particulars	2010				2009			
	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 .....	5.14	0.05	0.02	0.43	5.77	0.07	0.04	0.19
2 Interest Cost .....	4.53	0.04	0.02	0.36	3.88	0.05	0.02	0.15
3 Employee Contributions .....	-	-	-	-	-	-	-	-
4 Expected Return on Plan Assets .....	(4.62)	-	-	-	(4.00)	-	-	-
5 Actuarial (Gains) / Losses .....	3.38	0.09	(0.02)	(0.28)	(13.29)	(0.22)	(0.13)	1.73
6 Past Service Cost .....	-	-	-	-	-	-	-	-
7 Settlement Cost .....	-	-	-	-	-	-	-	-
8 Losses / (gains) on acquisition / divestiture .....	-	-	-	-	-	-	-	-
9 Total Expense .....	8.43	0.18	0.02	0.51	(7.64)	(0.10)	(0.07)	2.07
II Net Asset / (Liability) recognised in the Balance Sheet								
1 Present Value of Defined Benefit Obligation .....	65.09	0.64	0.28	4.85	57.28	0.56	0.26	4.35
2 Fair Value of Plan Assets .....	67.14	-	-	-	59.85	-	-	-
3 Funded Status (Surplus / (Deficit)) .....	2.05	(0.64)	(0.28)	(4.85)	2.57	(0.56)	(0.26)	(4.35)
4 Net Asset / (Liability) .....	2.05	(0.64)	(0.28)	(4.85)	2.57	(0.56)	(0.26)	(4.35)
III Change in Obligation during the Year								
1 Present value of Defined Benefit Obligation at the beginning of the year .....	57.28	0.56	0.26	4.35	63.21	0.74	0.33	2.29
2 Current Service Cost .....	5.14	0.05	0.02	0.43	5.77	0.07	0.04	0.19
3 Interest Cost .....	4.53	0.04	0.02	0.36	3.88	0.05	0.02	0.15
4 Settlement Cost .....	-	-	-	-	-	-	-	-
5 Past Service Cost .....	-	-	-	-	-	-	-	-
6 Employee Contributions .....	-	-	-	-	-	-	-	-
7 Liabilities assumed on acquisition/(settled on divesture)	-	-	-	-	-	-	-	-
8 Actuarial (Gains) / Losses .....	3.20	0.09	(0.02)	(0.28)	(12.55)	(0.22)	(0.13)	1.72
9 Benefits Payments .....	(5.05)	(0.10)	-	(0.01)	(3.03)	(0.08)	-	-
10 Present Value of Defined Benefit Obligation at the end of the year .....	65.10	0.64	0.28	4.85	57.28	0.56	0.26	4.35
IV Change in Assets during the Year								
1 Plan Assets at the beginning of the year .....	59.85	-	-	-	50.04	-	-	-
2 Assets acquired on amalgamation in previous year ....	-	-	-	-	-	-	-	-
3 Settlements .....	-	-	-	-	-	-	-	-
4 Expected return on plan assets .....	4.62	-	-	-	4.00	-	-	-
5 Contributions by employer .....	7.90	0.10	-	-	8.17	0.08	-	-
6 Actual Benefit Paid .....	(5.05)	(0.10)	-	(0.01)	(3.10)	(0.08)	-	-
7 Actuarial Gains / (Losses) .....	(0.18)	-	-	-	0.74	-	-	-
8 Plan Assets at the end of the year .....	67.14	-	-	(0.01)	59.85	-	-	-
9 Actual Return on plan assets .....	4.45	-	-	-	4.74	-	-	-

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

V	The major categories of plan assets as a percentage of total plan .....	<b>2010</b>		2009	
	Qualifying Insurance policy .....	<b>100%</b>		100%	
VI	Effect of One percentage point change in the assumed Medical Inflation rate : .....	<b>1% increase</b>	<b>1% decrease</b>	1% increase	1% decrease
	Increase/ (Decrease) on aggregate service and interest cost .....	<b>0.20</b>	<b>(0.16)</b>	0.07	(0.06)
	Increase/ (Decrease) on Present value of Defined Benefit obligation .....	<b>1.03</b>	<b>(0.83)</b>	0.96	(0.76)
VII	Actuarial Assumptions:				
1	Discount Rate .....	<b>8.30% p.a.</b>		8.25% p.a.	
2	Expected rate of return on plan assets .....	<b>7.50% p.a.</b>		7.50% p.a.	
3	Mortality .....	<b>LIC (1994-96) mortality tables</b>		LIC (1994-96) mortality tables	
4	Turnover rate .....	<b>Age 21-44 -2%, Age 45 -57 - 1%</b>		Age 21-44 -2%, Age 45 -57 - 1%	
5	Medical premium inflation .....	<b>12% p.a. in the first 5 years and 8% thereafter</b>		12% p.a. in the first 5 years and 8.5% thereafter	
6	Salary Escalation .....	<b>7% p.a.</b>		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. 0.43 crore (31.12.2009 Rs. 0.17 crore) towards the deficit in the fund.				
IX	Amounts recognized as an expense in respect of defined benefit plans as under :				

	<b>2010</b>	2009
	<b>Rs. in crores</b>	Rs. in crores
a) Gratuity * .....	<b>8.38</b>	(8.70)
b) Shipping Staff Gratuity .....	<b>0.18</b>	(0.10)
c) Post Retirement Medical Benefits** .....	<b>0.47</b>	1.83
d) Death and disability .....	<b>0.02</b>	(0.07)
	<b>9.05</b>	(7.04)

\* Net of Rs. 0.05 crore (31.12.2009 Rs. 1.06 crores) capitalised as pre-operative expenses.

\*\* Net of Rs. 0.04 crore (31.12.2009 Rs. 0.24 crore) capitalised as pre-operative expenses.

- c) Amount recognised as an expense in respect of Compensated Leave Absences is Rs 6.73 crores (31.12.2009 - Rs. 8.95 crores).
- d) Basis used to determine expected rate of return on assets:  
To develop the expected long-term return on assets assumption, the company considered the current level of returns declared on its insurance policy. The fund manager is weighing the expected return for each asset class to determine the actual return on assets for the portfolio. This resulted in the selection of the 7.50% assumption.
- e) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- f) The Company expects to contribute Rs. 3.50 crores (31.12.2009 - Rs. 8.22 crores) to gratuity fund in the next year.
- (g) Amount for the current and previous three years are as follows :

	<b>2010</b>	2009	2008	2007
	<b>Rs. in crores</b>	Rs. in crores	Rs. in crores	Rs. in crores
<b>i) Gratuity - Funded</b>				
Defined benefit obligation .....	<b>65.10</b>	57.28	63.21	42.39
Plan assets .....	<b>67.14</b>	59.85	50.04	40.17
Surplus / (deficit) .....	<b>2.04</b>	2.57	(13.17)	(2.22)
Experience adjustments on plan assets .....	<b>(0.17)</b>	0.74	0.19	1.79
Experience adjustments on plan liabilities .....	<b>3.50</b>	2.08	4.48	9.73
<b>ii) Gratuity - Non Funded</b>				
Defined benefit obligation .....	<b>0.64</b>	0.56	0.74	0.68
Plan assets .....	-	-	-	-
Surplus / (deficit) .....	<b>(0.64)</b>	(0.56)	(0.74)	(0.68)
Experience adjustments on plan assets .....	-	-	-	-
Experience adjustments on plan liabilities .....	<b>0.08</b>	(0.14)	(0.03)	(0.08)



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

(g) Amount for the current and previous three years are as follows : (Contd.)

	2010 Rs. in crores	2009 Rs. in crores	2008 Rs. in crores	2007 Rs. in crores
<b>iii) Death and Disability Scheme (Shipping Staff)</b>				
Defined benefit obligation .....	0.28	0.26	0.33	0.35
Plan assets .....	-	-	-	-
Surplus / (deficit) .....	(0.28)	(0.26)	(0.33)	(0.35)
Experience adjustments on plan assets .....	-	-	-	-
Experience adjustments on plan liabilities .....	(0.03)	(0.11)	(0.18)	(0.16)
<b>iv) Post Retirement Medical Benefit (PRMB)</b>				
Defined benefit obligation .....	4.85	4.35	2.29	1.33
Plan assets .....	-	-	-	-
Surplus / (deficit) .....	(4.85)	(4.35)	(2.29)	(1.33)
Experience adjustments on plan assets .....	-	-	-	-
Experience adjustments on plan liabilities .....	(0.40)	0.62	(0.02)	0.08

(h) Contribution to provident and other funds of Rs. 32.79 crores (31.12.2009-Rs. 10.50 crores) includes payment towards certain staff benefits schemes amounting to Rs. 8.58 crores (31.12.2009 credit of Rs. 8.87 crores on account of reversal of actuarial loss)

10 Employee Stock Option Plans :

a) The Company has provided various share based payments to its employees. During the year ended 31st December, 2010, the following schemes were in operation :

Particulars	2003-04	2004-05	2005-06	2007 *	2008 \$	2009	2010
a) Date of grant .....	21.01.2004	10.03.2005	07.11.2005	07.06.2007	01.07.2008	19.06.2009	22.04.2010
b) Date of Board Approval .....	31.07.2003	23.07.2004	24.06.2005	11.01.2007	01.07.2008	06.02.2009	04.02.2010
c) Date of Shareholders Approval	06.10.2003	18.10.2004	10.10.2005	26.03.2007	22.04.2008	06.04.2009	05.04.2010
d) Number of options granted ....	864,600	812,325	873,075	7,497,900	7,498,150	7,499,600	9,998,900
e) Method of Settlement (Cash/ Equity) .....	Equity	Equity	Equity	Equity	Equity	Equity	Equity
f) Vesting period from the date of Grant .....	1 year	1 year	1 year	1 year	1 year	1 year	1 year
g) Exercise Period from the date of Vesting .....	5 years	4 years	4 years	4 years	4 years	4 years	4 years

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

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

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

Particulars	2010		2009	
	Number of Shares	Weighted Average Exercise price (Rs.)	Number of Shares	Weighted Average Exercise price (Rs.)
a) Outstanding at the beginning of the year .....	22,215,038	95.20	16,274,711	91.57
b) Granted during the year .....	9,998,900	119.00	7,613,450	96.00
c) Forfeited during the year .....	854,050	112.85	297,150	92.91
d) Exercised during the year .....	6,144,706	87.48	1,110,456	66.55
e) Expired during the year .....	299,432	54.88	265,517	18.40
f) Outstanding at the end of the year .....	24,915,750	106.53	22,215,038	95.20
g) Exercisable at the end of the year .....	15,542,500	99.01	14,833,238	94.80
h) Weighted average remaining contractual life (in years) .....	3.14		3.33	

The weighted average share price at the date of exercise for stock options was Rs. 131.82 (31.12.2009 Rs. 95.00)

The weighted average share price for the period over which stock option were exercised was Rs. 122.31 (31.12.2009 Rs. 92.37)

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

c) The details of exercise price for stock options outstanding at the year ended 31st December, 2010

ESOP Plans	2010			2009		
	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (Rs. per share of Rs.2 each)	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (Rs. per share of Rs.2 each)
2003-04* .....	-	-	-	17,600	0.05	41.33
2004-05* .....	-	-	-	51,474	0.19	59.07
2005-06# .....	-	-	-	139,475	0.85	69.60
2007 .....						
Tranche 1 .....	<b>6,014,550</b>	<b>1.43</b>	<b>113.00</b>	6,861,400	2.43	113.00
Tranche 2 .....	<b>51,950</b>	<b>2.50</b>	<b>82.00</b>	105,950	3.50	82.00
2008 .....						
Tranche 1 .....	<b>3,905,000</b>	<b>2.50</b>	<b>82.00</b>	6,650,450	3.50	82.00
Tranche 2 .....	<b>91,350</b>	<b>3.47</b>	<b>96.00</b>	110,550	4.47	96.00
2009 .....	<b>5,479,650</b>	<b>3.47</b>	<b>96.00</b>	7,271,250	4.47	96.00
2010 .....	<b>9,373,250</b>	<b>4.31</b>	<b>119.00</b>	-	-	-

\* one option represents 7.5 equity shares.

# one option represents 5 equity shares.

d) Stock Options granted

The weighted average fair value of stock options granted for the year was Rs. 39.37 (31.12.2009 Rs. 26.38). The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

Variables	2010	2009
Grant date .....	<b>22.04.2010</b>	19.06.2009
Market Price (Rs. per share) on the date of grant .....	<b>121.05</b>	89.35
Volatility .....	<b>43.75%</b>	44.51%
Risk free rate .....	<b>6.64%</b>	5.98%
Exercise price .....	<b>119.00</b>	96.00
Time to Maturity (Years) .....	<b>3</b>	3
Dividend yield .....	<b>2.30%</b>	2.17%
Option fair value (Rs. per share) .....	<b>39.37</b>	26.38

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.

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

Particulars	2010 Rs. in Crores	2009 Rs. in Crores
Total Employee Compensation Cost pertaining to share based payment plans .....	<b>1.34</b>	-
Compensation cost pertaining to equity settled employee share based payment plan included above .....	<b>1.34</b>	-
Liability for employee stock options outstanding as at year end .....	<b>1.92</b>	0.24
Deferred Compensation Cost .....	<b>0.58</b>	-

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

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

Particulars	<b>2010</b> Rs. in Crores	2009 Rs. in Crores
Profit as reported .....	<b>1,263.61</b>	1,218.37
Add : Employee stock compensation under intrinsic value method .....	<b>1.34</b>	-
Less: Employee stock compensation under fair value method .....	<b>33.94</b>	15.08
Proforma profit .....	<b>1,231.01</b>	1,203.29
Earning per share	<b>(Rs.)</b>	<b>(Rs.)</b>
Basic :		
- As reported .....	<b>8.28</b>	8.00
- Proforma .....	<b>8.07</b>	7.90
Diluted :		
- As reported .....	<b>8.26</b>	7.99
- Proforma .....	<b>8.05</b>	7.89

11. Payment to Auditors :

Miscellaneous Expenses includes amount paid / payable to	<b>2010</b> Rs. in Crores	2009 Rs. in Crores
(a) Statutory Auditors		
(i) As Auditors		
a) Audit of statutory financial statements .....	<b>1.08</b>	0.89
b) Audit / Review of group reporting package .....	<b>0.33</b>	0.25
c) Audit of tax financial statements .....	<b>0.14</b>	0.12
d) Limited review of quaterly results .....	<b>0.30</b>	0.24
e) Out of pocket expenses .....	<b>0.09</b>	0.07
f) Others .....	<b>0.24</b>	0.12
	<b>2.18</b>	1.69
(b) Cost Auditors		
(i) As Auditors .....		
a) Cost records .....	<b>0.05</b>	0.03
b) Out of pocket expenses .....	<b>0.01</b>	0.01
	<b>0.06</b>	0.04

12. Movement of provisions during the period as required under Accounting Standard - 29

Mines Reclamation Expenses :

Opening Provision .....	<b>10.15</b>	9.96
Add : Provision during the period .....	<b>3.16</b>	0.40
	<b>13.31</b>	10.36
Less : Utilisation during the period .....	<b>1.77</b>	0.21
	<b>11.54</b>	10.15
Less : Reversal during the period .....	-	-
Closing Provision .....	<b>11.54</b>	10.15

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.

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

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

	31.12.2010		31.12.2009	
	MT	Rs. in Crores	MT	Rs. in Crores
Cement				
(i) Licensed Capacity (see Note "a")				
(ii) Installed Capacity (see Note "b") .....	<b>25,000,000</b>		22,000,000	
(iii) Production (excluding Trial Run production of 7,422 Mt: Previous Year Nil) .....	<b>20,128,532</b>		18,828,453	
(iv) Stocks :				
Opening .....	<b>231,765</b>	<b>53.03</b>	305,770	78.01
Closing .....	<b>289,662</b>	<b>74.95</b>	231,765	53.03
(v) Turnover (see Note "c" & "e"):				
(a) Cement (including Trial Run stock of 5,389 MT; Previous Year Nil) .....	<b>19,996,513</b>	<b>8,168.45</b>	18,793,156	7,721.42
(b) Clinker .....	<b>343,525</b>	<b>88.58</b>		-

## 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	<b>71,496</b>		105,749	
(d) Shortages, Samples and Handling Loss, etc.	<b>8,015</b>		3,553	
(e) Includes VAT/Sales Tax remission and VAT subsidy		<b>44.72</b>		33.22

## 14. Raw Materials consumed :

(i) Purchased Clinker	<b>392,599</b>	<b>123.70</b>	1,701,023	570.74
(ii) Fly Ash	<b>4,966,803</b>	<b>189.28</b>	4,714,105	180.72
(iii) Gypsum	<b>1,201,024</b>	<b>167.96</b>	1,127,105	168.33
(iv) Purchased Limestone and clay *	<b>893,726</b>	<b>41.18</b>	68,613	3.22
(v) Others		<b>74.16</b>		41.42
Total		<b>596.28</b>		964.43

\* Excludes limestone and clay raised by the Company 20,139,589 MT (31.12.2009 - 17,192,390 MT)

	Rs. in Crores	Percentage	Rs. in Crores	Percentage
15. (a) Raw Materials Consumed :				
(i) Imported .....	<b>54.64</b>	<b>9.16</b>	305.43	31.67
(ii) Indigenous .....	<b>541.64</b>	<b>90.84</b>	659.00	68.33
Total .....	<b>596.28</b>	<b>100.00</b>	964.43	100.00
(b) Spares Consumed :				
(i) Imported .....	<b>12.04</b>	<b>9.24</b>	12.40	12.29
(ii) Indigenous .....	<b>118.26</b>	<b>90.76</b>	88.53	87.71
Total .....	<b>130.30</b>	<b>100.00</b>	100.93	100.00

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

	<b>2010</b>	2009
	<b>Rs. in Crores</b>	Rs. in Crores
16. CIF Value of imports :		
(i) Raw Materials .....	<b>34.73</b>	180.54
(ii) Fuels .....	<b>367.70</b>	245.29
(iii) Spares .....	<b>62.22</b>	54.67
(iv) Capital Goods .....	<b>51.43</b>	241.55
17. Expenditure in Foreign currency (accrual basis) :		
(i) Technical Fees (Net of tax) (Capitalised Rs.10.60 crores; Previous year Rs.2.80 crores)	<b>19.03</b>	3.61
(ii) Travelling Expenses .....	<b>1.44</b>	0.96
(iii) Ship Charter Hire, Port Dues, etc. ....	<b>20.75</b>	10.22
(iv) Consultancy Charges (Capitalised Rs.0.14 Crores; Previous year Rs. 5.95 Crore) .....	<b>1.43</b>	10.37
(v) Other matters (Capitalised Rs.Nil; Previous year Rs. 1.24 crores) .....	<b>20.12</b>	10.45
18. Remittances in Foreign Currency :		
On account of dividend to non-resident shareholders		
Final Dividend		
No. of shareholders .....	<b>245</b>	249
No. of Equity Shares .....	<b>545,804,565</b>	545,879,624
Amount remitted, net of tax (Rs. in crores) .....	<b>65.50</b>	54.59
Year to which it pertains .....	<b>2009</b>	2008
Interim Dividend .....		
No. of shareholders .....	<b>239</b>	239
No. of Equity Shares .....	<b>545,748,420</b>	545,812,394
Amount remitted, net of tax (Rs. in crores) .....	<b>65.49</b>	65.50
Period to which it pertains .....	<b>2010</b>	2009
19. Earnings in Foreign Exchange (accrual basis):		
(i) F.O.B. Value of Exports .....	<b>97.27</b>	171.98
(ii) Other Income .....	<b>1.23</b>	12.80
	<b>As at</b>	As at
	<b>31.12.2010</b>	31.12.2009
	<b>Amount in</b>	Amount in
	<b>million</b>	million
20. Derivative Instrument and Unhedged Foreign Currency Exposure :		
1. Outstanding creditors for purchase of Raw Material & Spares		
a) in USD .....	<b>1.94</b>	12.10
b) in EURO .....	<b>0.07</b>	0.19
c) in DKK .....	<b>0.16</b>	-
d) in CHF .....	<b>-</b>	0.33
e) in JPY .....	<b>3.88</b>	-
2. Outstanding creditors for purchase of Capital Goods		
a) in USD .....	<b>-</b>	0.02
b) in EURO .....	<b>0.62</b>	0.06
c) in DKK .....	<b>0.16</b>	-
d) in CHF .....	<b>0.14</b>	0.01
3. Outstanding creditors for expenses		
a) in USD .....	<b>0.09</b>	0.66
b) in EURO .....	<b>0.20</b>	0.28
c) in CHF .....	<b>1.52</b>	0.87
d) in THB .....	<b>0.34</b>	-
e) in IDR .....	<b>6.60</b>	-



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

	<b>As at 31.12.2010 Amount in million</b>	As at 31.12.2009 Amount in million
4. Outstanding debtors		
a) in USD .....	<b>1.92</b>	2.20
5. Advance to Vendors		
a) in USD .....	<b>0.09</b>	0.05
b) in EURO .....	<b>1.18</b>	1.09
c) in DKK .....	<b>0.06</b>	-
d) in CHF .....	<b>0.01</b>	-
e) in AUD .....	-	0.02
f) in JPY .....	<b>0.14</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>31.12.2010 Rs. in Crores</b>	31.12.2009 Rs. in Crores
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 .....	<b>0.17</b>	2.29
Interest .....	-	0.02
b) The amount of interest paid by the buyer in terms of section 16 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	<b>4.25</b>	3.91
c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified .....	<b>0.01</b>	0.02
d) The amount of interest accrued and remaining unpaid at the end of each accounting year	<b>0.02</b>	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 .....	-	0.02
22. a) Donations include contribution to political parties as follows :		
Bhartiya Janata Party .....	-	2.00
All India Congress Committee .....	-	2.00
Nationalist Congress Party .....	-	1.00
Shiromani Akali Dal .....	-	0.75
Total .....	-	5.75
b) The Company is carrying out its Corporate Social Responsibility (CSR) activities through Ambuja Cement Foundation (ACF) and was during the year running the schools at plant locations through Ambuja Vidya Niketan Trust (AVN) charitable organisation registered under Section 25 of the Companies Act, 1956. The Company has contributed Rs. 18.10 crores (31.12.2009 - Rs. 33.50 crores) to ACF and Rs. 2.60 crores (31.12.2009 - Rs. 3.05 crores) to AVN during the current year.		
23. Capital Work in Progress includes (a) machinery in transit Rs. 10.50 crores (31.12.2009 - 8.93 crores) and (b) expenditure during construction for project - Rs.14.13 crores (31.12.2009 - Rs. 110.86 crores).		
24. During the current year, the Company has sold its investment in ING Vysya Life Insurance Company Limited and has recognised profit of Rs. 72.63 crores.		
25. During the current year, the Company has estimated provision for slow and non moving spares based on age of the inventory. Accordingly, the Company has recognised a provision of Rs.61.03 crores as at December 31, 2010. The provision based on such parameters applied to spares inventory at the beginning of the year amounting to Rs.46.10 crores has been disclosed as an exceptional item in the profit and loss account.		
26. During the year, the Company has 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. As per the Supplementary Share Subscription Agreement, the Company has agreed to buy 4,010,002 equity shares representing 50% equity stake in the 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. The Company has given an advance of Rs.7.50 crores for purchase of the said 50% stake which is included in Advances recoverable in cash or in kind.		

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

27.	The Company has the following Joint Ventures and its proportionate share in the Assets, Liabilities, Income, and Expenditure of the Joint Venture companies is given below :		
	(a) Name of the Joint Venture Company	<b>Wardha Vaalley Coal Field Pvt. Ltd.</b>	
	(b) Country of Incorporation .....	<b>India</b>	
		<b>As on 31.12.2010</b>	As on 31.12.2009
	(c) Percentage of Holding .....	<b>27.27%</b>	0.00%
		<b>Rs. in Crores</b>	<b>Rs. in Crores</b>
	(d) Assets .....	<b>0.13</b>	-
	(e) Liabilities .....	<b>0.01</b>	-
	(f) Income .....	<b>0.00</b>	-
	(g) Expenditure .....	<b>0.24</b>	-
	(h) Contingent liability .....	-	-
		<b>31.12.2010</b>	31.12.2009
		<b>Rs. in Crores</b>	<b>Rs. in Crores</b>
28.	Operating Lease :		
	(a) <b>Assets taken On Lease</b>		
	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>1.45</b>	1.45
	Later than five years .....	<b>3.12</b>	3.46
	(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 term by giving notice in writing.		
29.	(a) The Company is eligible for receipt of transport subsidy on the inter-state transport of raw materials, clinker and cement at its new units set up in the state of Himachal Pradesh. Accordingly the Company has accrued an amount of Rs 25.49 crores which has been adjusted against the respective expenses as under:		
		<b>2010</b>	2009
		<b>Rs. in Crores</b>	<b>Rs. in Crores</b>
	(i) Raw materials consumed .....	<b>1.55</b>	-
	(ii) Freight on inter unit clinker transfer .....	<b>23.46</b>	-
	(iii) Freight on finished goods .....	<b>0.48</b>	-
	(b) During the year, the Company has recognised interest on subsidy amounting to Rs. 5.00 crores (31.12.2009 Rs. Nil) relating to earlier years. The amount has been adjusted against interest expenses.		
30.	Excise duty on sales amounting to Rs. 866.82 crores (31.12.2009 Rs.644.55 crores) has been reduced from sales in profit & loss account and excise duty on increase/decrease in stock amounting to Rs.4.92 crores (31.12.2009 Rs.(3.27) crores) has been considered as (income)/expense in Schedule N of financial statement.		

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

31. Disclosure in respect of Loans and Advances in the nature of Loans pursuant to Clause 32 of the Listing Agreement :

	<u>As at 31.12.2010</u>		<u>As at 31.12.2009</u>	
	<b>Outstanding balance</b>	<b>Maximum balance during the year</b>	Outstanding balance	Maximum balance during the year
	<b>Rs. in Crores</b>	<b>Rs. in Crores</b>	Rs. in Crores	Rs. in Crores
Loans and Advances in the nature of loans given to Subsidiaries and Associates, etc.				
Loans to Subsidiaries :				
Chemical Limes Mundwa Private Limited .....	<b>0.25</b>	<b>0.25</b>	0.25	0.25

32. During the previous year the Company had prepaid deferred sales tax loan at one of its unit and had recognised discounting income of Rs.46.16 crores.

33. 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.

34. Figures of the previous year have been regrouped wherever necessary to conform to the current year's presentation.

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

As per our attached report of even date

For and on behalf of the Board

For S. R. BATLIBOI & ASSOCIATES  
Firm Registration No.101049W  
Chartered Accountants

David Atkinson  
*Chief Financial Officer*

N.S. Sekhsaria  
*Chairman*

Shailesh Haribhakti  
*Chairman - Audit Committee*

Paul Hugentobler  
*Vice Chairman*

Nasser Munjee  
*Director*

per Sudhir Soni  
Partner  
Membership No. 41870

M.L. Bhakta  
*Director*

Rajendra P. Chitale  
*Director*

Markus Akermann  
*Director*

Omkar Goswami  
*Director*

Mumbai, 3rd February, 2011

B.L. Taparia  
*Company Secretary &  
Head Corporate Services*

Onne van der Weijde  
*Managing Director*

Naresh Chandra  
*Director*

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

### I. Registration Details

Registration No.	L26942GJ1981PLC004717	State Code	04
Balance Sheet Date	31.12.2010		

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

Public Issue	-	Right Issue (Abeyance Cases)	6
Bonus Issue	-	Private Placement	-
On Amalgamation	-	ESOS	12,289

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

Total Liabilities	79,260,117	Total Assets	79,260,117
-------------------	------------	--------------	------------

#### Sources of Funds

Paid -up Capital	3,059,718	Reserves & Surplus	70,227,937
Share Application Money	-	Unsecured Loans	650,332
Employee Stock Option Outstanding	13,373		
Secured Loans	-		
Deferred Tax Liabilities	5,308,757		

#### Application of Funds

Net Fixed Assets	65,584,563	Investments	6,259,480
Net Current Assets	7,411,484	Misc. Expenditure	4,590
Accumulated Losses	-		

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

Turnover (Net of Excise duty)	73,902,137	Total Expenditure	60,024,693
Profit before tax	16,618,663	Profit after Tax	12,636,074
Earning per Share in Rs.	8.28	Dividend Rate %	130%

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

Item Code No.	2,523
Product Description	Portland Cement

For and on behalf of the Board

David Atkinson  
*Chief Financial Officer*

N.S. Sekhsaria  
*Chairman*

Shailesh Haribhakti  
*Chairman - Audit Committee*

Paul Hugentobler  
*Vice Chairman*

Nasser Munjee  
*Director*

M.L. Bhakta  
*Director*

Rajendra P. Chitale  
*Director*

Markus Akermann  
*Director*

Omkar Goswami  
*Director*

B.L. Taparia  
*Company Secretary &  
Head Corporate Services*

Onne van der Weijde  
*Managing Director*

Naresh Chandra  
*Director*

Mumbai, 3rd February, 2011

# 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 venture ("the Group"), as at December 31, 2010, 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 venture, whose financial statements reflect total assets of Rs. 0.41 crores as at December 31, 2010, the total revenues of Rs. Nil and cash inflows amounting to Rs 0.02 crores 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 [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, 2010;
  - (b) in the case of the consolidated profit and loss account, of the profit for the year ended on that date; and
  - (c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For S. R. Batliboi & Associates  
Firm registration number: 101049W  
Chartered Accountants

per Sudhir Soni  
Partner  
Membership No.: 41870

Place : Mumbai  
Date : February 03, 2011



# CONSOLIDATED BALANCE SHEET

AS AT 31ST DECEMBER, 2010

	Schedule	Rs. in Crores	As at 31.12.2010 Rs. in Crores	As at 31.12.2009 Rs. in Crores
<b>SOURCES OF FUNDS</b>				
<b>Shareholders' Funds</b>				
Share Capital .....	A	305.97		304.74
Share Application Money, pending allotment (Share in Joint Venture) .....		0.09		-
Employee Stock Option Outstanding (Refer Note 10(e)) .....		1.34		0.24
Reserves and Surplus .....	B	<u>7,019.15</u>		<u>6,162.92</u>
			<b>7,326.55</b>	<u>6,467.90</u>
<b>Loan Funds</b>				
Secured Loans .....	C	-		100.00
Unsecured Loans .....	D	<u>65.03</u>		<u>65.70</u>
			<b>65.03</b>	165.70
<b>Deferred Tax Liability, net</b> (Refer Note 7) .....			<b>530.88</b>	485.84
TOTAL .....			<u><b>7,922.46</b></u>	<u>7,119.44</u>
<b>APPLICATION OF FUNDS</b>				
<b>Fixed Assets</b>				
Gross Block .....	E	8,781.99		6,227.30
Less: Depreciation .....		<u>3,150.06</u>		<u>2,783.06</u>
Net Block .....		5,631.93		3,444.24
Capital Work in Progress (Refer Note 14) .....		803.66		2,564.83
Share in Joint Venture .....		<u>0.02</u>		-
		6,435.61		6,009.07
Advances against capital expenditure .....		<u>127.05</u>		<u>149.61</u>
			<b>6,562.66</b>	6,158.68
<b>Investments</b> .....	F		<b>621.11</b>	722.44
<b>Current Assets, Loans and Advances</b>				
Inventories .....	G	901.86		683.24
Sundry Debtors .....	H	128.18		152.20
Cash and Bank Balances .....	I	1,748.39		880.90
Other Current Assets .....	J	16.57		10.17
Loans and Advances .....	K	<u>340.32</u>		<u>252.82</u>
		3,135.32		1,979.33
Less: Current Liabilities and Provisions .....	L			
Current Liabilities .....		1,300.52		1,069.68
Provisions .....		<u>1,096.57</u>		<u>674.04</u>
		2,397.09		1,743.72
<b>Net Current Assets</b> .....			<b>738.23</b>	235.61
<b>Miscellaneous Expenditure</b>				
(to the extent not written off or adjusted)				
Quarry / Mines Development Expenses .....			<b>0.46</b>	2.71
TOTAL .....			<u><b>7,922.46</b></u>	<u>7,119.44</u>
Notes to Accounts .....	Q			

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 & ASSOCIATES  
Firm Registration No. 101049W  
Chartered Accountants

David Atkinson  
Chief Financial Officer

N.S. Sekhsaria  
Chairman

Shailesh Haribhakti  
Chairman - Audit Committee

Paul Hugentobler  
Vice Chairman

Nasser Munjee  
Director

per Sudhir Soni  
Partner  
Membership No. 41870

M.L. Bhakta  
Director

Rajendra P. Chitale  
Director

Markus Akermann  
Director

Omkar Goswami  
Director

B.L. Taparia  
Company Secretary &  
Head Corporate Services

Onne van der Weijde  
Managing Director

Naresh Chandra  
Director

Mumbai, 3rd February, 2011

# CONSOLIDATED PROFIT AND LOSS ACCOUNT

## FOR THE YEAR ENDED 31ST DECEMBER, 2010

		Rs. in Crores	2010 Rs. in Crores	2009 Rs. in Crores
<b>INCOME</b>				
Sales .....		8,257.03		7,721.42
Less : Excise duty ( Refer Note 19) .....		<u>866.82</u>		<u>644.55</u>
			7,390.21	7,076.87
Other Income .....	M		<u>247.57</u>	<u>255.81</u>
			<u>7,637.78</u>	<u>7,332.68</u>
<b>EXPENDITURE</b>				
Manufacturing and other expenses .....	N	5,578.54		5,230.53
Interest and Finance Charges .....	O	48.69		22.43
Depreciation and Amortisation .....		<u>387.21</u>		<u>297.28</u>
		6,014.44		5,550.24
Self consumption of clinker, cement and limestone (net of excise duty Rs.1.27 crores; 31.12.2009 Rs. 1.94 crores) .....		<u>(11.36)</u>		<u>(19.33)</u>
			6,003.08	5,530.91
Profit before tax and exceptional items .....			<u>1,634.70</u>	<u>1,801.77</u>
Exceptional items .....	P		26.53	-
Profit before tax .....			<u>1,661.23</u>	<u>1,801.77</u>
Provision for Taxation :				
For the current year :				
- Current tax .....		446.25		479.00
- Deferred tax .....		(10.88)		105.09
- Fringe benefits tax .....		-		0.84
		<u>435.37</u>		<u>584.93</u>
Relating to earlier years :				
- Current tax .....		(92.76)		-
- Deferred tax .....		55.92		-
- Fringe benefits tax .....		(0.27)		-
		<u>(37.11)</u>		<u>-</u>
			398.26	584.93
Net Profit .....			<u>1,262.97</u>	<u>1,216.84</u>
Balance as per last Account .....			664.96	675.84
Transferred from Debenture Redemption Reserve .....			25.00	-
Transferred to General Reserve .....			850.00	800.00
Interim Dividend on Equity Shares .....		183.04		182.74
Dividend Distribution Tax on above .....		<u>29.70</u>		<u>31.06</u>
			212.74	213.80
Proposed Final Dividend on Equity Shares .....		214.18		182.85
Dividend Distribution Tax on above .....		<u>35.57</u>		<u>31.07</u>
			249.75	213.92
Balance carried to Balance Sheet .....			<u>640.44</u>	<u>664.96</u>
Earnings Per Equity Share of Rs. 2 each (31.12.2009 - Rs. 2 each)(Refer Note 6)			Rs.	Rs.
Basic .....			8.28	7.99
Diluted .....			8.26	7.98
Notes to Accounts .....	Q			

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 & ASSOCIATES  
Firm Registration No.101049W  
Chartered Accountants

David Atkinson  
Chief Financial Officer

N.S. Sekhsaria  
Chairman

Shailesh Haribhakti  
Chairman - Audit Committee

Paul Hugentobler  
Vice Chairman

Nasser Munjee  
Director

per Sudhir Soni  
Partner  
Membership No. 41870

M.L. Bhakta  
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Director

Markus Akermann  
Director

Omkar Goswami  
Director

B.L. Taparua  
Company Secretary &  
Head Corporate Services

Onne van der Weijde  
Managing Director

Naresh Chandra  
Director

Mumbai, 3rd February, 2011

**CONSOLIDATED CASH FLOW STATEMENT**  
FOR THE YEAR ENDED 31ST DECEMBER, 2010

	<u>Rs. in Crores</u>	<u>2010</u> <u>Rs. in Crores</u>	<u>2009</u> <u>Rs. in Crores</u>
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>			
PROFIT BEFORE TAX .....		<b>1,661.23</b>	1,801.77
Adjustment for :			
Depreciation and Amortisation .....	<b>387.21</b>		297.28
Surplus on Sale of Assets .....	<b>(13.78)</b>		(1.25)
Exceptional items .....	<b>(26.53)</b>		-
Loss on Assets sold, scrapped, discarded and written off .....	<b>3.27</b>		6.40
Capital Spares consumed .....	<b>2.77</b>		7.28
Part of Deferred Revenue expenditure, written off .....	<b>0.61</b>		1.57
Profit on Sale of Current Investments (net) (excluding exceptional items) .....	<b>(34.47)</b>		(7.39)
Interest and Finance Charges .....	<b>48.69</b>		22.43
Interest income .....	<b>(71.85)</b>		(72.22)
Provision for slow and non moving spares (excluding exceptional items) .....	<b>14.93</b>		-
Discounting income on sales tax loan .....	<b>(13.89)</b>		(59.27)
Sales tax loan liability written back on assessment .....	<b>(1.87)</b>		-
Unrealized Exchange (gain) / loss, net .....	<b>(0.43)</b>		0.98
Dividend income from current investment - other than trade .....	<b>(0.02)</b>		(2.32)
Provisions no longer required .....	<b>(27.11)</b>		(26.52)
Bad Debts, Sundry Debit Balances and Claims written off .....	<b>2.80</b>		1.03
Provision for doubtful debts and advances (net) .....	<b>0.63</b>		0.50
Wealth Tax .....	<b>0.18</b>		0.21
		<u><b>271.14</b></u>	<u>168.71</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES .....		<b>1,932.37</b>	1,970.48
Adjustment for :			
Sundry Debtors, Other Current Assets & Loans and Advances .....	<b>(56.62)</b>		115.65
Inventories .....	<b>(279.65)</b>		255.50
Current Liabilities and Provisions .....	<b>314.63</b>		100.06
		<u><b>(21.64)</b></u>	<u>471.21</u>
CASH GENERATED FROM OPERATIONS .....		<b>1,910.73</b>	2,441.69
Direct Taxes Paid net of refund Rs.349.92 crores (31.12.2009 Rs.308.00 crores) (Refer Note 2 below) .....		<b>(36.76)</b>	(315.30)
NET CASH FROM OPERATING ACTIVITIES .....		<b>1,873.97</b>	2,126.39
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Fixed Assets and advances for capital expenditure .....	<b>(850.88)</b>		(1,347.54)
Sale of Fixed Assets .....	<b>16.62</b>		3.64
Proceeds from sale of investments .....	<b>203.01</b>		44.90
Purchase of Investments and advances for Investments .....	<b>(22.49)</b>		-
Profit on sale of investment in mutual fund (considered as cash and cash equivalents) .....	<b>34.47</b>		7.39
Unclaimed sale proceeds of the odd lot shares of erstwhile ACEL and ACRL .....	<b>(0.02)</b>		(0.03)
Purchase of deposits matured (net, with maturity more than three months) .....	<b>(8.11)</b>		(2.00)
Interest received .....	<b>65.03</b>		64.16
Interest on Income tax received .....	<b>35.27</b>		33.00
Dividend received .....	<b>0.02</b>		2.32
NET CASH USED IN INVESTING ACTIVITIES .....		<u><b>(527.08)</b></u>	<u>(1,194.16)</u>
Carried forward .....		<b>1346.89</b>	932.23

**CASH FLOW STATEMENT (Contd.)**

	<u>Rs. in Crores</u>	<u>Rs. in Crores</u>	<u>Rs. in Crores</u>
Brought forward .....		<b>1346.89</b>	932.23
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of Share Capital (including Securities premium) .....	<b>55.17</b>		7.38
Proceeds from borrowings .....	<b>58.80</b>		49.94
Repayment of borrowings .....	<b>(143.71)</b>		(113.64)
Interest and Finance Charges paid .....	<b>(19.37)</b>		(19.58)
Unclaimed application money on securities Rs. (114/-) (31-12-2009 Rs. (266/-))			
Subsidy received .....	<b>0.50</b>		-
Dividend paid .....	<b>(364.07)</b>		(333.11)
Dividend Distribution Tax .....	<b>(60.77)</b>		(56.93)
NET CASH USED IN FINANCING ACTIVITIES .....		<b>(473.45)</b>	(465.94)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS .....		<b>873.44</b>	466.29
CASH AND CASH EQUIVALENTS as at the beginning of the year :			
Earmarked for specific purposes (Refer Note 3 below) .....	<b>17.26</b>		15.40
Other Balances .....	<b>1,398.43</b>		934.00
		<b>1,415.69</b>	949.40
CASH AND CASH EQUIVALENTS as at the end of the year :			
Earmarked for specific purpose (Refer Note 3 below) .....	<b>19.06</b>		17.26
Other Balances .....	<b>2,269.96</b>		1,398.43
		<b>2,289.02</b>	1,415.69
Share in Joint Venture .....		<b>0.11</b>	-
<b>Components of cash and cash equivalents :</b>			
Cash and cheque on hand .....		<b>0.35</b>	0.32
With banks - in current accounts .....		<b>179.10</b>	99.28
With banks - in fixed deposits .....		<b>1,549.77</b>	764.04
With banks - earmarked for specific purposes (Refer Note 3 below) .....		<b>19.06</b>	17.26
Cash and Bank Balance as per schedule "I" .....		<b>1,748.28</b>	880.90
Less : Fixed deposits not considered as cash equivalents .....		<b>(35.77)</b>	(27.66)
Add : Investment in Mutual Fund .....		<b>576.51</b>	562.45
CASH AND CASH EQUIVALENTS in Cash Flow Statement : .....		<b>2,289.02</b>	1,415.69
Share in Joint Venture .....		<b>0.11</b>	-

- Notes :**
- 1) Figures in brackets represent outflow.
  - 2) Direct taxes paid are treated as arising from operating activities and are not bifurcated between investing and financing activities.
  - 3) 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 & ASSOCIATES  
Firm Registration No.101049W  
Chartered Accountants

David Atkinson  
Chief Financial Officer

N.S. Sekhsaria  
Chairman

Shailesh Haribhakti  
Chairman - Audit Committee

Paul Hugentobler  
Vice Chairman

Nasser Munjee  
Director

per Sudhir Soni  
Partner  
Membership No. 41870

M.L. Bhakta  
Director

Rajendra P. Chitale  
Director

Markus Akermann  
Director

Omkar Goswami  
Director

Mumbai, 3rd February, 2011

B.L. Taparia  
Company Secretary &  
Head Corporate Services

Onne van der Weijde  
Managing Director

Naresh Chandra  
Director

## SCHEDULES 'A' TO 'Q'

ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT AND  
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2010

	<u>Rs. in Crores</u>	<u>As at 31.12.2010 Rs. in Crores</u>	<u>As at 31.12.2009 Rs. in Crores</u>
<b>SCHEDULE 'A' - SHARE CAPITAL</b>			
<b>Authorised :</b>			
2,500,000,000 (31.12.2009 - 2,500,000,000) Equity Shares of Rs. 2 each .....	<b>500.00</b>		500.00
150,000,000 (31.12.2009 - 150,000,000) Preference Shares of Rs. 10 each .....	<b>150.00</b>		150.00
		<b>650.00</b>	650.00
<b>Issued :</b>			
1,530,185,606 (31.12.2009 - 1,524,040,900) Equity Shares of Rs. 2 each fully paid-up .....		<b>306.04</b>	304.81
<b>Subscribed :</b>			
1,529,859,086 (31.12.2009 - 1,523,711,380) Equity Shares of Rs. 2 each fully paid-up .....		<b>305.97</b>	304.74
<b>Notes :</b>			
1) Out of above Equity Shares :			
a) 973,157,405 (31.12.2009-973,157,405) 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 (31.12.2009-24,717,990) 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 (31.12.2009-13,312,370) 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 (31.12.2009-153,961,356) Equity Shares of Rs. 2 each fully paid-up issued to the Shareholders of the amalgamating company Ambuja Cement Eastern Limited (ACELE) without payment being received in cash.			
2) a) Outstanding Employee stock options exercisable into 24,915,750 (31.12.2009-22,215,038) 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 (31.12.2009-188,190) and 139,830 (31.12.2009-141,330) 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 .....	<b>1.83</b>		1.83
Additions during the year, received as capital investment subsidy from State Governments	<b>3.00</b>		-
	<b>4.83</b>		1.83
(b) Grant-in-aid Subsidy from DANIDA .....	<b>0.12</b>		0.12
		<b>4.95</b>	1.95
<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>	144.23

	Rs. in Crores	As at 31.12.2010 Rs. in Crores	As at 31.12.2009 Rs. in Crores
<b>SCHEDULE 'B' - RESERVES AND SURPLUS (Contd.)</b>			
Brought forward .....		147.23	144.23
<b>Security Premium :</b>			
As per last Account .....	1,192.03		1,184.77
Additions on exercise of employee stock options and others .....	52.75		7.26
		1,244.78	1,192.03
<b>Debenture Redemption Reserve :</b>			
As per last Account .....	25.00		25.00
Less :Transferred to Profit & Loss Account .....	25.00		-
		-	25.00
<b>General Reserve :</b>			
As per last Account .....	4,136.70		3,336.70
Add: Set aside this year .....	850.00		800.00
		4,986.70	4,136.70
<b>Surplus as per Profit and Loss Account .....</b>		<b>640.68</b>	664.96
		<b>7,019.39</b>	6,162.92
<b>Share in Joint Venture .....</b>		<b>(0.24)</b>	-
Total .....		<b>7,019.15</b>	6,162.92
<b>SCHEDULE 'C' - SECURED LOANS</b>			
<b>Debentures :</b>			
- (100) 6.85% Secured Redeemable Non-Convertible debentures of Rs 10,000,000 each, Series '30' Redeemed at par on 31.03.2010) .....		-	100.00
Total .....		-	100.00
Above Debentures were secured by way of first <i>pari passu</i> charge by mortgage of immovable properties of the three cement plants of the Company situated at Ambujanagar, in the state of Gujarat, as covered under Trust Deed, which has since been satisfied.			
<b>SCHEDULE 'D' - UNSECURED LOANS</b>			
Short term loan from a bank - export credit facility (Due within one year Rs. 8.53 crores; 31.12.2009-Rs. Nil) .....		8.53	-
Sales Tax Deferment Loan under Sales Tax Incentive Scheme of various State Governments (Due within one year Rs.6.80 crores; 31.12.2009 - Rs.7.33 crores) (Refer Note 20) .....		56.50	65.70
Total .....		<b>65.03</b>	65.70



**SCHEDULE 'E' - FIXED ASSETS**

Rs in Crores

DESCRIPTION	GROSS BLOCK (at Cost)				DEPRECIATION/AMORTISATION				NET BLOCK	
	As at 01.01.2010	Additions	Deductions/ Transfers	As at 31.12.2010	As at 01.01.2010	For the year (g)	Deductions/ Transfers	Upto 31.12.2010	As at 31.12.2010	As at 01.01.2010
<b>Tangible Assets:</b>										
Freehold Land .....	310.69	100.80	0.15	<b>411.34</b>	-	-	-	-	<b>411.34</b>	310.69
Leasehold Land .....	74.75	13.96	-	<b>88.71</b>	7.66	2.07	-	<b>9.73</b>	<b>78.98</b>	67.09
Buildings , Roads and Water Works (a) .....	811.65	348.95	2.31	<b>1,158.29</b>	142.17	26.80	0.61	<b>168.36</b>	<b>989.93</b>	669.48
Marine Structures ( b) ...	95.58	-	-	<b>95.58</b>	48.27	3.82	-	<b>52.09</b>	<b>43.49</b>	47.31
Plant and Machinery (c)	4,093.56	1,837.25	13.99	<b>5,916.82</b>	2,191.91	284.77	9.46	<b>2,467.22</b>	<b>3,449.60</b>	1,901.65
Electrical Installations ...	373.91	212.91	0.56	<b>586.26</b>	158.84	26.00	0.52	<b>184.32</b>	<b>401.94</b>	215.07
Railway Sidings and Locomotives (d) .....	70.54	2.06	6.75	<b>65.85</b>	30.64	2.85	6.41	<b>27.08</b>	<b>38.77</b>	39.90
Railway Wagons given on lease (e) .....	6.43	-	-	<b>6.43</b>	3.92	0.31	-	<b>4.23</b>	<b>2.20</b>	2.51
Furniture, Fixtures and Office Equipments .....	122.47	12.72	1.80	<b>133.39</b>	58.13	10.59	1.12	<b>67.60</b>	<b>65.79</b>	64.34
Ships .....	112.64	46.16	-	<b>158.80</b>	65.59	7.88	-	<b>73.47</b>	<b>85.33</b>	47.05
Vehicles .....	51.76	5.81	5.55	<b>52.02</b>	28.84	6.51	4.15	<b>31.20</b>	<b>20.82</b>	22.92
Power Lines (f) .....	33.92	3.41	-	<b>37.33</b>	8.51	1.05	-	<b>9.56</b>	<b>27.77</b>	25.41
Sub Total .....	<b>6,157.90</b>	<b>2,584.03</b>	<b>31.11</b>	<b>8,710.82</b>	<b>2,744.48</b>	<b>372.65</b>	<b>22.27</b>	<b>3,094.86</b>	<b>5,615.96</b>	<b>3,413.42</b>
<b>Intangible Assets:</b>										
Goodwill on Consolidation .....	3.90	-	-	<b>3.90</b>	-	-	-	-	<b>3.90</b>	3.90
Water Drawing Rights ...	6.18	-	-	<b>6.18</b>	4.54	0.52	-	<b>5.06</b>	<b>1.12</b>	1.64
Computer Software (h)	59.32	1.77	-	<b>61.09</b>	34.04	16.10	-	<b>50.14</b>	<b>10.95</b>	25.28
Sub Total .....	<b>69.40</b>	<b>1.77</b>	<b>-</b>	<b>71.17</b>	<b>38.58</b>	<b>16.62</b>	<b>-</b>	<b>55.20</b>	<b>15.97</b>	<b>30.82</b>
Total .....	<b>6,227.30</b>	<b>2,585.80</b>	<b>31.11</b>	<b>8,781.99</b>	<b>2,783.06</b>	<b>389.27</b>	<b>22.27</b>	<b>3,150.06</b>	<b>5,631.93</b>	<b>3,444.24</b>
Previous year's Total .....	5,710.11	567.73	50.54	6,227.30	2,512.87	304.14	33.95	2,783.06	3,444.24	

Notes :

(a) Includes :

- i) Premises on ownership basis of Rs. 95.75 crores (31.12.2009-Rs. 95.30 crores) and Rs. 7.31 crores (31.12.2009-Rs. 6.15 crores) being the depreciation thereon upto 31st December, 2010. Cost of shares in Co-operative Societies Rs. 13,130/- (31.12.2009-Rs. 13,130/-).
- ii) Rs.13.91 crores (31.12.2009-Rs. 10.47 crores) being cost of roads constructed by the Company, ownership of which vests with the Government / Local Authorities and Rs. 1.05 crores (31.12.2009-Rs. 0.94 crore) being the depreciation thereon upto 31st December, 2010.

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

(c) Includes Rs. 34.02 crores (31.12.2009-Rs. 22.43 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. 18.54 crores (31.12.2009-Rs. 16.59 crores) being the depreciation thereon upto 31st December, 2010.

(d) Includes Rs. 6.84 crores (31.12.2009-Rs. 6.84 crores) being cost of Railway siding constructed by the Company, ownership of which vests with the Government / Railway Authorities and Rs.1.03 crores (31.12.2009-Rs. 0.71 crore) being the depreciation thereon upto 31st December, 2010.

(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.2.06 crores (31.12.2009-Rs. 6.86 crores) capitalised as pre-operative expenses.

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

	<u>Rs. in Crores</u>	<u>As at 31.12.2010 Rs. in Crores</u>	<u>As at 31.12.2009 Rs. in Crores</u>
<b>SCHEDULE 'F' - INVESTMENTS</b>			
<b>Long Term Investments (at cost):</b>			
<b>In Government &amp; Trust Securities :</b>			
<b>Unquoted:</b>			
National Savings Certificate Rs. 31,500/- (31.12.2009 - Rs. 31,500/-) deposited with Government Department as Security			
<b>In Fully Paid Shares, Debentures and Bonds, other than Trade</b>			
<b>Unquoted:</b>			
In Fully Paid Equity Shares (Refer Note 15) .....	-		120.39
Redeemable Cumulative Preference Shares (Refer Note 1B(a)(ii)(b)) .....	<b>15.00</b>		-
In Public Sector Bonds (Refer Note 2(b)) .....	<b>29.60</b>		29.60
		<b>44.60</b>	149.99
<b>Current Investment, other than trade (at cost or fair value, whichever is lower) :</b>			
<b>Quoted</b>			
In Debentures .....		-	10.00
<b>Unquoted:</b>			
In Units of Mutual Fund .....		<b>576.51</b>	562.45
Total .....		<b>621.11</b>	722.44
<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. 12.76 crores; 31.12.2009-Rs. 22.95 crores) .....		<b>545.21</b>	458.38
<b>Stock-in-trade :</b>			
Raw materials (including in transit-Rs. 1.58 crores; 31.12.2009-Rs. 6.89 crores) .....	<b>52.45</b>		48.56
Materials-in-process .....	<b>229.25</b>		123.27
Finished goods .....	<b>74.95</b>		53.03
Total .....		<b>356.65</b>	224.86
		<b>901.86</b>	683.24
<b>SCHEDULE 'H' - SUNDRY DEBTORS</b>			
<b>Over six months:</b>			
Considered good (Secured by way of security deposit Rs.0.34 crore; 31.12.2009 Rs.0.41 crore) .....		<b>2.02</b>	2.18
Considered doubtful .....	<b>8.54</b>		8.41
Less : Provision .....	<b>8.54</b>		8.41
		-	-
		<b>2.02</b>	2.18
Others, considered good (Secured by way of security deposit Rs. 46.65 crores; 31.12.2009 Rs. 54.47 crores) (Refer Note below) .....		<b>126.16</b>	150.02
Total .....		<b>128.18</b>	152.20
<b>Note:</b>			
Others Includes :			
Due from ACC Limited Rs.1.16 crores (31.12.2009 Rs. 0.11 crore), (maximum outstanding due during the year Rs.5.89 crores (31.12.2009 Rs. 0.20 crore)), and from ACC Concrete Limited Rs. 1.72 crores (31.12.2009 Rs. 2.43 crores), (maximum outstanding due during the year Rs. 8.80 crores (31.12.2009 Rs. 3.04 crores)), companies under same management.			

	As at 31.12.2010 Rs. in Crores	As at 31.12.2009 Rs. in Crores
<b>SCHEDULE 'I' - CASH AND BANK BALANCES</b>		
Cash on hand .....	0.35	0.32
Cheques on hand with Banks as Collecting Agency in terms of an arrangement, (31.12.2009 Rs. 21,150/-) .....	-	
Bank Balances:		
With Scheduled Banks :		
In Current Account .....	198.16	116.54
In Fixed Deposits (Deposit Receipts of Rs.10.15 crores (31.12.2009-Rs. 2.06 crores) deposited with Government Departments as Security Deposit and Rs.25.61 crores (31.12.2009-Rs. 25.61 crores)) deposited with banks as security deposit for guarantees .....	1,549.77	764.04
	<u>1,747.93</u>	<u>880.58</u>
	1,748.28	880.90
Share in Joint Venture .....	0.11	-
Total .....	<u>1,748.39</u>	<u>880.90</u>
<b>SCHEDULE 'J' - OTHER CURRENT ASSETS</b>		
Interest accrued on Investments .....	1.02	1.43
Other Interest receivable .....	12.82	5.59
Scrapped assets awaiting disposal, (at net book value or estimated net realisable value whichever is less) .....	0.05	1.31
Sundry Receivables .....	2.68	1.84
Total .....	<u>16.57</u>	<u>10.17</u>
<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		
Good (Refer Note 1B(a)(ii)(b)) .....	133.94	130.46
Doubtful .....	10.39	9.92
Less : Provision .....	10.39	9.92
	-	-
	133.94	130.46
Incentives receivable under central / state government incentive scheme .....	126.79	53.54
Deposits .....	78.13	65.17
Balance with Central Excise, Customs, Port Trusts, etc. ....	1.46	3.65
Total .....	<u>340.32</u>	<u>252.82</u>
<b>SCHEDULE 'L' - CURRENT LIABILITIES AND PROVISIONS</b>		
<b>LIABILITIES :</b>		
Sundry Creditors :		
Dues of Micro and Small Enterprises (Refer Note 12) .....	0.17	2.31
Creditors other than Micro and Small Enterprises .....	1,109.01	922.60
	1,109.18	924.91
Investor Education and Protection Fund shall be credited by the following (See Note below ) *:		
Unclaimed Dividends .....	16.11	14.29
Unclaimed Application Money on Securities .....	0.15	0.15
Unclaimed Interest (31.12.2009-Rs. 9,439/-) .....	-	-
Unclaimed sale proceeds of the odd lot shares belonging to the Shareholders of erstwhile ACEL and ACRL .....	2.94	2.96
	19.20	17.40
Security Deposits .....	172.13	122.21
Interest accrued but not due on loans .....	-	5.16
	1,300.51	1,069.68
Share in Joint Venture .....	0.01	-
	1,300.52	1,069.68
<b>PROVISIONS :</b>		
Provision for wealth tax, net of advances .....	0.43	0.38
Provision for fringe benefits tax, net of advances .....	-	0.27
Proposed Dividend .....	214.18	182.85
Provision for Dividend Distribution Tax .....	35.57	31.07
Provision for gratuity and staff benefit schemes .....	5.18	4.66
Provision for compensated absences .....	47.40	46.60
Provision for mines reclamation expenses (Refer Note 8) .....	11.54	10.15
Provision for Income tax, net of advances (including interest thereon) .....	782.27	398.06
	1,096.57	674.04
Total .....	<u>2,397.09</u>	<u>1,743.72</u>

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

	Rs. in Crores	2010 Rs. in Crores	2009 Rs. in Crores
<b>SCHEDULE 'M' - OTHER INCOME</b>			
<b>Operating Income:</b>			
Insurance Claims .....		12.24	0.54
Sale of Power .....		29.17	42.51
Surplus on Sale of Assets .....		13.78	1.25
Exchange Rate Difference (net) .....		2.24	2.09
Miscellaneous Income (Gross: Tax deducted Rs. 1.00 crore; 31.12.2009 Rs. 0.87 crore) .....		42.80	31.70
Provisions no longer required .....		27.11	26.52
		<b>127.34</b>	<b>104.61</b>
<b>Other Income :</b>			
Dividend income from current investment - other than trade .....		0.02	2.32
Profit/(Loss) on Sale of Current Investments (net) .....		34.47	7.39
Interest Income : (Gross; Tax deducted Rs. 6.46 crores; 31.12.2009 Rs. 4.83 crores)			
On Current Investments (Debenture and Bonds) .....	1.82		2.86
On Fixed deposits with banks .....	66.17		43.74
On Income Tax Refund (Net of interest expenses Rs. Nil; 31.12.2009 Rs. 9.83 crores)	-		23.19
Others .....	3.86		2.43
		<b>71.85</b>	<b>72.22</b>
Miscellaneous income .....		-	10.00
Discounting income on sales tax loan (Refer Note 20) .....		13.89	59.27
		<b>120.23</b>	<b>151.20</b>
Total .....		<b>247.57</b>	<b>255.81</b>
<b>SCHEDULE 'N' - MANUFACTURING AND OTHER EXPENSES</b>			
1 Raw Materials Consumed :			
Purchased Clinker .....	123.70		570.74
Others (Refer Note 18 (a)) .....	472.58		393.69
		<b>596.28</b>	<b>964.43</b>
2 Freight and Handling Charges on internal material transfer (Refer Note 18 (a)) .....		352.01	225.75
3 Royalty and Cess .....		126.43	87.26
4 Stores and Spares Consumed .....		272.13	255.54
5 Provision for slow and non moving spares (Refer Note 16) .....		14.93	-
6 Packing Materials Consumed .....		239.85	196.37
7 Power and Fuel .....		1,697.34	1,422.75
8 Mines reclamation expenses .....		3.16	0.40
9 Repairs and Maintenance :			
Buildings .....	8.33		8.91
Machinery .....	97.44		74.00
Others .....	15.84		15.66
		<b>121.61</b>	<b>98.57</b>
10 Excise duty :			
Excise duty on captive consumption of clinker .....	42.94		39.44
Excise duty variation on opening / closing stock .....	4.92		(3.27)
		<b>47.86</b>	<b>36.17</b>
11 Employees' Remuneration and Benefits :			
Salaries, Wages, Bonus, Allowances, etc. ....	290.15		246.44
Contribution to Provident and other Funds (Refer Note 9(h)) .....	32.79		10.50
Welfare Expenses .....	19.38		15.90
	<b>342.32</b>		<b>272.84</b>
Employee Compensation expenses under Employee Stock Option Scheme (Refer Note 10(e)) .....	1.34		-
	<b>343.66</b>		<b>272.84</b>
Share in Joint Venture .....	0.01		-
		<b>343.67</b>	<b>272.84</b>
Carry forward .....		<b>3815.27</b>	<b>3560.08</b>

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

	<u>Rs. in Crores</u>	<u>2010 Rs. in Crores</u>	<u>2009 Rs. in Crores</u>
Brought forward .....		<b>3815.27</b>	3560.08
12 Administrative, Selling and Other Expenses :			
Rent .....		<b>21.91</b>	21.78
Rates and Taxes .....		<b>7.41</b>	5.53
Insurance .....		<b>20.89</b>	19.67
Advertisement and Publicity .....		<b>84.07</b>	59.65
Freight and Forwarding charges (Including Rs.3.32 crores on Exports (31.12.2009-Rs. 3.94 crores)) (Refer Note 18 (a)) .....		<b>1,258.07</b>	1,121.69
Commission on sales .....		<b>19.66</b>	14.99
Discount on sales .....		<b>87.49</b>	80.92
Selling and Distribution Expenses .....		<b>37.56</b>	31.87
Turnover Tax, Additional Tax and Purchase Tax .....		<b>6.08</b>	7.34
Miscellaneous Expenses .....		<b>243.13</b>	203.67
Directors' Fees and Expenses .....		<b>0.24</b>	0.26
Commission to Non-executive Directors .....		<b>1.25</b>	1.45
Loss on Assets sold, scrapped or discarded and written off .....		<b>3.27</b>	6.40
Donations (Refer Note 13) .....		<b>22.07</b>	42.45
Bad Debts, Sundry Debit Balances and Claims written off .....		<b>2.80</b>	1.03
Provision for doubtful debts and advances (net) .....		<b>0.63</b>	0.50
Part of Deferred Revenue expenditure, written off .....		<b>0.61</b>	1.57
Wealth Tax .....		<b>0.18</b>	0.21
		<b>5,632.59</b>	5,181.06
Share in Joint Venture .....		<b>0.23</b>	-
		<b>5632.82</b>	5181.06
13 Variation in Stocks:			
Closing stocks :			
Materials-in-process .....	<b>229.25</b>		123.27
Finished goods .....	<b>74.95</b>		53.03
	<b>304.20</b>		176.30
Opening stocks :			
Materials-in-process .....	<b>123.27</b>		147.73
Finished goods .....	<b>53.03</b>		78.04
	<b>176.30</b>		225.77
	<b>(127.90)</b>		49.47
Less : Trial run stocks :			
At the commencement of commercial production .....	<b>73.62</b>		-
(Increase) / Decrease in Stocks		<b>(54.28)</b>	49.47
Total .....		<b>5,578.54</b>	5,230.53

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

Interest :			
On Debentures and Bonds .....	<b>1.69</b>		6.85
On Income Tax (net of interest income on refund Rs. 35.31 crores; 31.12.2009 Rs.Nil) .....	<b>32.08</b>		-
Others (Refer Note 18 (b)) .....	<b>14.91</b>		15.54
		<b>48.68</b>	22.39
Finance Charges .....		<b>0.01</b>	0.04
Total .....		<b>48.69</b>	22.43

**SCHEDULE 'P' - EXCEPTIONAL ITEMS**

Profit on sale of investment (Refer Note 15) .....		<b>72.63</b>	-
Provision for slow and non moving spares (Refer Note 16) .....		<b>(46.10)</b>	-
Total .....		<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) The financial statements are based on historical cost convention and are prepared on accrual basis.
- (iii) Accounting policies have been consistently applied by the Group and are consistent with those used in the previous year.
- (iv) The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual result could differ from these estimates.

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

#### (a) Principles of Consolidation:

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

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

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

Name of the Company	Country of Incorporation	Holding as on 31.12.2010	Financial Year ends on
<b>a) Subsidiary:</b>			
Kakinada Cements Limited .....	India	100.00%	31.12.2010
M.G.T Cements Private Limited .....	India	99.99%	31.12.2010
Chemical Limes Mundwa Private Limited .....	India	99.99%	31.12.2010
<b>b) Joint Venture :</b>			
Wardha Vaalley Coal Fields Pvt. Ltd. ....	India	27.27%	31.03.2010
Counto Microfine Products Pvt. Ltd.* .....	India	NIL	

\* During the year, the Company has 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. As per the Supplementary Share Subscription Agreement, the Company has agreed to buy 40,10,002 equity shares representing 50% equity stake in the 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. The Company has given an advance of Rs. 7.50 Crores for purchase of the said 50% stake which is included in Advances recoverable in cash or in kind. As at the balance sheet date, the Company has no equity interest in the joint venture company and accordingly the financial statement of the joint venture company is not consolidated.

#### (b) Other Accounting Policies :

#### (a) Fixed Assets:

- (i) Fixed Assets are stated at their original cost of acquisition/installation (net of Modvat/Cenvat credit availed), net of accumulated depreciation, amortization and impairment losses, except freehold land which is carried at cost less impairment losses.
- (ii) Capital work in progress is stated at the amount expended upto the date of Balance Sheet.



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

- (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 Amortization :
- I. Tangible Assets :
    - (i) Premium on leasehold land is amortized over the period of lease.
    - (ii) Depreciation on all assets, other than Vehicles, is provided on the "Straight Line Method" in accordance with the provisions of Section 205(2)(b) of the Companies Act, 1956, and on Vehicles on the "Written Down Value Method" in accordance with the provisions of Section 205(2)(a) of the Companies Act, 1956, in the manner and at the rates specified in Schedule XIV to the Companies Act, 1956, 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 amortized at the rate of depreciation specified in Schedule XIV to the Companies Act, 1956.
    - (v) Expenditure on Power Lines, ownership of which belongs to the State Electricity Boards, is amortized over the period as permitted in the Electricity Supply Act, 1948.
    - (vi) Expenditure on Marine Structures, ownership of which belongs to the Maritime Boards, is amortized over the period of agreement.
  - II. Intangible Assets :
    - (i) Expenditure to acquire Water Drawing Rights from Government/Local Authorities/other parties, is amortized on straight line method over the period of rights to use the facilities ranging from ten to thirty years.
    - (ii) Expenditure on computer software is amortised on straight line method over the period of expected benefit not exceeding five years.
- (c) Impairment of assets :
- The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to 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, components, 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 and 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.

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

- (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 Sales Tax / VAT remission entitlement due in accordance with the respective incentive schemes.
- (iv) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. Dividend income is recognised when right to receive the payment is established by the Balance Sheet date.
- (i) Mines Reclamation Expenditure :
- The Company provides for the 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 expenditure is incurred on an ongoing basis and until the closure of the mine. The actual expenses may vary based on the nature of reclamation and the estimate of reclamation expenditure.
- (j) Employee Benefits
- (i) Defined Contribution Plan
- Employee benefits in the form of contribution to Superannuation Fund, Provident Fund managed by Government Authorities, Employees State Insurance Corporation and Labour Welfare Fund are considered as defined contribution plan and the same is charged to the Profit & Loss Account of the year when the contributions to the respective funds are due.
- (ii) Defined Benefit Plan
- Retirement benefits in the form of Gratuity, Shipping staff gratuity, Post retirement medical benefit and Death & disability benefit are considered as defined benefit obligations and are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet. 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 gain / losses , if any, are immediately recognised in the Profit and Loss Account.
- (k) Miscellaneous Expenditure :
- Expenses included under the head 'Miscellaneous Expenditure' are amortized over the period of estimated future benefits not exceeding ten years.
- (l) Employee Stock Compensation cost :
- The Company measures compensation cost relating to employee stock option using the intrinsic value method. Discount on Equity Shares as compensation expenses under the Employee Stock Option Scheme, is 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 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 other issue of Shares, Debentures and Bonds as well as Premium on Redemption of Debentures are adjusted to Securities Premium Account in accordance with Section 78 of the Companies Act, 1956.
- (iii) Borrowing cost such as discount or premium and ancillary costs in connection with arrangement of borrowings excluding debenture and bonds, are amortised over the period of borrowings.
- (iv) Other borrowing costs are charged as expense in the year in which these are incurred.

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

(n) Taxation :

Tax expense comprises of current, deferred and fringe benefit taxes. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian income-tax Act. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available against which 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 recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

Where the Company is Lessor

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

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

(p) Segment Reporting policies:

(i) Identification of Segments:

The Company has only one business segment 'Cement' 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 recognized when there is reasonable certainty that the grant/ subsidy will be received and all attaching conditions will be complied with.

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

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

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

(s) 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.

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

	<b>As at 31.12.2010 Rs. in crores</b>	<b>As at 31.12.2009 Rs. in crores</b>
2. (a) Contingent liabilities not provided for in respect of :		
(i) Bank Guarantee given to Mines & Geology Dept. Government of Rajasthan for setting up of Cement plant .....	-	2.00
(ii) Claims against the Company not acknowledged as debts		
(a) Disputed liability relating to labour matters .....	<b>38.46</b>	44.09
(b) For acquisition of land .....	<b>50.25</b>	51.39
(c) For Non Agriculture Assessment Tax .....	-	2.65
(d) Others .....	<b>11.12</b>	30.86
(iii) Tax matters :		
(a) Disputed liability in respect of Income-tax demands (including interest) - matters under appeal ....	<b>57.53</b>	60.78
(b) Disputed Sales-tax demands (including interest and penalty) .....	<b>12.26</b>	25.96
(c) Disputed Excise demands - matters under appeal (Deposit with Excise Department Rs.0.21 crore, Previous Year Rs.0.21 crore) .....	<b>7.61</b>	26.66
(d) Disputed Customs demands - matters under appeal .....	<b>0.52</b>	1.43
(e) Disputed liabilities of RTO Tax on Mining Machinery .....	<b>0.80</b>	0.62
(iv) Disputed liabilities relating to Railway Freight on Cement - matter once decided in favour of the Company by the Honourable High Court of Gujarat was remanded back by the Honourable Supreme Court pursuant to a Special Leave Petition filed by the railways .....	<b>5.51</b>	5.51
(v) Disputed liabilities relating to Coal claims- matters pending in the Honourable High Court:		
(a) Railway freight on Coal .....	<b>1.60</b>	1.49
(b) Penal freight on Excess Weight of Coal .....	<b>0.24</b>	0.24
(c) Interest on Premium on Coal .....	<b>3.29</b>	3.29
In respect of items above, future cash outflows in respect of contingent liabilities are determinable only on receipt of judgements/decisions pending at various forums / authorities.		
(b) The Honourable High Court of Himachal Pradesh has passed an order in favour of the Company for its claim in respect of power subsidy in the form of Power Tariff Freeze (PTF) and Peak Load Exemption Charges (PLEC). Against this, Government of Himachal Pradesh on 1st May, 2004 has issued 296 5.13% H P Infrastructure Development Bonds of face value of Rs.10 lacs each, having a value of Rs.29.60 crores redeemable after 10 years and balance of Rs.0.08 crore is refunded to the Company.		
The Government of Himachal Pradesh has filed Special Leave Petition in the Honourable Supreme Court against the decision of the Honourable High Court of Himachal Pradesh. The Company has given an undertaking to refund Rs.29.68 crores paid by the State Government together with interest thereon upto the date of final judgement in time bound manner, in the event that the matter is decided against the Company .....	<b>29.68</b>	29.68
(c) The Government of Rajasthan has granted 75% exemption from Sales Tax in respect of Rabriyawas unit. However, the eligibility of exemption in excess of 25% has been contested by the State Government in a similar matter of another Company and the matter is pending before the Honourable Supreme Court. The Company has given an undertaking to the Government of Rajasthan that the Company will deposit the differential amount of Sales Tax, in case the Supreme Court's decision goes against in the matter referred above .....	<b>82.16</b>	82.16
(d) Writ petition filed against the order of Madhya Pradesh State Mining Department demanding Rs. 4.76 crores 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 .....	<b>56.25</b>	52.51
3. Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (net of advances) .....	<b>404.04</b>	398.50
Share in Joint Venture .....	<b>0.01</b>	-

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

4. Segment reporting :

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

	<b>2010</b>	2009
	<b>Rs. in crores</b>	Rs. in crores
(a) Revenue		
(i) Sales (Net of Excise Duty)		
Within India .....	<b>7,279.32</b>	6,904.63
Outside India .....	<b>110.89</b>	172.24
Total .....	<b>7,390.21</b>	7,076.87
(ii) Other Income		
Within India .....	<b>127.25</b>	114.56
Outside India .....	<b>0.09</b>	0.05
Total .....	<b>127.34</b>	114.61
(b) All the Assets of the Company, except the debtors and loans and advances amounting to Rs.16.45 crores (31.12.2009 -Rs. 18.30 crores), are within India.		

5 Related Party Disclosures :

a) List of Related Parties and relationships

Party	Relation
<b>A Key Management Personnel</b>	
Mr. A. L. Kapur	Managing Director upto 30.04.2010
Mr. Onne van der Weijde	Managing Director from 01.05.2010 (Whole time Director & CEO-Designate during the period 17.02.2010 to 30.04.2010)
Mr. P. B. Kulkarni	- (Whole-time Director upto 31.01.2009)
Mr. N. P. Ghuwalewala	- (Whole-time Director upto 27.06.2009)
Mr. B. L. Taparíá	- (Whole-time Director upto 30.04.2009)
<b>B Relatives of Key Management Personnel</b>	
Mr. Ajay Kapur	Son of Mr. A. L. Kapur
<b>C Enterprises over which significant influence exercised by</b>	
<b>(A) Directors</b>	
GACL Finance Ltd.	- Mr. N.S.Sekhsaria
Radha Krishna Bimalkumar Pvt. Ltd.	- (Mr. Suresh Neotia, Director upto 23.09.2009)
<b>(B) Major Shareholders</b>	
Holderind Investments Ltd., Mauritius	Major shareholder having significant influence
Holcim Ltd., Switzerland	Holding Company of Holderind Investments Ltd., Mauritius
Holcim Trading Pte Ltd., Singapore	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
Holcim Trading SA, Spain	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
Holcim Group Support Ltd.,Switzerland	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
Holcim Trading FZCO,Dubai	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
PT Holcim Indonesia	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
Holcim Services (Asia) Ltd.,Thailand	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
Holcim Services (South Asia) Ltd.,India	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
Holcim (Lanka) Ltd.,Srilanka	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
Jurong Cements Ltd.,Singapore	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
Siam City Cement Public Co. Ltd., Thailand	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
St. Lawrence Cement Inc. Canada	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
Holcim (US) Inc.,USA	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
ACC Ltd.,India	Associate of Holderind Investments Ltd., Mauritius
ACC Concrete Ltd., India	Subsidiary of ACC Ltd.

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

b) Disclosures required for related parties transactions

Rs. In crores

Transactions	Key Management Personnel	Relatives of Key Management Personnels	Enterprises over which significant influence exercised by Directors and Major Shareholders
<b>I. Transactions during the period</b>			
Purchase of Goods .....	-	-	<b>102.39</b>
	(-)	(-)	(258.68)
Sale of Goods .....	-	-	<b>160.86</b>
	(-)	(-)	(197.27)
Sale of Fixed Assets .....	-	-	<b>9.67</b>
	(-)	(-)	(0.11)
Receiving of Services .....	-	-	<b>53.45</b>
	(-)	(-)	(39.11)
Interest Received .....	-	-	<b>0.04</b>
	(-)	(-)	(-)
Remuneration .....	<b>4.16</b>	<b>0.40</b>	-
	(5.96)	(0.63)	(-)
Other Recoveries .....	-	-	<b>1.43</b>
	(-)	(-)	(0.10)
Others Payments .....	-	-	<b>2.24</b>
	(-)	(-)	(0.06)
<b>II. Amounts Outstanding as at Balance Sheet date</b>			
Amounts receivable .....	-	-	<b>12.21</b>
	(-)	(-)	(14.44)
Amounts payable .....	<b>0.80</b>	-	<b>19.60</b>
	(-)	(-)	(22.21)

**III. Notes :**

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



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

Details of material related party transactions [included in b ]

(Rs. in Crores)

Description	Key Management Personnel										Enterprises Over which significant influence is exercised by Directors and Major shareholders									
	Mr. Onne van der Weijde	Mr. A. L. Kapur	Mr. P. B. Kulkarni	Mr. N. P. Ghuwalewala	Mr. B. L. Tapatia	Mr. B. L. Finance Ltd	GACL Finance Ltd	PT Holcim Indonesia	Cement Public Co. Ltd	ACC Ltd.	ACC Concrete Ltd.	Holcim Services (South Asia) Ltd.	Holcim Lanka Ltd	Holcim Trading SA, Spain	Holcim Trading FZCO, Dubai	Holcim Trading Pte, Singapore	Holcim Group Support Ltd.	Holcim (US) Inc	Jurong Cement	
Purchase of Goods	-	-	-	-	-	-	-	-	-	8.17	-	-	-	-	94.20	-	0.02	-	-	
Sale of Goods .....	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(24.81)	(-)	(-)	(-)	(-)	(233.87)	(-)	(-)	(-)	(-)	(-)	
Sale of Fixed Assets	-	-	-	-	-	-	-	-	12.37	51.22	-	-	2.53	16.67	78.07	-	-	-	-	
Remuneration .....	2.26	1.90	-	-	-	-	-	-	(0.32)	(49.08)	(-)	(-)	(-)	(147.87)	(-)	(-)	(-)	(-)	(-)	
Receiving of Services .....	(-)	(3.13)	(0.97)	(1.30)	(0.56)	(-)	(-)	(-)	(0.11)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	
Interest Received ...	-	-	-	-	-	-	-	-	4.29	-	23.48	0.12	-	-	-	-	24.93	-	-	
Other Payments .....	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(6.65)	(-)	(22.65)	(-)	(-)	(-)	(-)	(-)	(9.81)	(-)	(-)	
Other Recoveries ...	-	-	-	-	-	-	-	-	0.77	-	0.04	-	-	-	-	-	-	-	-	
Amount receivable	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(0.01)	(-)	
Amount payable ....	0.55	0.25	-	-	-	-	-	0.05	0.04	(-)	(-)	(-)	(-)	(0.05)	(-)	(-)	1.19	-	0.01	
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(0.77)	(-)	(-)	(-)	(-)	(12.72)	(4.10)	(4.62)	(-)	(-)	(-)	



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

b) Defined Benefit Plans - As per Actuarial Valuation

Rs. in Crores

Particulars	2010				2009			
	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 & Loss Account								
1 Current Service Cost .....	5.14	0.05	0.02	0.43	5.77	0.07	0.04	0.19
2 Interest Cost .....	4.53	0.04	0.02	0.36	3.88	0.05	0.02	0.15
3 Employee Contributions .....	-	-	-	-	-	-	-	-
4 Expected Return on Plan Assets .....	(4.62)	-	-	-	(4.00)	-	-	-
5 Actuarial (Gains) / Losses .....	3.38	0.09	(0.02)	(0.28)	(13.29)	(0.22)	(0.13)	1.73
6 Past Service Cost .....	-	-	-	-	-	-	-	-
7 Settlement Cost .....	-	-	-	-	-	-	-	-
8 Losses / (gains) on acquisition / divesture	-	-	-	-	-	-	-	-
9 Total Expense .....	8.43	0.18	0.02	0.51	(7.64)	(0.10)	(0.07)	2.07
II Net Asset / (Liability) recognised in the Balance Sheet								
1 Present Value of Defined Benefit Obligation .....	65.09	0.64	0.28	4.85	57.28	0.56	0.26	4.35
2 Fair Value of Plan Assets .....	67.14	-	-	-	59.85	-	-	-
3 Funded Status [Surplus / (Deficit)] .....	2.05	(0.64)	(0.28)	(4.85)	2.57	(0.56)	(0.26)	(4.35)
4 Net Asset/ (Liability) .....	2.05	(0.64)	(0.28)	(4.85)	2.57	(0.56)	(0.26)	(4.35)
III Change in Obligation during the Year								
1 Present value of Defined Benefit Obligation at the beginning of the year	57.28	0.56	0.26	4.35	63.21	0.74	0.33	2.29
2 Current Service Cost .....	5.14	0.05	0.02	0.43	5.77	0.07	0.04	0.19
3 Interest Cost .....	4.53	0.04	0.02	0.36	3.88	0.05	0.02	0.15
4 Settlement Cost .....	-	-	-	-	-	-	-	-
5 Past Service Cost .....	-	-	-	-	-	-	-	-
6 Employee Contributions .....	-	-	-	-	-	-	-	-
7 Liabilities assumed on acquisition/(settled on divesture) .....	-	-	-	-	-	-	-	-
8 Actuarial (Gains) / Losses .....	3.20	0.09	(0.02)	(0.28)	(12.55)	(0.22)	(0.13)	1.72
9 Benefits Payments .....	(5.05)	(0.10)	-	(0.01)	(3.03)	(0.08)	-	-
10 Present Value of Defined Benefit Obligation at the end of the year .....	65.10	0.64	0.28	4.85	57.28	0.56	0.26	4.35
IV Change in Assets during the Year								
1 Plan Assets at the beginning of the year	59.85	-	-	-	50.04	-	-	-
2 Assets acquired on amalgamation in previous year .....	-	-	-	-	-	-	-	-
3 Settlements .....	-	-	-	-	-	-	-	-
4 Expected return on plan assets .....	4.62	-	-	-	4.00	-	-	-
5 Contributions by employer .....	7.90	0.10	-	-	8.17	0.08	-	-
6 Actual Benefit Paid .....	(5.05)	(0.10)	-	(0.01)	(3.10)	(0.08)	-	-
7 Actuarial Gains / (Losses) .....	(0.18)	-	-	-	0.74	-	-	-
8 Plan Assets at the end of the year .....	67.14	-	-	(0.01)	59.85	-	-	-
9 Actual Return on plan assets .....	4.45	-	-	-	4.74	-	-	-

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

V	The major categories of plan assets as a percentage of total plan	2010		2009	
	Qualifying Insurance policy .....	100%		100%	
VI	Effect of One percentage point change in the assumed Medical Inflation rate : .....	<b>1% increase</b>	<b>1% decrease</b>	1% increase	1% decrease
	Increase/ (Decrease) on aggregate service and interest cost .....	<b>0.20</b>	<b>(0.16)</b>	0.07	(0.06)
	Increase/ (Decrease) on Present value of Defined Benefit obligation as at 31st December 2010 .....	<b>1.03</b>	<b>(0.83)</b>	0.96	(0.76)
VII	Actuarial Assumptions:				
1	Discount Rate .....	<b>8.30% p.a.</b>		8.25% p.a.	
2	Expected rate of return on plan assets .....	<b>7.50% p.a.</b>		7.50% p.a.	
3	Mortality .....	<b>LIC (1994-96) mortality tables</b>		LIC (1994-96) mortality tables	
4	Turnover rate .....	<b>Age 21-44 -2%, Age 45 -57 - 1%</b>		Age 21-44 -2%, Age 45 -57 - 1%	
5	Medical premium inflation .....	<b>12% p.a. in the first 5 years and 8% thereafter</b>		12% p.a. in the first 5 years and 8.5% thereafter	
6	Salary Escalation .....	<b>7% p.a.</b>		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. 0.43 crore (31.12.2009 Rs.0.17crore) towards the deficit in the fund.

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

	2010 Rs. in Crores	2009 Rs. in Crores
a) Gratuity * .....	<b>8.38</b>	(8.70)
b) Shipping Staff Gratuity .....	<b>0.18</b>	(0.10)
c) Post Retirement Medical Benefits** .....	<b>0.47</b>	1.83
d) Death & Disability .....	<b>0.02</b>	(0.07)
	<b>9.05</b>	(7.04)

\* Net of Rs.0.05 crore (31.12.2009 Rs. 1.06 crores) capitalised as pre-operative expenses.

\*\* Net of Rs. 0.04 crore (31.12.2009 Rs. 0.24 crore) capitalised as pre-operative expenses.

c) Amount recognised as an expense in respect of Compensated Leave Absences is Rs 6.73 crores (31.12.2009 - Rs.8.95 crores)

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

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

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

(f) The Company expects to contribute Rs. 3.50 crores (31.12.2009 Rs.8.22 crores) to Gratuity Fund in next year.

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

	2010 Rs. in Crores	2009 Rs. in Crores	2008 Rs. in Crores	2007 Rs. in Crores
<b>i) Gratuity - Funded</b>				
Defined benefit obligation .....	<b>65.10</b>	57.28	63.21	42.39
Plan assets .....	<b>67.14</b>	59.85	50.04	40.17
Surplus / (deficit) .....	<b>2.04</b>	2.57	(13.17)	(2.22)
Experience adjustments on plan assets .....	<b>(0.17)</b>	0.74	0.19	1.79
Experience adjustments on plan liabilities .....	<b>3.50</b>	2.08	4.48	9.73
<b>ii) Gratuity - Non Funded</b>				
Defined benefit obligation .....	<b>0.64</b>	0.56	0.74	0.68
Plan assets .....	-	-	-	-
Surplus / (deficit) .....	<b>(0.64)</b>	(0.56)	(0.74)	(0.68)

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

(g) Amount for the current and previous three years are as follows : (Contd.)

	2010 Rs. in Crores	2009 Rs. in Crores	2008 Rs. in Crores	2007 Rs. in Crores
Experience adjustments on plan assets .....	-	-	-	-
Experience adjustments on plan liabilities .....	<b>0.08</b>	(0.14)	(0.03)	(0.08)
<b>iii) Death and Disability Scheme (Shipping Staff)</b>				
Defined benefit obligation .....	<b>0.28</b>	0.26	0.33	0.35
Plan assets .....	-	-	-	-
Surplus / (deficit) .....	<b>(0.28)</b>	(0.26)	(0.33)	(0.35)
Experience adjustments on plan assets .....	-	-	-	-
Experience adjustments on plan liabilities .....	<b>(0.03)</b>	(0.11)	(0.18)	(0.16)
<b>iv) Post Retirement Medical Benefit (PRMB)</b>				
Defined benefit obligation .....	<b>4.85</b>	4.35	2.29	1.33
Plan assets .....	-	-	-	-
Surplus / (deficit) .....	<b>(4.85)</b>	(4.35)	(2.29)	(1.33)
Experience adjustments on plan assets .....	-	-	-	-
Experience adjustments on plan liabilities .....	<b>(0.40)</b>	0.62	(0.02)	0.08

h) Contribution to provident and other funds of Rs.32.79 crores (31.12.2009 Rs 10.50 crores) includes payment towards certain staff benefits schemes amounting to Rs.8.58 crores (31.12.2009 credit of Rs 8.87 crores on account of reversal of actuarial loss).

10. Employee Stock Option Plans :

a) The Company has provided various share based payments to its employees. During the year ended 31st December, 2010, the following schemes were in operation:

Particulars	2003-04	2004-05	2005-06	2007*	2008\$	2009	2010
a) Date of grant .....	21.01.2004	10.03.2005	07.11.2005	07.06.2007	01.07.2008	19.06.2009	22.04.2010
b) Date of Board Approval .....	31.07.2003	23.07.2004	24.06.2005	11.01.2007	01.07.2008	06.02.2009	04.02.2010
c) Date of Shareholders Approval .....	06.10.2003	18.10.2004	10.10.2005	26.03.2007	22.04.2008	06.04.2009	05.04.2010
d) Number of options granted	864,600	812,325	873,075	7,497,900	7,498,150	7,499,600	9,998,900
e) Method of Settlement (Cash/Equity) .....	Equity	Equity	Equity	Equity	Equity	Equity	Equity
f) Vesting period from the date of Grant .....	1 year	1 year	1 year	1 year	1 year	1 year	1 year
g) Exercise Period from the date of Vesting .....	5 years	4 years	4 years	4 years	4 years	4 years	4 years

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

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

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

Particulars	2010		2009	
	Number of Shares	Weighted Average Exercise price (Rs.)	Number of Shares	Weighted Average Exercise price (Rs.)
a) Outstanding at the beginning of the year	<b>22,215,038</b>	<b>95.20</b>	16,274,711	91.57
b) Granted during the year .....	<b>9,998,900</b>	<b>119.00</b>	7,613,450	96.00
c) Forfeited during the year .....	<b>854,050</b>	<b>112.85</b>	297,150	92.91
d) Exercised during the year .....	<b>6,144,706</b>	<b>87.48</b>	1,110,456	66.55
e) Expired during the year .....	<b>299,432</b>	<b>54.88</b>	265,517	18.40
f) Outstanding at the end of the year .....	<b>24,915,750</b>	<b>106.53</b>	22,215,038	95.20
g) Exercisable at the end of the year .....	<b>15,542,500</b>	<b>99.01</b>	14,833,238	94.80
h) Weighted average remaining contractual life (in years) .....	<b>3.14</b>		3.33	

The weighted average share price at the date of exercise for stock options was Rs. 131.82 (31.12.2009 Rs.95.00)

The weighted average share price for the period over which stock option were exercised was Rs.122.31 (31.12.2009 Rs.92.37)

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

c) The details of exercise price for stock options outstanding as at 31st December, 2010

ESOP Plans	2010			2009		
	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (Rs. per share of Rs.2 each)	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (Rs. per share of Rs.2 each)
2003-04* .....	-	-	-	17,600	0.05	41.33
2004-05* .....	-	-	-	51,475	0.19	59.07
2005-06# .....	-	-	-	139,475	0.85	69.60
2007 .....						
Tranche 1 .....	<b>6,014,550</b>	<b>1.43</b>	<b>113.00</b>	6,861,400	2.43	113.00
Tranche 2 .....	<b>51,950</b>	<b>2.50</b>	<b>82.00</b>	105,950	3.50	82.00
2008 .....						
Tranche 1 .....	<b>3,905,000</b>	<b>2.50</b>	<b>82.00</b>	6,650,450	3.50	82.00
Tranche 2 .....	<b>91,350</b>	<b>3.47</b>	<b>96.00</b>	110,550	4.47	96.00
2009 .....	<b>5,479,650</b>	<b>3.47</b>	<b>96.00</b>	7,271,250	4.47	96.00
2010 .....	<b>9,373,250</b>	<b>4.31</b>	<b>119.00</b>	-	-	-

\* one option represents 7.5 equity shares.

# one option represents 5 equity shares.

d) Stock Options granted

The weighted average fair value of stock options granted for the year was Rs. 39.37 (31.12.2009 Rs. 26.38). The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

Variables	2010	2009
Grant date .....	<b>22.04.2010</b>	19.06.2009
Market Price (Rs. per share) on the date of grant .....	<b>121.05</b>	89.35
Volatility .....	<b>43.75%</b>	44.51%
Risk free rate .....	<b>6.64%</b>	5.98%
Exercise price .....	<b>119.00</b>	96.00
Time to Maturity (years) .....	<b>3</b>	3
Dividend yield .....	<b>2.30%</b>	2.17%
Option fair value (Rs. per share) .....	<b>39.37</b>	26.38

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

Particulars	2010 Rs. in Crores	2009 Rs. in Crores
Total Employee Compensation Cost pertaining to share based payment plans .....	<b>1.34</b>	-
Compensation cost pertaining to equity settled employee share based payment plan included above .....	<b>1.34</b>	-
Liability for employee stock options outstanding as at year end .....	<b>1.92</b>	0.24
Deferred Compensation Cost .....	<b>0.58</b>	-

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

Particulars	2010 Rs. in Crores	2009 Rs. in Crores
Profit as reported .....	<b>1,262.97</b>	1,216.84
Add : Employee stock compensation under intrinsic value method .....	<b>1.34</b>	-
Less : Employee stock compensation under fair value method .....	<b>33.94</b>	15.08
Proforma profit .....	<b>1,230.37</b>	1,201.76
Earning per share (Rs.)		
Basic :		
- As reported .....	<b>8.28</b>	7.99
- Proforma .....	<b>8.07</b>	7.89
Diluted :		
- As reported .....	<b>8.26</b>	7.98
- Proforma .....	<b>8.04</b>	7.88



**SCHEDULE 'Q' - CONSOLIDATED NOTES TO ACCOUNTS (Contd.)**
**11. Derivative Instrument and Unhedged Foreign Currency Exposure**

	<b>As at 31.12.2010 Amount in million</b>	<b>As at 31.12.2009 Amount in million</b>
1. Outstanding creditors for purchase of Raw Material & Spares		
a) in USD .....	<b>1.94</b>	12.10
b) in EURO .....	<b>0.07</b>	0.19
c) in DKK .....	<b>0.16</b>	-
d) in CHF .....	-	0.33
e) in JPY .....	<b>3.88</b>	-
2. Outstanding creditors for purchase of Capital Goods		
a) in USD .....	-	0.02
b) in EURO .....	<b>0.62</b>	0.06
c) in DKK .....	<b>0.16</b>	-
d) in CHF .....	<b>0.14</b>	0.01
3. Outstanding creditors for expenses		
a) in USD .....	<b>0.09</b>	0.66
b) in EURO .....	<b>0.20</b>	0.28
c) in CHF .....	<b>1.52</b>	0.87
d) in THB .....	<b>0.34</b>	-
e) in IDR .....	<b>6.60</b>	-
4. Outstanding debtors		
a) in USD .....	<b>1.92</b>	2.20
5. Advance to Vendors		
a) in USD .....	<b>0.09</b>	0.05
b) in EURO .....	<b>1.18</b>	1.09
c) in DKK .....	<b>0.06</b>	-
d) in CHF .....	<b>0.01</b>	-
e) in AUD .....	-	0.02
f) in JPY .....	<b>0.14</b>	-

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'.

	<b>2010 Rs. in crores</b>	<b>2009 Rs. in crores</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 .....	<b>0.17</b>	2.29
Interest .....	-	0.02
b) The amount of interest paid by the buyer in terms of section 16 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year. ....	<b>4.25</b>	3.91
c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified. ....	<b>0.01</b>	0.02
d) The amount of interest accrued and remaining unpaid at the end of each accounting year .....	<b>0.02</b>	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 .....	-	0.02
13. a) Donation include contribution paid to political parties as follows :		
Bhartiya Janata Party .....	-	2.00
All India Congress Committee .....	-	2.00
Nationalist Congress Party .....	-	1.00
Shiromani Akali Dal .....	-	0.75
Total .....	<b>-</b>	<b>5.75</b>

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

- b) The company is carrying out its Corporate Social Responsibility (CSR) activities through Ambuja Cement Foundation (ACF) and was during the year running the schools at plant locations through Ambuja Vidya Niketan Trust (AVN), charitable organisation registered under section 25 of the Companies Act, 1956. The Company has contributed Rs. 18.10 crores (31.12.2009 Rs. 33.50 crores) to ACF and Rs. 2.60 crores (31.12.2009 -Rs.3.05 crores) to AVN during the current year.
14. Capital Work in Progress includes (a) Machinery in Transit Rs. 10.50 crores (31.12.2009- Rs. 8.93 crores) and (b) expenditure during construction for project Rs. 14.13 crores (31.12.2009 - Rs. 110.86 crores).
15. During the current year, the Company has sold its investment in ING Vysya Life Insurance Company Limited and has recognised profit of Rs.72.63 Crores.
16. During the current year, the Company has estimated provision for slow and non moving spares based on age of the inventory. Accordingly, the Company has recognized a provision of Rs. 61.03 crores as at December 31, 2010. The provision based on such parameters applied to spares inventory at the beginning of the year amounting to Rs. 46.10 crores has been disclosed as an exceptional item in the profit and loss Account.
17. Operating Lease :

	<b>2010</b>	2009
	<b>Rs. in crores</b>	Rs. in crores
<b>(a) Assets taken On Lease</b>		
Lease Payments for the year .....	<b>0.34</b>	0.34
<b>Minimum Lease Payments:</b>		
Not later than one year .....	<b>0.34</b>	0.34
Later than one year but not later than five years .....	<b>1.45</b>	1.45
Later than five years .....	<b>3.13</b>	3.47

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

- (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 at the new units set up in the state of Himachal Pradesh. Accordingly the Company has accrued an amount of Rs. 25.49 crores which has been adjusted against the respective expenses as under :

	<b>2010</b>	2009
	<b>Rs. in crores</b>	Rs. in crores
(i) Raw materials consumed .....	<b>1.55</b>	-
(ii) Freight on inter unit clinker transfer .....	<b>23.46</b>	-
(iii) Freight on finished goods .....	<b>0.48</b>	-

- (b) During the year, the Company has recognised interest on subsidy amounting to Rs. 5.00 crores (31.12.2009 Rs.Nil) relating to earlier years. The amount has been adjusted against interest expenses.

19. Excise duty on sales amounting to Rs.866.82 Crores (31.12.2009 Rs.644.55 crores) has been reduced from sales in profit & loss account and excise duty on increase/decrease in stock amounting to Rs.4.92 Crores (31.12.2009 Rs.(3.27) Crores) has been considered as (income)/expense in Schedule N of financial statements.
20. During the previous year Company had prepaid deferred sales tax loan at one of its unit and had recognised discounting income of Rs. 46.16 crores.
21. 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.
22. 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 and on behalf of the Board

For S. R. BATLIBOI & ASSOCIATES  
Firm Registration No.101049W  
Chartered Accountants

David Atkinson  
Chief Financial Officer

N.S. Sekhsaria  
Chairman

Shailesh Haribhakti  
Chairman - Audit Committee

Paul Hugentobler  
Vice Chairman

Nasser Munjee  
Director

per Sudhir Soni  
Partner  
Membership No. 41870

M.L. Bhakta  
Director

Rajendra P. Chitale  
Director

Markus Akermann  
Director

Omkar Goswami  
Director

Mumbai, 3rd February, 2011

B.L. Taparia  
Company Secretary &  
Head Corporate Services

Onne van der Weijde  
Managing Director

Naresh Chandra  
Director

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

1	Name of the Subsidiary	<b>M.G.T. Cements (Private) Limited</b>	<b>Chemical Limes Mundwa (Private) Limited</b>	<b>Kakinada Cements Limited</b>
2	Financial Year of the Subsidiary company ended on	31st December 2010	31st December 2010	31st December 2010
3	Holding Company's interest			
	i) No. of Equity Shares	749,990 Equity Shares of Rs.10 each	139,990 Equity Shares of Rs.10 each	50,000 Equity Shares of Rs.10 each
	ii) Percentage of Holding	99.99%	99.99%	100%
4	The Net aggregate amount of subsidiary's Profit / Losses so far as it concerns the members of the Holding Company not dealt with in the Holding Company's Accounts			
	i) For the Current Financial Year	Rs.(-) 0.02 Crore	Rs.(-) 0.09 Crore	Rs.(-) 0.01 Crore
	ii) For the previous Financial year since it became subsidiary	Rs.(-) 0.29 Crore	Rs.(-) 4.08 Crores	Rs.(-) 0.03 Crore
5	The Net aggregate amount of subsidiary's Profit / Losses which has been dealt with in the Holding Company's Accounts			
	i) For the Current Financial Year	Nil	Nil	Nil
	ii) For the previous Financial year since it became subsidiary	Nil	Nil	Nil

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

For and on behalf of the Board

David Atkinson  
*Chief Financial Officer*

N.S. Sekhsaria  
*Chairman*

Shailesh Haribhakti  
*Chairman - Audit Committee*

Paul Hugentobler  
*Vice Chairman*

Nasser Munjee  
*Director*

M.L. Bhakta  
*Director*

Rajendra P. Chitale  
*Director*

Markus Akermann  
*Director*

Omkar Goswami  
*Director*

B.L. Taparia  
*Company Secretary &  
Head Corporate Services*

Onne van der Weijde  
*Managing Director*

Naresh Chandra  
*Director*

Mumbai, 3rd February, 2011

## DIRECTORS' REPORT

TO THE MEMBERS,

The Directors have the pleasure in presenting their Report and the Audited Accounts of the Company for the period ended on 31st December, 2010.

### 1. FINANCIAL RESULTS

The Company has not commenced any business activities.

### 2. DIRECTORS

Mr. Mayank Singh Kachwaha, Director of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. The Board recommends his re-appointment.

### 3. AUDITORS

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

### 4. EMPLOYEES

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

### 5. DIRECTORS' RESPONSIBILITY STATEMENT

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

- In the preparation of the Annual Accounts, the applicable accounting standards have been followed.
- The Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st December, 2010 and of the loss of the Company for the year ended on 31st December, 2010.

(c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

(d) The Directors have prepared the Annual Accounts on a going concern basis.

### 6. SHIFTING OF REGISTERED OFFICE

In order to achieve operational efficiency, the company during the year, shifted its Registered office from the State of Rajasthan to the State of Gujarat.

### 7. COMPLIANCE CERTIFICATE

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

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

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

For and on behalf of Board of Directors

Jagdish Chandra Toshniwal  
Director

Suresh Chandra Joshi  
Director

Place : Mumbai

Date : 28th January, 2011

## COMPLIANCE CERTIFICATE

Registration No. of the Company: U26943GJ1990PTC061530

Nominal Capital:Rs.100 Lakhs

To,

The Members

M G T CEMENTS PVT. LTD.

P.O. Ambujanagar, Tal. Kodinar, Junagarh 362715

We have examined the registers, records, books and papers of M G T CEMENTS PVT. LTD. (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st December 2010 (financial year). In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

- The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
- The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies within the time prescribed under the Act and the rules made thereunder. The Company has also filed a petition with the Company Law Board, Northern Region Bench and the same was approved. No forms or return were required to be filed with the Regional Director, Central Government or other authorities.
- The Company is a private limited company but subsidiary of Ambuja Cement Ltd. (a public limited company), and has the minimum prescribed paid-up capital and its maximum number of members during the said financial year was 4. The Company has no member who is its present or past employee; and the Company during the year under scrutiny:
  - has not invited public to subscribe for its shares or debentures; and
  - has not invited or accepted any deposits from persons other than its members, directors or their relatives.
- The Board of Directors duly met 4 times respectively on 22nd January 2010, 22nd April 2010, 22nd July 2010 and 21st October 2010 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
- The Company was not required to close its Register of Members or Debenture holders during the financial year.
- The annual general meeting for the financial year ended on 31st December 2009 was held on 10th March 2010 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.

- No extra ordinary general meeting was held during the financial year.
- The Company has not advanced any loans to its directors or persons or firms or companies referred to under section 295 of the Act.
- The Company has not entered into any contracts falling within the purview of section 297 of the Act.
- The Company has made necessary entries in the register maintained under section 301 of the Act.
- As there were no instances falling within the purview of section 314 of the Act, the Company has not obtained any approvals from the Board of directors, members or Central Government.
- The duplicate share certificates issued by the Company during the financial year were approved by the Board of Directors.
- The Company has:
  - not made any allotment/transfer/transmission of shares during the financial year; (ii) not declared any dividend/interim dividend during the financial year under review;
  - not posted warrants to any member of the Company as no dividend was declared during the financial year;
  - no amount lying in the Books of Account in respect of unpaid dividend, application money due for refund, matured deposits, matured debentures and the interest accrued thereon;
  - duly complied with the requirements of section 217 of the Companies Act, 1956.
- The Board of directors of the Company is duly constituted. There was no appointment of any director during the financial year.
- The Company has not appointed any managing director/whole-time director/manager, during the financial year.
- The Company has not appointed any sole selling agents during the financial year.
- The Company had filed Petition u/s 17 for amendment of Registered Office Clause of its Memorandum of Association before the Company Law Board, Northern Region Branch. The same was confirmed vide Order dated 22nd June 2010.

The Company was not required to obtain any other approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such authorities prescribed under the various provisions of the Act.
- The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rule made thereunder.
- During the financial year, the Company has not issued any security.
- The Company has not bought back any shares during the financial year.

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

Signature:

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

Place: Mumbai

Date: 28th January, 2011

## ANNEXURE "A" TO THE COMPLIANCE CERTIFICATE OF M.G.T. CEMENTS PVT. LTD.

Registers as maintained by the Company

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

Signature:

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

Place : Mumbai

Date : 28th January, 2011

## ANNEXURE "B" TO THE COMPLIANCE CERTIFICATE OF M.G.T. CEMENTS PVT. LTD.

Forms and Returns as filed by the Company during/relating to the financial year ending 31.12.2010

\* With Registrar of Companies:

Sr. No.	Form No./ Return	Filed Under Section	For	Date of Filing*	Whether Filed within Prescribed time	If delay in filing Whether requisite additional fees paid Yes/No
1.	Form 61	17	Filing of copy petition submitted to Company Law Board, Northern Region Bench	18.02.2010	Yes	N.A.
2.	Form 66	383A	Year ended 31.12.2009	22.03.2010		
3.	Form 23AC Annual Accounts	220	Year ended 31.12.2009	25.03.2010	Yes	N.A.
4.	Form 20B Annual Return	159	A.G.M. held on 10.03.2010	31.03.2010	Yes	N.A.
5.	Form 21	17	Filing of Order passed by the Company Law Board, Northern Region Bench	29.06.2010	Yes	N.A.
6.	Form 18	146	Change of registered office from the state of Rajasthan to the state of Gujarat	03.07.2010	Yes	N.A.

\* Date of uploading of the Form

Signature:

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

Place : Mumbai

Date : 28th January, 2011

## AUDITOR'S REPORT

Auditors Report to the members of M.G.T. Cements Private Limited, Rajasthan.

1. We have audited the attached balance sheet of M.G.T. Cements Private Limited, Rajasthan as at 31st December 2010 and the Profit & Loss account for the period from 1st January 2010 to 31st December 2010 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 the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
  3. The information as required by the companies (auditor's report) order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 read with The Companies Act (Auditor's Report) (Amendment) Order, 2004, is not applicable to the company.
  4. Further, we report that:-
    - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
    - ii. In our opinion, proper books of accounts as required by law have been kept by the company as far as appears from our examination of those books.
- iii. The balance sheet & profit & loss account as dealt with by this report are in agreement with the books of accounts.
  - iv. In our opinion, the balance sheet and profit & loss account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - v. On the basis of written representations received from the directors, as on 31st December 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st December 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - iv. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes on accounts and significant accounting policies thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principals generally accepted in India.
    - a. In the case of Balance sheet, of the state of affairs of the company as at 31st December 2010.
    - b. In the case of the Profit & Loss account of the loss during the period from 1st January 2010 to 31st December 2010.

For Suresh Pareek & Associates  
Chartered Accountants

(Suresh Pareek)  
Proprietor

Place : Mumbai  
Date : 28th January, 2011



## BALANCE SHEET AS AT 31ST DECEMBER, 2010

PARTICULARS	Schedule	Year ended as at 31.12.2010	Year ended as at 31.12.2009
<b>SOURCES OF FUNDS</b>			
<b>1 Shareholders Funds</b>			
Share capital .....	A	7,500,000	7,500,000
Share Premium .....	B	9,299,690	9,299,690
<b>2 Loan Funds</b>			
Unsecured loans from Director .....	C	1,000,000	1,000,000
<b>TOTAL</b>		<b>17,799,690</b>	<b>17,799,690</b>
<b>APPLICATION OF FUNDS</b>			
<b>1 Fixed Assets</b> .....	D		
Gross Block .....		4,794,086	4,794,086
Less: Depreciation (accumulated) .....		4,125,083	3,964,961
Net Block .....		669,003	829,125
<b>2A Current Assets, Loans &amp; Advances</b> .....	E		
a) Cash & bank balances ..		809,304	1,340,485
b) Other current assets .....		532,548	4,120
Total current assets .....		1,341,852	1,344,605
<b>2B Current Liabilities &amp; Provisions</b> .....	F		
a) Liabilities .....		4,470	3,921
<b>3 Net Current Assets</b> .....	(2A-2B)	1,337,382	1,340,684
<b>4 P &amp; L Debit balance</b> .....		15,793,305	15,629,881
<b>TOTAL</b> .....		<b>17,799,690</b>	<b>17,799,690</b>

As per our attached report of even date

For Suresh Pareek & Associates Chartered Accountants

For and On behalf of the Board

Suresh Pareek  
Membership No. 76526

Suresh Chandra Joshi  
Director

Jagdish Chandra Toshniwal  
Director

Place : Mumbai  
Date : 28th January, 2011

Place ; Mumbai  
Date : 28th January, 2011

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2010

PARTICULARS	Current Year ended 31.12.2010	Previous Year ended 31.12.2009
<b>1 INCOME</b>		
Interest income .....	32,548	14,795
Other income .....	370	106
	<b>32,918</b>	<b>14,901</b>
<b>2 EXPENSES</b>		
Audit Fees .....	4,496	4,496
Lease rent .....	549	549
Bank charges .....	693	85
Legal & Professional Fees .....	29,482	29,803
General Office Expenses .....	1,000	-
Depreciation (Ref. Note no.5) .....	160,122	160,122
Depreciation for earlier period (Ref. Note no.5) .....	-	2,682,051
	<b>196,342</b>	<b>2,877,107</b>
<b>3 Profit / (Loss) for the period</b> .... (1-2)	<b>(163,424)</b>	<b>(2,862,206)</b>
<b>4 Balance in P&amp;L a/c as per lat accounts</b> .....	<b>(15,629,881)</b>	<b>(12,767,675)</b>
<b>4 Balance c/o to balance sheet</b> .....	<b>(15,793,305)</b>	<b>(15,629,881)</b>

As per our attached report of even date

For Suresh Pareek & Associates Chartered Accountants

For and On behalf of the Board

Suresh Pareek  
Membership No. 76526

Suresh Chandra Joshi  
Director

Jagdish Chandra Toshniwal  
Director

Place : Mumbai  
Date : 28th January, 2011

Place ; Mumbai  
Date : 28th January, 2011

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2010

	Year Ended 31.12.2010	Year Ended 31.12.2009
<b>A) Cash Flow from Operating Activities</b>		
Net Profit Before Tax and Extraordinary Items .....	(163,424)	(2,862,206)
Adjustment for:		
Depreciation .....	160,122	2,842,173
Interest income .....	(32,548)	(5,099)
Provision for Doubtful debts and advances .....	-	-
Interest and Finance charges .....	-	-
Surplus on sale of assets (Excluding exceptional items) .....	-	-
Loss on assets sold, scrapped or discarded and written off .....	-	-
Financial Expenses .....	-	-
Taxes paid .....	-	-
	<u>127,574</u>	<u>2,837,074</u>
<b>Operating Profit before Working Capital Change .....</b>	<b>(35,850)</b>	<b>(25,132)</b>
Adjustment for:		
Trade Receivables .....	-	-
Inventories .....	-	-
Trade and other Payables .....	549	(573)
Loans and advances .....	(528,428)	500,979
	<u>(527,879)</u>	<u>500,406</u>
<b>Net Cash from operating activities (Total A) .....</b>	<b>(563,729)</b>	<b>475,274</b>
<b>B) Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets .....	-	-
Sale of Fixed Assets .....	-	-
Proceed from Sale of Fixed Assets .....	-	-
Proceeds of deposits matured .....	-	-
Interest Received .....	32,548	5,099
Purchase of Investments .....	-	-
	<u>32,548</u>	<u>5,099</u>
<b>Net Cash used in Investing Activities (Total B) .....</b>	<b>32,548</b>	<b>5,099</b>
<b>C) Cash Flow from Financing Activities</b>		
Proceeds from Secured Loans .....	-	-
(Net of repayment)		
Proceeds from Unsecured Loans .....	-	-
(Net of repayment)		
Interest and Financial Expenses .....	-	-
<b>Net Cash from Financing Activities (Total C) .....</b>	<b>-</b>	<b>-</b>
Net Increase in Cash & Cash Equivalents		
<b>(Total A+B+C) .....</b>	<b>(531,181)</b>	<b>480,373</b>
Cash & Cash Equivalents (Opening) .....	<u>1,340,485</u>	<u>860,112</u>
Cash & Cash Equivalents (Closing) .....	<u>809,304</u>	<u>1,340,485</u>

As per our attached report of even date

FOR SURESH PAREEK & ASSOCIATES  
CHARTERED ACCOUNTANTS

Suresh Pareek  
Membership No. 76526

Place: Mumbai

Date : 28th January, 2011

For and on behalf of the Board

Suresh Chandra Joshi  
Director

Jagdish Chandra Toshniwal  
Director

Place: Mumbai

Date : 28th January, 2011

**SCHEDULE 'A' TO 'F' ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST DECEMBER, 2010**

	For year ended as at 31.12.10	For prev year ended as at 31.12.09
<b>SCHEDULE 'A' - SHARE CAPITAL</b>		
<b>Authorised</b>		
10,00,000 equity shares of Rs.10/- each .....	10,00,000	10,00,000
<b>Issued</b>		
7,50,000 equity shares of Rs.10/- each .....	7,50,000	7,50,000
<b>Subscribed, Called up and Paid up</b>		
7,50,000 equity shares of Rs.10/- each fully paid up .....	7,50,000	7,50,000
Total Rs. ....	7,50,000	7,50,000

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

	For year ended as at 31.12.10	For prev year ended as at 31.12.09
<b>SCHEDULE 'B' - SHARE PREMIUM</b>		
Share Premium @ Rs. 31		
For 299990 Equity shares .....	9,299,690	9,299,690
Total Rs. ....	9,299,690	9,299,690
	<b>For year ended as at 31.12.10</b>	<b>For prev year ended as at 31.12.09</b>

	For year ended as at 31.12.10	For prev year ended as at 31.12.09
<b>SCHEDULE 'C' - UNSECURED LOANS</b>		
Other Loans & Advances		
From Mayank Singh Kachhawa .....	1,000,000	1,000,000
Total Rs. ....	1,000,000	1,000,000

**SCHEDULE 'D' - FIXED ASSETS**

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	COST AS ON 01.01.2010	ADDITIONS DURING THE YEAR	SALE/ TRANSFER IF ANY	TOTAL	As on 01.01.2010	FOR THE YEAR	WRITTEN BACK	As on 31.12.2010	W.D.V. AS ON 31.12.2010	W.D.V. AS ON 31.12.2009
Buildings .....	4,794,086	-	-	4,794,086	3,964,961	160,122	-	4,125,083	669,003	829,125
Current Year Total ....	4,794,086	-	-	4,794,086	3,964,961	160,122	-	4,125,083	669,003	829,125
Previous Year Total ...	4,794,086	-	-	4,794,086	1,122,787	2,842,174		3,964,961	669,003	829,125

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

	For year ended as at 31.12.10	For prev year ended as at 31.12.09
<b>SCHEDULE 'E' - CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>Current Assets</b>		
<b>A Cash &amp; Bank Balances</b>		
i. Cash in hand .....	5,007	1,007
<b>Bank Balance with Scheduled banks</b>		
ii In account with ICICI Bank .....	-	585,947
iii In account with HDFC Bank .....	804,297	753,531
iv Tax deducted at source .....	-	4,120
<b>B Loans &amp; Advances (Given)</b>		
Chemical Limes Mundwa P. Ltd. ....	500,000	-
Interest receivable on ICD .....	32,548	-
Total Rs. ....	1,341,852	1,344,605

**Notes annexed to and forming part of the accounts as on 31st December 2010**

- In the opinion of Board of Directors the current assets, loans and advances have a value on realization if realized in the ordinary course of business at least equal to the amount at which they have been stated in the Balance Sheet.
- Figures for the previous year have been re-grouped or re-arranged, wherever necessary, to make them comparable with those of the current period.
- Loans & advances received & other liabilities are subject to its confirmations from the respective parties.
- No provision for income tax has been made by the company in view of losses
- In current year the depreciation for current period provided at the rate specified as per Companies Act, 1956. Whereas, the depreciation on fixed assets were provided only up to 31.03.2001.Hence, in previous year (i.e.2009) the depreciation from 2001 to 2008 was provided at the rate specified as per Companies Act 1956.
- Contingent liability  
Claims against company not acknowledged as debts Rs. 35.00 lacs
- Operating Lease.  
The Company has .98 Hector of Leased land for 99 Years. (Period from-1992-2091)

**SCHEDULE 'F' - CURRENT LIABILITIES & PROVISIONS**

	For year ended as at 31.12.10	For prev year ended as at 31.12.09
<b>A Current Liabilities</b>		
Other liabilities .....	4,470	3,921
Total Rs. ....	4,470	3,921



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

### I. Registration Details

Registration No. U 2 6 9 4 3 G J 1 9 9 0 P T C 0 6 1 5 3 0 State Code  0 4

Balance Sheet Date  3  1  1  2  2  0  1  0

### II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue  N I L Right Issue  N I L

Bonus Issue  N I L Private placement  N I L

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

Total Liabilities  1  7  8  0  0 Total Assets  1  7  8  0  0

#### Source of Funds

Paid-up Capital  7  5  0  0 Reserve & surplus  N I L

Secured Loans  N I L Unsecured Loans  1  0  0  0

#### Application of Funds

Net Fixed Assets  6  6  9 Investments  N I L

Net Current Assets  1  3  3  7 Misc. Expenditure  N I L

Accumulated Loss  1  5  7  9  3

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

Turnover  0 0 Total Expenditure  1 9 6

+ / - Profit / Loss Before Tax  -  1  6  3 + / - Profit / Loss After Tax  -  1  6  3

(Please tick appropriate box + for Profit - for Loss)

Earnings Per Share (in Rs.)  (0 . 2 2) Dividend Rate %  N I L

### V. Generic Names of Principal Products of the Company

Item Code No. (ITC Code)  N A

Product Description  N A

For and on behalf of the Board

Place : Mumbai  
Date : 28th January, 2011

Suresh Chandra Joshi  
Director

Jagdish Chandra Toshniwal  
Director

## DIRECTORS' REPORT

TO THE MEMBERS,

The Directors have the pleasure in presenting their Report and the Audited Accounts of the Company for the period ended on 31st December, 2010.

### 1. FINANCIAL RESULTS

The Company has not commenced any business activities.

### 2. DIRECTORS

Mr. Mayank Singh Kachwaha, Director of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. The Board recommends his re-appointment.

### 3. AUDITORS

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

### 4. EMPLOYEES

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

### 5. DIRECTORS' RESPONSIBILITY STATEMENT

In conformity with the provisions u/s. 217 (2AA) which was introduced by the Companies (Amendment) Act, 2008 your directors confirm that :-

- (e) In the preparation of the Annual Accounts, the applicable accounting standards have been followed.
- (f) The Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st December, 2010 and of the loss

of the Company for the year ended on 31st December, 2010.

(g) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

(h) The Directors have prepared the Annual Accounts on a going concern basis.

### 6. SHIFTING OF REGISTERED OFFICE

In order to achieve operational efficiency, the company during the year, shifted its Registered office from the State of Rajasthan to the State of Gujarat.

### 7. COMPLIANCE CERTIFICATE

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

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

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

On behalf of the Board of Directors

Suresh Chandra Joshi  
Director

Jagdish Chandra Toshniwal  
Director

Place : Mumbai

Date : 28th January, 2011

## COMPLIANCE CERTIFICATE

Registration No. of the Company: U14107GJ2007PTC061529

Nominal Capital:Rs.20 Lakhs

To,

The Members

CHEMICAL LIMES MUNDWA PVT. LTD.

P.O. Ambujanagar, Tal. Kodinar, Junagarh 362715

We have examined the registers, records, books and papers of CHEMICAL LIMES MUNDWA PVT. LTD. (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st December 2010 (financial year). In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies within the time prescribed under the Act and the rules made thereunder. The Company has also filed a petition with the Company Law Board, Northern Region Bench and the same was approved. No forms or return were required to be filed with the Regional Director, Central Government or other authorities.
3. The Company is a private limited company but subsidiary of Ambuja Cement Ltd. (a public limited company), and has the minimum prescribed paid-up capital and its maximum number of members during the said financial year was 3. The Company has no member who is its present or past employee; and the Company during the year under scrutiny:
  - (i) has not invited public to subscribe for its shares or debentures; and
  - (ii) has not invited or accepted any deposits from persons other than its members, directors or their relatives.
4. The Board of Directors duly met 4 times respectively on 22nd January 2010, 22nd April 2010, 22nd July 2010 and 21st October 2010 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company was not required to close its Register of Members or Debenture holders during the financial year.
6. The annual general meeting for the financial year ended on 31st December 2009 was held on 10th March 2010 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in

Minutes Book maintained for the purpose.

7. No extra ordinary general meeting was held during the year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of section 297 of the Act.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act, the Company has not obtained any approvals from the Board of directors, members or Central Government.
12. The Company has not issued any duplicate certificate during the financial year.
13. The Company has:
  - (i) not made any allotment/transfer/transmission of shares during the financial year; (ii) not declared any dividend/interim dividend during the financial year under review;
  - (iii) not posted warrants to any member of the Company as no dividend was declared during the financial year;
  - (iv) no amount lying in the Books of Account in respect of unpaid dividend, application money due for refund, matured deposits, matured debentures and the interest accrued thereon;
  - (v) duly complied with the requirements of section 217 of the Companies Act, 1956.
14. The Board of directors of the Company is duly constituted. There was no appointment of any director during the financial year.
15. The Company has not appointed any managing director/whole-time director/manager, during the financial year.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company had filed Petition u/s 17 for amendment of Registered Office Clause of its Memorandum of Association before the Company Law Board, Northern Region Branch. The same was confirmed vide Order dated 9th June 2010.  
The Company was not required to obtain any other approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such authorities prescribed under the various provisions of the Act.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rule made thereunder.



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

Signature: Sd/-

Name of the Company Secretary: Surendra U. Kanstiya

C.P.No. : 1744

Place : Mumbai

Date : 28th January, 2011

## ANNEXURE "A" TO THE COMPLIANCE CERTIFICATE

Registers as maintained by the Company

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

Signature: Sd/-

Name of the Company Secretary: Surendra U. Kanstiya

C.P.No. : 1744

Place: Mumbai

Date: 28th January 2011

## ANNEXURE "B" TO THE COMPLIANCE CERTIFICATE

Forms and Returns as filed by the Company during/relating to the financial year ending 31.12.2010

\* With Registrar of Companies:

Sr. No.	Form No./ Return	Filed Under Section	For	Date of Filing*	Whether Filed within Prescribed time	If delay in filing whether requisite additional fees paid Yes/No
1.	Form 61	17	Filing of copy petition submitted to Company Law Board, Northern Region Bench	18.02. 2010	Yes	N.A.
2.	Form 66	383A	Year ended 31.12.2009	22.03. 2010	Yes	N.A.
3.	Form 23AC Annual Accounts	220	Year ended 31.12.2009	25.03. 2010	Yes	N.A.
4.	Form 20B Annual Return	159	A.G.M. held on 10.03.2010	30.03. 2010	Yes	N.A.
5.	Form 21	17	Filing of Order passed by the Company Law Board, Northern Region Bench	15.06.2010	Yes	N.A.
6.	Form 18	146	Change of registered office from the state of Rajasthan to the state of Gujarat	01.07.2010	Yes	N.A.

\* Date of uploading of the Form

Signature: Sd/-

Name of the Company Secretary: Surendra U. Kanstiya

C.P.No. : 1744

Place: Mumbai

Date: 28th January 2011

## AUDITORS REPORT

### Auditors Report to the members of Chemical Limes Mundwa Private Limited, Rajasthan.

1. We have audited the attached balance sheet of Chemical Limes Mundwa Private Limited, Rajasthan as at 31st December 2010 and the Profit & Loss account for the period from 1st January 2010 to 31st December 2010 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 the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
  3. The information as required by the companies (auditor's report) order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 read with The Companies Act (Auditor's Report) (Amendment) Order, 2004, is not applicable to the company.
  4. Further, we report that:-
    - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
    - ii. In our opinion, proper books of accounts as required by law have been kept by the company as far as appears from our examination of those books.
- iii. The balance sheet & profit & loss account as dealt with by this report are in agreement with the books of accounts.
  - iv. In our opinion, the balance sheet and profit & loss account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - v. On the basis of written representations received from the directors, as on 31st December 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st December 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - iv. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes on accounts and significant accounting policies thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principals generally accepted in India.
    - a. In the case of balance sheet, of the state of affairs of the company as at 31st December 2010.
    - b. In the case of the Profit & Loss account of the loss during the period from 1st January 2010 to 31st December 2010.

For Suresh Pareek & Associates  
Chartered Accountants

Place: Mumbai  
Date: 28th January, 2011

(Suresh Pareek)  
Proprietor

## BALANCE SHEET AS AT 31st DECEMBER 2010

Particulars	Schedule	Year ended as at 31-12-10	Year ended as at 31-12-09
<b>SOURCES OF FUNDS</b>			
<b>1 Shareholders Funds</b>			
Share capital .....	<b>A</b>	<b>1,400,000</b>	1,400,000
Share premium .....	<b>B</b>	<b>12,350,000</b>	12,350,000
<b>2 Loans</b>			
Short term loan (ICD) ....		<b>3,000,000</b>	2,500,000
<b>TOTAL</b> .....		<b>16,750,000</b>	16,250,000
<b>APPLICATION OF FUNDS</b>			
<b>1 FIXED ASSETS</b>			
Gross Block .....	<b>C</b>	<b>21,172</b>	36,530
<b>2A Current Assets, Loans &amp; Advances</b>	<b>D</b>		
a) Cash & Bank Balance ...		<b>242,180</b>	573,657
b) Other current assets .....		<b>377,478</b>	367,469
Total current assets .....		<b>619,658</b>	941,126
<b>2B Current Liabilities &amp; Provisions</b>	<b>E</b>	<b>28,324,913</b>	25,479,633
3 Net Current Assets .....	<b>(2A - 2B)</b>	<b>(27,705,255)</b>	(24,538,507)
4 P & L Debit balance .....		<b>44,434,084</b>	40,751,976
<b>TOTAL</b> .....		<b>16,750,000</b>	16,250,000

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2010

PARTICULARS	Current Year ended 31.12.2010	Previous Year ended 31.12.2009
<b>1 INCOME</b>		
Excess provision .....	-	-
Closing stock .....	-	-
<b>Total</b> .....	-	-
<b>2 EXPENDITURE</b>		
General office expenses .....	<b>2,430</b>	-
Inventory w/ off .....	-	208,403
Lease rent .....	<b>233</b>	233
Lease dead rent .....	<b>485,876</b>	485,876
Land Tax .....	<b>2,812,500</b>	3,750,000
Land tax -(Earlier Years) .....	-	7,500,000
Legal & Professional fees .....	<b>28,666</b>	41,253
Depreciation (Ref. Note no.5) .....	<b>264</b>	-
Depreciation for earlier years (Ref. Note no.5) .....	<b>15,095</b>	-
Bank charges .....	-	456
Audit fees .....	<b>4,496</b>	4,496
Interest on ICD .....	<b>332,548</b>	301,642
<b>Total</b> .....	<b>3,682,108</b>	12,292,359
<b>3 Profit / (Loss) for the period (1-2) .....</b>	<b>(3,682,108)</b>	(12,292,359)
<b>4 Balance in P &amp; L a/c as per last accounts</b> .....	<b>(40,751,976)</b>	(28,459,617)
<b>5 Balance c/o to balance sheet</b> .....	<b>(44,434,084)</b>	(40,751,976)

As per our attached report of even date

For Suresh Pareek & Associates  
Chartered Accountants

For and On behalf of the Board

Suresh Pareek  
Membership No. 76526

Suresh Chandra Joshi  
Director

Jagdish Chandra Toshniwal  
Director

Place : Mumbai  
Date : 28th January, 2011

Place ; Mumbai  
Date : 28th January, 2011

As per our attached report of even date

For Suresh Pareek & Associates  
Chartered Accountants

For and On behalf of the Board

Suresh Pareek  
Membership No. 76526

Suresh Chandra Joshi  
Director

Jagdish Chandra Toshniwal  
Director

Place : Mumbai  
Date : 28th January, 2011

Place ; Mumbai  
Date : 28th January, 2011

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2010

	Year Ended 31.12.2010	Year Ended 31.12.2009
<b>A ) Cash Flow from Operating Activities</b>		
Net Profit Before Tax and Extraordinary Items .....	<b>(3,682,108)</b>	(12,292,359)
Adjustment for:		
Depreciation .....	<b>15,358</b>	-
Inventory written off .....	-	208,403
Interest income .....	-	-
Provision for Doubtful debts and advances		
Interest and Finance charges .....	<b>332,548</b>	301,642
Surplus on sale of assets (Excluding exceptional items)		
Loss on assets sold, scrapped or discarded and written off		
Financial Expenses .....	-	-
Taxes paid .....	-	-
	<b>347,906</b>	510,045
<b>Operating Profit before Working Capital Change</b> .....	<b><u>(3,334,202)</u></b>	<b><u>(11,782,314)</u></b>
Adjustment for:		
Trade Receivables .....	<b>(10,009)</b>	(121,469)
Inventories .....	-	-
Trade and other Payables .....	<b>2,845,282</b>	11,196,253
Loans and advances .....	-	-
	<b>2,835,273</b>	11,074,784
<b>Net Cash from operating activities (Total A)</b> .....	<b><u>(498,929)</u></b>	<b><u>(707,530)</u></b>
<b>B ) Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets .....	-	-
Sale of Fixed Assets		
Proceed from Sale of Fixed Assets .....	-	-
Proceeds of deposits matured		
Interest Received .....	-	-
Purchase of Investments		
<b>Net Cash used in Investing Activities (Total B)</b> .....	-	-
<b>C ) Cash Flow from Financing Activities</b>		
Proceeds from Secured Loans .....	<b>500,000</b>	-
(Net of repayment)		
Proceeds from Unsecured Loans .....	-	-
(Net of repayment)		
Interest and Financial Expenses .....	<b>(332,548)</b>	(301,642)
	<b>167,452</b>	(301,642)
<b>Net Cash from Financing Activities (Total C)</b> .....	<b><u>167,452</u></b>	<b><u>(301,642)</u></b>
Net Increase in Cash & Cash Equivalents		
<b>(Total A+B+C)</b> .....	<b><u>(331,477)</u></b>	<b><u>(1,009,172)</u></b>
Cash & Cash Equivalents (Opening) ** .....	<b>573,657</b>	1,582,829
Cash & Cash Equivalents (Closing) .....	<b><u>242,180</u></b>	<b><u>573,657</u></b>

As per our attached report of even date

For and on behalf of the Board

FOR SURESH PAREEK & ASSOCIATES  
Chartered Accountants

Suresh Pareek  
Membership No. 76526

Suresh Chandra Joshi  
Director

Jagdish Chandra Toshniwal  
Director

Place : Mumbai  
Date : 28th January, 2011

Place : Mumbai  
Date : 28th January, 2011

**SCHEDULE 'A' TO 'E' ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST DECEMBER, 2010**

PARTICULARS	As at 31-12-2010	As at 31-12-2009
<b>SCHEDULE - A - SHARE CAPITAL</b>		
Authorised		
2,00,000 equity shares of Rs.10/- each	<b>2,000,000</b>	2,000,000
Issued		
1,40,000 equity shares of Rs.10/- each	<b>1,400,000</b>	1,400,000
Subscribed, Called up and Paid up		
1,40,000 equity shares of Rs.10/- each fully paid up	<b>1,400,000</b>	1,400,000
Total Rs.	<u><b>1,400,000</b></u>	<u>1,400,000</u>

Note:

"Out of 140,000 Subscribed and paid up Equity shares 139,990 Equity shares are held by the Holding Company, Ambuja Cements Limited"

**SCHEDULE - C - FIXED ASSETS**

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	COST AS ON 01.01.2010	ADDITIONS DURING THE YEAR	SALE/ TRANSFER IF ANY	TOTAL	As on 01.01.2010	FOR THE YEAR	ADJUSTMENT	As on 31.12.2010	W.D.V. AS ON 31.12.2010	W.D.V. AS ON 31.12.2009
Land	20,364			20,364	-	-	-	-	<b>20,364</b>	20,364
Building	16,166			16,166	-	264	15,095	<b>15,359</b>	<b>808</b>	16,166
Current Year Total	36,530	-	-	36,530	-	264	15,095	<b>15,359</b>	<b>21,172</b>	36,530
Previous Year Total	36,530			36,530	-	-	-	-	-	36,530

Note:

Vide Lease Deed Dated 22 / 03 / 1977 company has got Government land admeasuring 19.12 bigha for the period of 99 years on 'Operating Lease', for which the rent is payable annually.

PARTICULARS	As at 31-12-2010	As at 31-12-2009
<b>SCHEDULE - D - CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>A Current Assets</b>		
i Cash balance	<b>4,142</b>	1,573
ii Bank balance with scheduled banks	<b>238,038</b>	572,084
Cash & Bank Balance	<b>242,180</b>	573,657
iii Advances recoverable in cash or in kind or for value to be received(unsecured considered good)	<b>246,000</b>	246,000
iv Prepaid Expenses - (Advance dead rent paid for Q-1 2011)	<b>121,469</b>	121,469
v TCS on dead rent	<b>10,009</b>	-
(A + B) Grand Total Rs.	<u><b>619,658</b></u>	<u>941,126</u>

**SCHEDULE - E - CURRENT LIABILITIES & PROVISIONS**

PARTICULARS	As at 31-12-2010	As at 31-12-2009
<b>A Current liabilities</b>		
i Other liabilities	<b>1,500,000</b>	1,500,001
ii Interest accrued but not due	<b>258,575</b>	226,027
iii Provision for expenses	<b>26,566,338</b>	23,753,605
Total Rs.	<u><b>28,324,913</b></u>	<u>25,479,633</u>

**NOTES ON ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES ANNEXED TO AND FORMING PART OF THE ACCOUNTS AS ON 31st DECEMBER 2010**

- In the opinion of Board of Directors, the current assets, loans and advances have been a value on realization if realized in the ordinary course of business at least equal to the amount at which they have been stated in the Balance Sheet.
- The company has not made any provisions for gratuity as none of the employee has completed the required period of services under the payment of Gratuity Act.
- Disputed Tax matters**  
A demand of Rs.6 crores has been raised from mining department on account of Land tax on account of wrong classification by department for past 3 years. However the matter is under trial at Jodhpur High Court and a writ petition has filed by our advocate. Based on the opinion of our advocate the most likely demand would be Rs.1.50 crores of which the company has already paid 25 lakhs in previous year. Hence, a provision for Rs.1.25 crores has been provided. On the same ground the company has also provided additional 37.50 Lakhs for year 2010, and shortfall of previous years amounting to 75 Lakhs
- Contingent liability**  
Out of disputed land tax of, an amount of INR 6.59 crores is being considered as contingent liability.
- Depreciation on fixed assets is provided for earlier periods during the year i.e. up to 2009. However, in current year also the depreciation has been provided at the rate specified as per Companies Act, 1956.

6 **Operating Lease.**

The Company has 500 Hector of Leased land for 99 Years. (Period from-1977-2076)

There are no subleases. No Assets have been given on lease.

Assets taken on Lease	<b>2010</b>	2009
Lease Payment for the year	<b>233</b>	233
Contingent rent recognized in Profit & Loss Account	-	-
Minimum Lease payment	<b>233</b>	233
Not later than one year	-	-
Later than one year but not later than five years	<b>1,165</b>	1,165
Later than five years (For remaining Years after ACL acquisition)	<b>14,912</b>	15,145

Significant Accounting Policies

- a The financial statements have been prepared in accordance with applicable accounting standards and relevant presentational requirements of the Companies Act, 1956.

- b The Accounting Statements are prepared on the basis of Mercantile System of Book-keeping.

- c The fixed assets have been shown at cost less depreciation provided as on date. Cost includes all direct expenses incurred to bring an asset to working condition for its intended use. Cost also includes financing costs relating to specific borrowing(s) attributable to the acquisition or construction of fixed assets. Depreciation is provided in accordance with the rates specified in Schedule-XIV of the Companies Act, 1956 on written down value method.

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As per our attached report of even date

For Suresh Pareek & Associates  
Chartered Accountants

For and On behalf of the Board

Suresh Pareek  
Membership No. 76526

Suresh Chandra Joshi  
Director

Jagdish Chandra Toshniwal  
Director

Place : Mumbai  
Date : 28th January, 2011

Place : Mumbai  
Date : 28th January, 2011



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

### I. Registration Details

Registration No. U 1 4 1 0 7 G J 2 0 0 7 P T C 0 6 1 5 2 9

State Code    0 4

Balance Sheet Date  3  1  1  2  1  0

### II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue   N I L

Right Issue   N I L

Bonus Issue   N I L

Private placement   N I L

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

Total Liabilities  1  6  7  5  0

Total Assets  1  6  7  5  0

#### Source of Funds

Paid-up Capital  1  4  0  0

Reserve & surplus   N I L

Secured Loans   N I L

Unsecured Loans  3  0  0  0

#### Application of Funds

Net Fixed Assets    2  1

Investments   N I L

Net Current Assets  (2  7  7  0  5)

Misc. Expenses   N I L

Accumulated Losses  4  4  4  3  4

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

Turnover    0  0

Total Expenditure  3  6  8  2

+/- Profit /Loss Before Tax  -  3  6  8  2

+/- Profit/oss After Tax  -  3  6  8  2

Earnings Per Share Rs.  (2  6  .  3  0)

Dividend Rate   N I L

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

Item Code No. (ITC Code)    N A

Product Description    N A

For and on behalf of the Board

Place : Mumbai  
Date : 28th January, 2011

Suresh Chandra Joshi  
Director

Jagdish Chandra Toshniwal  
Director

## DIRECTORS' REPORT

TO THE MEMBERS,

The Directors hereby present the Fourteenth Annual Report along with Audited Accounts for the year ended on 31st December, 2010.

### 1. FINANCIAL RESULTS

The Company has not commenced any business activities during the year under review.

### 2. SHIFTING OF REGISTERED OFFICE

For the purpose of operational convenience the Company shifted its Registered Office from the State of Andhra Pradesh to the State of Gujarat, as per the order of the Company Law Board.

### 3. DIRECTORS

*Retirement by rotation*

Mr. Manish Agarwal, Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. The Board recommends his re-appointment.

### 4. FIXED DEPOSITS

The Company has not accepted any fixed deposits from the public during the year.

### 5. AUDITORS

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

### 6. EMPLOYEES

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

### 7. DIRECTORS' RESPONSIBILITY STATEMENT

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

- (a) In the preparation of the Annual Accounts, the applicable accounting standards have been followed.
- (b) The Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st December, 2010 and of the loss of the Company for the year ended on 31st December, 2010.
- (c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) The Directors have prepared the Annual Accounts on a going concern basis.

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

As the Company is yet to commence its operation and as such providing information required to be given pursuant to Section 217(1) (e) of the Companies Act, 1956 is not applicable.

On behalf of Board of Directors

Place : Mumbai  
Date : 7th January, 2011

B.L.Taparia  
Director

Manish Agarwal  
Director

## AUDITOR'S REPORT

To,  
The Members,  
**Kakinada Cements Limited**

We have audited the attached Balance Sheet of Kakinada Cements Limited as at 31st December 2010, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of materials misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditors Report) Order, 2003 (as amended) issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in the paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to above, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion, proper books of accounts as required by law have been kept by the Company as it appears from our examination of such books.
  - c) The Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
  - d) In our opinion the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement comply in all material aspects with the applicable Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.
  - e) On the basis of written representation received from the directors, of the company as on 31st December, 2010 and taken on record by the Board, we report that none of the directors is disqualified as on 31st December, 2010 from being appointed as a directors in terms of clause (g) of subsection (1) of section 274 of the Companies Act, 1956.
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with other notes thereon give the information required by the Companies Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st December, 2010 and
    - ii) In the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date.
    - iii) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **Singrodia Goyal & Co.**  
Chartered Accountants  
Firm Reg No: 112081W

**Shyamratan Singrodia**  
Partner  
Mem. No.: 049006

Place : Mumbai  
Date : 7th January, 2011

## ANNEXURE TO AUDITOR'S REPORT

**Annexure referred to in Paragraph 2 of the Auditors Report to the members of Kakinada Cements Limited for the year ended 31st December, 2010.**

As required by the Companies (Auditors Report) Order, 2003 and amendments thereto and according to the information and explanations given to us during the course of the audit and on the basis of such checks of the books and records as were considered appropriate we report that:

1. (a) The Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act 1956.  
(b) In view of (a) above, comments on para (b ) to (g) of clause (iii) are not applicable.
2. The Company has not accepted any deposits from the public within the meaning of section 58A and 58AA or any other relevant provisions of the Act and rules framed there under.
3. The Central Government has not prescribed for maintenance of cost records under Section 209 (1)(d) of the Companies Act 1956.
4. a) Accordingly to the records of the Company, the undisputed statutory dues pertaining to Income Tax have been regularly deposited with the appropriate authorities. The laws relating to Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess are not applicable to the Company.  
b) There are no undisputed amounts in respect of Income Tax, which have not been deposited with the appropriate authorities.
5. The accumulated losses of the Company are more than fifty percent of its net worth at the end of the financial year and the Company has also incurred cash losses in the current financial year as well as in the immediately preceding financial year.
6. According to the information and explanation given to us and on an overall examination of the balance sheet of the Company, we report that no short term funds have been used for long term investment.
7. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
8. On the basis of our examination and according to the information and explanation given to us, we report that no fraud on or by the Company has been noticed or reported during the year.
9. In our opinion and according to the information and explanation given to us, and taking into consideration the nature of the Company's business / activities during the year, clauses (i), (ii), (iv), (v), (vii), (xi), (xii), (xiii), (xiv), (xv), (xvi), (xix), (xx) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company for the year under audit.

For **Singrodia Goyal & Co.**  
Chartered Accountants  
Firm Reg No: 112081W

**Shyamratan Singrodia**  
Partner  
Mem. No.: 049006

Place : Mumbai  
Date : 7th January, 2011

**BALANCE SHEET AS AT 31ST DECEMBER, 2010**

(Rs. in Lacs)

Particulars	Schedules	(Rs. in Lacs)	
		As at 31.12.2010	As at 31.12.2009
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital .....	<b>A</b>	<u>5.00</u>	5.00
TOTAL .....		<u>5.00</u>	5.00
<b>APPLICATION OF FUNDS</b>			
<b>Current Assets, Loans &amp; Advances</b>			
Cash & Bank Balance .....	<b>B</b>	<u>0.87</u>	1.50
Loans & Advances .....	<b>C</b>	<u>-</u>	0.20
		<u>0.87</u>	1.70
<b>Less: Current Liabilities &amp; Provisions</b> .....	<b>D</b>	<u>0.11</u>	0.11
		<u>0.11</u>	0.11
<b>Net Current Assets</b> .....		<u>0.76</u>	1.59
<b>Profit &amp; Loss Account</b> .....		<u>4.24</u>	3.41
<b>TOTAL</b> .....		<u>5.00</u>	5.00
<b>Significant Accounting Policies &amp; Notes to Accounts</b>	<b>F</b>		

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2010**

(Rs. in Lacs)

Particulars	Schedules	(Rs. in Lacs)	
		Year Ended 31.12.2010	Year Ended 31.12.2009
<b>INCOME</b> .....			
		<u>-</u>	-
<b>EXPENDITURE</b> .....			
Professional Fees .....		<u>0.25</u>	0.11
Auditor Remuneration :			
Audit fees .....		<u>0.11</u>	0.11
Other Services .....		<u>0.16</u>	0.16
Miscellaneous Expenses .....	<b>E</b>	<u>0.31</u>	0.01
		<u>0.83</u>	0.39
<b>Loss before Taxation</b> .....		<u>0.83</u>	0.39
Less: Provision For Tax .....			
- Current Tax .....		<u>-</u>	-
- Deferred Tax Liability/(Assets) .....		<u>-</u>	-
<b>Loss after Taxation</b> .....		<u>0.83</u>	0.39
Add: Balance brought forward from last year .....		<u>3.41</u>	3.02
<b>Balance of Loss Carried to Balance Sheet</b> .....		<u>4.24</u>	3.41
Earning Per Share of Rs. 10/- each - Basic & Diluted .....		<u>(1.67)</u>	(0.78)
<b>Significant Accounting Policies &amp; Notes to Accounts</b> .....	<b>F</b>		

As per our attached report of even date

 For Singrodia Goyal & Co.  
Chartered Accountants

 Shyamratan Singrodia  
Partner  
Mem. No. 049006

 Place : Mumbai  
Date : 7th January, 2011

For and on behalf of the Board

 B.L. Taparia      Manish Agarwal  
Director              Director

 Place : Mumbai  
Date : 7th January, 2011

As per our attached report of even date

 For Singrodia Goyal & Co.  
Chartered Accountants

 Shyamratan Singrodia  
Partner  
Mem. No. 049006

 Place : Mumbai  
Date : 7th January, 2011

For and on behalf of the Board

 B.L. Taparia      Manish Agarwal  
Director              Director

 Place : Mumbai  
Date : 7th January, 2011

**CASH FLOW STATEMENT FOR THE YEAR ENDED  
31ST DECEMBER, 2010**

Particular	(Rs. in Lacs)	
	Year ended 31.12.2010	Year ended 31.12.2009
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax and Extraordinary Items .....	<b>(0.83)</b>	(0.39)
Adjustment for:		
Depreciation .....	-	-
Interest income .....	-	-
Financing Charges .....	<b>0.31</b>	-
Taxes Paid .....	-	-
<b>Operating Profit before Working Capital Change</b> .....	<b>(0.52)</b>	<b>(0.39)</b>
Adjustment for:		
Trade Receivables .....	-	-
Inventories .....	-	-
Trade Payables .....	-	-
Loans and Advances .....	<b>0.20</b>	(0.20)
<b>Net Cash from operating activities (Total A)</b> .....	<b>0.20</b>	(0.59)
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets .....	-	-
Sale of Fixed Assets .....	-	-
Interest Received .....	-	-
Purchase of Investments .....	-	-
<b>Net Cash used in Investing Activities (Total B)</b> .....	-	-
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Secured Loan (Net of Repayment) .....	-	-
Proceeds from Unsecured Loan (Net of Repayment) .....	-	-
Financing Charges .....	<b>(0.31)</b>	-
<b>Net Cash from Financing Activities (Total C)</b> .....	<b>(0.31)</b>	-
<b>Net Increase in Cash &amp; Cash Equivalents (Total A+B+C)</b> .....	<b>(0.63)</b>	(0.59)
<b>Cash &amp; Cash Equivalents (Opening)</b> .....	<b>1.50</b>	2.09
<b>Cash &amp; Cash Equivalents (Closing)</b> .....	<b>0.87</b>	1.50

**Note:**

- Cash and Cash Equivalent at the end of the year consists of Cash in Hand and Balances with Banks and are net of short term loans and advances from banks as follows :

Particulars	(Rs. in Lacs)	
	As at 31.12.2010	As at 31.12.2009
Cash in Hand .....	-	-
Balances with Banks .....	<b>0.87</b>	1.50
<b>Total</b> .....	<b>0.87</b>	1.50

- Previous year's figures have been regrouped, rearranged wherever necessary in order to confirm to current year's figures.

As per our attached report of even date

For Singrodia Goyal & Co.  
Chartered Accountants

Shyamratan Singrodia  
Partner  
Mem. No. 049006

For and on behalf of the Board

B.L. Taparia      Manish Agarwal  
Director            Director

Place : Mumbai  
Date : 7th January, 2011

Place : Mumbai  
Date : 7th January, 2011

**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENT  
- 31ST DECEMBER, 2010**

Particulars	(Rs. in Lacs)	
	As at 31.12.2010	As at 31.12.2009
<b>SCHEDULE "A" : SHARE CAPITAL</b>		
<b>Authorised</b>		
50,000 Equity Shares of Rs. 10/- each .....	<b>5.00</b>	5.00
	<b>5.00</b>	5.00
<b>Issued, Subscribed &amp; Paid Up</b>		
50,000 Equity Shares of Rs. 10/-each fully paid up .....	<b>5.00</b>	5.00
	<b>5.00</b>	5.00
(All the above 50,000 Equity Shares are held by the Holding Company, Ambuja Cements Limited and its nominees)		
<b>SCHEDULE "B" : CASH &amp; BANK BALANCE</b>		
Balance with Scheduled Banks in current accounts .....	<b>0.87</b>	1.50
	<b>0.87</b>	1.50
<b>SCHEDULE "C" : LOANS &amp; ADVANCES (Unsecured, Considered Good)</b>		
Advance receivable in cash or in kind or for value to be received		
Considered Good .....	-	0.20
Considered Doubtful .....	-	-
	-	0.20
Less: Provision for Doubtful advances .....	-	-
	-	0.20
<b>SCHEDULE "D" : CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>Current Liabilities</b>		
Sundry Creditor		
Due to Micro, Small & Medium Enterprises (Note "6", Schedule 6) .....	-	-
Due to Others .....	<b>0.10</b>	0.10
Other Liabilities .....	<b>0.01</b>	0.01
	<b>0.11</b>	0.11
<b>SCHEDULE "E" : MISCELLANEOUS EXPENSES</b>		
Bank charges .....	<b>0.00</b>	-
Filing Fees .....	<b>0.01</b>	0.01
Other Expenses .....	<b>0.01</b>	-
Expense for shifting of Registered Office .....	<b>0.29</b>	-
	<b>0.31</b>	0.01

**GROUPING FORMING PART OF THE SCHEDULES - 31ST DECEMBER, 2010**

Particulars	(Rs. in Lacs)	
	As at 31.12.2010	
<b>Sundry Creditors for expenses</b>		
Singrodia Goyal & Co. ....	<b>0.10</b>	
	<b>0.10</b>	
<b>Other Liabilities</b>		
TDS payable on profession .....	<b>0.01</b>	
	<b>0.01</b>	

**SCHEDULE "F":  
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**

**A) Significant Accounting Policies**

**1) Basis of Accounting**

- a) The Financial Statements have been prepared in compliance with the Accounting Standards notified by Companies (Accounting Standard) Rules 2006 and the relevant provisions of the Companies Act, 1956 in all material aspects.
- b) Financial Statements are based on historical cost convention and are prepared on accrual basis

**2) Revenue Recognition**

Revenue is recognized when it is earned and no significant uncertainty exists as to its realization or collection

**3) Provisions and Contingent Liabilities**

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made

**4) Accounting For Taxation on Income**

**Current Taxes**

Provision for current income-tax is recognized in accordance with the provisions of Indian Income-tax Act, 1961 and is made annually based on the tax liability after taking credit for tax allowances and exemptions.

**Deferred Taxes**

Deferred tax assets resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. Deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the asset will be realised in future.

**B) Notes to Accounts**

- 1) The Schedules referred to in the Balance Sheet & Profit and Loss Account form an integral part of the Accounts.
- 2) In the opinion of the Board the Current Assets, are realisable in the ordinary course of business atleast equal to the amount at which they are stated in the Balance Sheet. The provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.

**3) Taxation :**

**Current Tax**

In absence of taxable income as per the provisions of the Income Tax Act, 1961 in the current year, provision for current tax has not been made.

**Deferred Taxes**

There are no items attributable to the timing difference between taxable income and accounting income hence no deferred tax liabilities (assets) has been recognized during the year.

**4) Earning Per Share (as per AS- 20)**

In accordance with Accounting Standard 20 - Earning per Share, the computation of earning per share is set out below:

Sr. No.	Particulars	31st December 2010	31st December 2009
i)	Weighted average number of Equity Shares of Rs. 10 each		
a)	Number of shares at the beginning of the year .....	50000	50000
b)	Number of shares at the end of the year .....	50000	50000
c)	Weighted average number of shares outstanding during the year .....	50000	50000
ii)	Net Profit/ (Loss) after tax available for equity shareholders (Rs. in Lacs) .....	(0.83)	(0.39)
iii)	Basic Earning Per Share (In Rs.) .....	(1.67)	(0.78)

**Note:**

The Company does not have any dilutive potential equity shares. Consequently the basic and diluted earning per share of the Company remain the same.

**5) Related Party Disclosures**

As required under Accounting Standard 18 "Related Party Disclosure" (AS-18), following are details of transactions during the year with the related parties of the Company as defined in AS 18:

**i) For the year ended 31st December, 2010**

**a) Key Management personnel**

Mr. B.L. Taparia	Director
Mr. A.V Rao *	Director
Mr. Manish Agarwal	Director
Mr. R.R Darak **	Director

\* Resigned w.e.f 1st April 2010  
\*\* Appointed w.e.f 1st April 2010

**b) Holding Company**

Ambuja Cements Limited

There are no transactions entered into by the Company during the year with the related parties as mentioned in (a) and (b) above

**ii) For the year ended 31st December, 2009**

**a) Key Management personnel**

Mr. B.L. Taparia	Director
Mr. A.V Rao	Director
Mr. Manish Agarwal	Director

**b) Holding Company**

Ambuja Cements Limited

There are no transactions entered into by the Company during the year with the related parties as mentioned in (a) and (b) above

**Note:** Related Parties are as disclosed by the Management and relied upon by the Auditors.

- 6) As on 31.12.2010, there are no dues to the Micro, Small and Medium Enterprises suppliers defined under "The Micro, Small and Medium Enterprises Development Act 2006"
- 7) Additional information pursuant to the provisions of the paragraph 1 & 2 of the Part II of the Schedule VI to the Companies Act, 1956 are either Nil or Not Applicable for the year under Audit.
- 8) Figures less than Rs. 500/- have been shown at actual wherever statutorily required to be disclosed since figures stated have been rounded off to the nearest thousands.
- 9) Figures of previous year have been re-grouped, reclassified and/or rearranged as and wherever necessary.

As per our attached report of even date

For Singrodia Goyal & Co.  
Chartered Accountants

For and on behalf of the Board

Shyamratan Singrodia  
Partner  
Mem. No. 049006

B.L. Taparia      Manish Agarwal  
Director              Director

Place : Mumbai  
Date : 7th January, 2011

Place : Mumbai  
Date : 7th January, 2011

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

### I. Registration Details

Registration No. U 2 6 9 4 2 G J 1 9 9 7 P L C 0 6 2 0 0 8 State Code    0 4

Balance Sheet Date  3  1  1  2  2  0  1  0

### II. Capital raised during the year (Rs. Thousands)

Public Issue   N I L Right Issue   N I L

Bonus Issue   N I L Private placement   N I L

Call Unpaid Received   N I L Promoters Contribution   N I L

### III. Position of Mobilisation and Deployment of Funds (Rs. Thousands)

Total Liabilities   5 0 0 Total Assets   5 0 0

**Source of Funds**

Paid-up Capital   5 0 0 Reserve & surplus   N I L

Secured Loans   N I L Unsecured Loans   N I L

**Application of Funds**

Net Fixed Assets   N I L Investments   N I L

Net Current Assets    7 6 Accumulated Losses   4 2 4

### IV. Performance of Company (Rs. Thousands)

Turnover and Income   N I L Total Expenditure    8 3

+ / - Profit / (Loss) Before Tax   - 8 3 + / - Profit / (Loss) After Tax   - 8 3

(Please tick appropriate box + for Profit - for Loss)

Earnings Per Share (in Rs.)  (0 . 2 2) Dividend Rate %   N I L

### V. Generic Names of Principal Products / Services of the Company (As per Monetary Terms)

Item Code No. (ITC Code)  2  5  2  3  2  9  .  0  1

Product Description Other Grey Portland Cement

For and on behalf of the Board

Place : Mumbai  
Date : 7th January, 2011

B.L. Taparia  
Director

Manish Agarwal  
Director





**Ambuja  
Cement**

Corporate 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)**