Dalmia Cement (Bharat) Limited

# the power of inner strength

# the power of inner strength

- Our Unshakable Legacy and Value System
- Our Focus on Quality, Consistency and Reliability
- Our Strong and Trusted Brands
- Our Experienced and Dynamic People
- Our Solid Financial Foundation
- Our Urge to Grow and Enhance Shareholder Wealth
- Our Ability to Scale Up to a New Emerging India
- Our Desire to Serve Society

## OVERVIEW OF THE YEAR



## KEY PERFORMANCE INDICATORS



## OUR INNER STRENGTHS

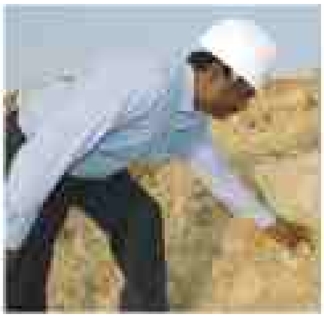


## MANAGING OUR BUSINESS



## FINANCIALS 2009-2010





# Letter from the Vice Chairmen

**Mr. Yadu Hari Dalmia** - Vice Chairman **Mr. Jai Hari Dalmia** - Vice Chairman

**Dear Shareholders,**

It is a great privilege to share our vision and some of our inner strengths with you all. We are indeed living in exciting though challenging times. There is unanimous consensus amongst economists on the growing stature of emerging economies, each assuming much greater significance in the new world economic order, especially since the aftermath of the 2008 global financial meltdown and the current concerns of European debt. Amongst the emerging economies, India in particular has earned admiration for its resilience, powered by robust financial markets, sound regulatory regimes, favorable demographics, and higher rate of savings to name just a few. India's economy has averaged about 8 percent growth over the past three years - one of the fastest rates in the world. It is expected that the country will continue to grow in high single to low double digits in the next decade.

For India to migrate into a first-world nation during this era, great emphasis will need to be placed on the expansion of its physical infrastructure, thereby presenting immense opportunities for growth. There is ample evidence that this focus is taking priority at both public and private levels and we expect that along with sustained growth in housing construction, the projected investments flowing into infrastructure projects over the next decade bodes well for the cement industry. At DCBL, we recognise that we are at an inflexion point of India's growth story and are preparing ourselves to play a key part in this next big future.

### SATISFACTORY PERFORMANCE IN CHALLENGING TIMES

FY10 was another good year for your Company as it continued on its growth journey despite the challenges presented by the market conditions. It was characterised by contrasting fortunes in the cement and sugar segments, two of our major business units. Cement faced some pressure due to slowdown in demand growth in our key markets in Southern India whereas sugar witnessed one of the best years in terms of realisations. Overall, it was a satisfactory year for us as the Total Income increased by 23% to Rs. 21,938 million from Rs. 17,787 million a year earlier. Sugar business outshone and recorded a growth of 63% with income at Rs. 5,873 million in FY10. Your company showed a lot of resilience to the slower cement industry demand growth of 5% in the key geographies that it operates in and registered four times the industry volume growth. This helped the cement business record modest income growth of 13% to Rs. 14,691 million despite fall in prices.

### THE POWER OF OUR INNER STRENGTH

Development and Institutionalisation of our values has helped us believe in our inner strength as we embark on our growth journey. Today, DCBL's future looks promising. The key reason for our optimism is our core inner strength that is fundamental to our business model which includes:

- **Our pioneering spirit -** we have the courage, ambition and the capabilities to bet on ourselves and our vision and then to follow it up with implementation. Our history has many examples that demonstrate our desire and willingness in taking new innovative paths.
- **Our ability to scale up -** we know that dreams are realised only through hard work and rigorous execution. Our ability to concurrently establish new plants and make substantial upgradation of existing ones well within challenging timeframe is testimony to our strong project management and execution skills.
- **Our ability to build strong brands -** Strong brands enhance our customers' loyalty to our products. Over the years, we have strengthened our brands to become entrenched in the minds of our customers and users, allowing us to compete and gain market share more effectively.
- **Our flexibility to adapt to change -** We view change as an opportunity, not a threat. Through our history, we have become nimble on our feet to counter economic cycles and bring about a sea change, if necessary, on how we do things.
- **Our concentration on quality and efficiency -** Quality is the common denominator that drives every action in the Company. Our obsession with quality is fundamental to making the business highly sustainable and to deliver long term value to all our stake holders.
- **Our people -** Over the last few years, we have instilled a transformation in the management cadre to infuse a healthy mix of proven talent and experience. Led by capable leaders, we are confidently embarking on our ambitious journey ahead.

### A VISION FOR SOLID GROWTH

The journey we began 70 years ago has helped us arrive at a major threshold where our vision for growth has been reset. From where we stand today, we see a vast horizon that spells opportunity where there's still so much more to achieve. The time is now ripe to set new goals for ourselves that are ambitious, yet credible. Going forward, we believe that the next decade will be transformational in seeing India prosper and develop. We are now preparing for unequivocal growth in many ways.

We have allowed ourselves to think BIG. This mindset is necessary if we are orienting ourselves to become leaders in our space. We are implementing business restructuring of the Company that will not only unlock value for the stakeholders, but will give us the focus and flexibility to accelerate growth in each of our businesses. Under the Scheme of Arrangement and post its approval by the regulatory authorities, the shareholders of DCBL would be entitled to equity shares of the newly listed company, Dalmia Bharat Enterprises Limited (DBEL) in the ratio of 1:1. Current company would continue as an integrated Sugar Company while Cement, Power and some of the other businesses would be transferred to DBEL. Thirdly, we are bolstering our Balance Sheet with new equity partners who share our vision for growth. We warmly welcome Kohlberg Kravis Roberts & Co. L.P. (KKR), a leading global private equity investor, to join our other esteemed institutional investors, in building a long term relationship for growth and value creation in the cement business. Finally, we are aligning all our people to think BIG and to believe in themselves to bring about transformational growth. People have always been at the centre stage of DCBL's growth journey. Their passion and conviction will continue to be the key driver of all our growth strategies and initiatives. As we differentiate ourselves through products, processes, excellence and solid execution, we are confident on reaching our set goals.

We take this opportunity to thank all our stakeholders in placing their faith in us and look forward to an exciting journey ahead.

**Jai Hari Dalmia** **Yadu Hari Dalmia**


**Mr. Puneet Dalmia** - Managing Director **Mr. Gautam Dalmia** - Managing Director

## MANAGING DIRECTOR'S PERSPECTIVE

We started the financial year on a cautious note with the global economy still reeling under recession. Outlook for the year was subdued for our core business segment of cement though sugar was on a rising mode. The Cement industry was likely to be impacted due to slowdown in infrastructure and real estate. However, a strong government at the helm with focus on infrastructure growth helped the cement industry register a growth of 11% in FY10, when we had cautiously assumed a 6-8% growth at the beginning of the year. This further emphasizes our belief in the secular growth of the cement industry.

## COMPANY'S PERFORMANCE IN FY10

Despite the challenging operating environment, your Company posted satisfactory performance in the year gone by, posting 23% growth in Income. Cement continues to be the cornerstone of our business contributing over two thirds to the top line, while sugar contributed about 27% with other businesses filling in the rest.

In cement, the company witnessed a 20% Y-o-Y increase in volume, 4 times the regional industry growth rate, selling over 4 MnT during the year. Though realisations corrected to Rs. 3,543/T for the year, down 7%, the yearly cement EBITDA/T went below the Rs. 1,000/T mark.

The Sugar business remains an integral part of your Company's business mix witnessing 63% growth. Growth drivers over the last year were enhanced volumes and higher realization. Your Company's strategy of importing raw sugar and thereby enhancing volumes helped scale up operations and profitability. While sales volume registered a modest growth of 13% in pure sugar, there was a 92% growth in production volumes backed by higher levels of cane crushing, better recovery and additional raw sugar processing.

## FOCUS ON DEVELOPING NEW MARKETS

The Dalmia cement team demonstrated agility under the worst of market conditions, auguring a good starting point for future success. Despite tough operating environment in Southern India, we continued with our strategy of targeted expansion into newer markets in the cement business. Work in our new cement plant at Ariyalur was completed in FY10. This, in addition to the Kadapa plant, commissioned in 4Q'09, added additional 5 MnT capacity to the Group's portfolio. Both the plants are ramping up well and has provided us enough supply to target newer markets. We successfully managed to increase our market share in new markets of Karnataka and Andhra Pradesh.

In addition, we have also increased our stake in our associate company, OCL, to over 45%. OCL has presence in high growth markets of Eastern region, which grew at over 17% in FY10. OCL has also shown robust performance in FY10. OCL posted a 23% growth in total income of Rs. 13,910 million with an operating EBITDA of Rs. 4,020 million and a net margin of 12%. These are backed by strong demand growth and excellent cost efficiencies by the company. OCL provides significant synergies to our businesses and also helps us to benefit from the on-going growth in the Eastern region.

### LAYING THE FOUNDATION FOR THE NEXT PHASE OF EXPANSION

The year under review has been one of the most influential in shaping the strategic direction that your company has embarked upon.

#### DCBL on right trajectory to achieve its growth plans

We believe each of our businesses have reached significant scale and would need focused effort on the growth front. Keeping in mind the growth imperatives, in 4Q'10, we made a noteworthy announcement to restructure our businesses. This restructuring initiative was undertaken with the principle objective of offering independent businesses to differing investor profile and has been well received. The demerger will enable a more focused approach in executing our growth plans for each entity by stream lining the operations and will provide greater funding flexibility.

#### DCBL to draw funding for its growth plans from a Global PE firm

On the cement business front, we plan to expand our footprint across India, which we think is important from a strategic point of view. We have already closed the required capital for the next phase of expansion of 10 MnT of cement. This highlights the belief that we have in our inner strength and strong execution capabilities, helping us lay the foundation for new growth. We have also managed to raise equity through one of the leading global private equity firms, Kohlberg Kravis & Roberts (KKR), which would invest up to Rs. 7,500 million in our next phase of expansion, the largest PE investment in the cement industry in India. Partnering with KKR is likely to bring in better Corporate Governance and best global practices. We will use the money to part fund organic and inorganic growth and deleveraging our balance sheet of the cement business. KKR has a long holding period and their investment in the cement space signifies the belief in the secular growth story of the industry.

#### Commodity cycles

We have seen several up-cycles and down-cycles in the commodity businesses and our belief in strong fundamentals along with clear systems and processes have made us stronger today. With little change in technology in the core businesses and no substitutes at the low price point products, investment in cement and integrated sugar business is likely to give sustainable returns in the future.

On the sugar business front, we will continue to look for opportunities to expand our presence, profitably. Further, we are adding multi-fuel boilers at our Jawaharpur unit, which will not only help in increasing cogen production but also help in improving utilization levels during off-season. Once we have tested the multi-fuel boilers at Jawaharpur unit, we will seek to install such boilers at our sugar units at Nigohi and Ramgarh as well.

### HR JOURNEY

In the tough talent market scenario, your Company has taken significant steps this year to build its leadership pipeline.

We initiated and launched SAP-HR across the organization. Another milestone achieved was when we successfully created our virtual campus-Dalmia Bharat University for our employees to increase the learning & development within the organization. We initiated several employee friendly and beneficial systems and processes to become more customer focused. One such initiative was when we partnered with our employees to amend and draft employee friendly policies based on their feedback and inputs.

It was celebration time as well, when in FY10, we were declared amongst the Top 10 employers in the manufacturing firms' category as per Hewitt Best Employer survey.

### GOING GREEN

We respect the environment and have taken significant steps to reduce our $CO_2$ emissions across plant locations, both in the cement as well as in the sugar industry. 95 MW out of our total power capacity of 167 MW is based on green fuels. We also received CERs (Certified Emission Reduction) for our Ramgarh sugar unit and are in the process of registering other units as well with the United Nations Framework Convention on Climate Change (UNFCCC). Our corporate initiative for the current year is “Go Green” and we received overwhelming response from our employees on ways and means to take the initiative forward across all units and offices.

### CORPORATE SOCIAL RESPONSIBILITY (CSR) - MAKING A DIFFERENCE

Our communities are an important set of stakeholders in our business and their well being is a key determinant of our success. We would like to believe in adopting best practices in corporate citizenship and make it an integral part of the company's ethos and culture. We have taken several measures for the benefit of the society in areas such as education, health and sanitation, livelihood and income generation as well as for improving environment and providing basic infrastructure across our plant locations. This has helped us in improving the ecosystem that we are a part of.

We are glad that last year we were able to reach more than 14,000 beneficiaries in 20 villages across our plant locations with social programmes. We will continue to forge ahead with activities that contribute to continued betterment of the communities around our locations.

### OUTLOOK FOR FY11

In the current financial year, if the Scheme of Arrangement goes through, your Company would be restructured and cement, thermal power and some other businesses would be transferred to another entity, Dalmia Bharat Enterprises Limited or its subsidiaries. The current DCBL would then be an integrated sugar company.

In the sugar space, expected increase in production will likely impact the realizations, which are expected to remain soft in the short term. However, we will continue to opportunistically invest in this and in the green power businesses to strengthen its operations and to mitigate risks from the cyclical nature of the sugar industry.

FY11 is expected to be another challenging year for the cement business of the Company as the oversupply situation in South India is likely to continue into 2H'11. In the Southern region, we expect a recovery in demand post monsoon as the focus on infrastructure development and housing construction picks up again. As such, prices are expected to remain volatile through the year. We have capitalized ourselves well ahead of the expected turbulence in prices and likely pressure on margins. We will look at inorganic opportunities selectively if they present themselves.

Our belief in the long term growth story of India remains intact and we expect that the cement industry in India will continue to grow at a GDP growth rate multiple of 1.2-1.5x over the next ten years. We will continue to invest in cement capacity augmentation in order to create a sector leading manufacturing capacity, in a phased manner.

# Board of Directors

**Pradip Kumar Khaitan**
Chairman and Independent
Non-Executive Director

**Mridu Hari Dalmia**
Non-Executive Director

**Jai Hari Dalmia**
Vice-Chairman

**Yadu Hari Dalmia**
Vice-Chairman

**Gautam Dalmia**
Managing Director

**Puneet Dalmia**
Managing Director

**T. Venkatesan**
Whole Time Director

**G. N. Bajpai**
Independent
Non-Executive Director

**Donald Peck**
Independent
Non-Executive Director

**J. S. Baijal**
Independent
Non-Executive Director

**N. Gopalaswamy**
Non-Executive Director

**M. Raghupathy**
Independent
Non-Executive Director

# Key Financial Highlights

| PARTICULARS | FY ENDING | FY06 | FY07 | FY08 | FY09 | FY10 |
|---|---|---|---|---|---|---|
| **Total Operating Income** | **Rs. Million** | **5,855** | **10,069** | **15,078** | **17,787** | **21,938** |
| Operating Profit (EBITDA) | Rs. Million | 986 | 2,698 | 4,960 | 5,301 | 5,003 |
| Cash Profits | Rs. Million | 650 | 2,047 | 3,299 | 3,474 | 3,181 |
| Profits before Tax (PBT) | Rs. Million | 1,089 | 2,964 | 4,341 | 2,599 | 2,041 |
| **Profit after Tax (PAT)** | **Rs. Million** | **848** | **2,289** | **3,472** | **1,586** | **1,370** |
| Share Capital | Rs. Million | 77 | 85 | 162 | 162 | 162 |
| Reserves & Surplus | Rs. Million | 4,199 | 7,449 | 11,310 | 12,520 | 13,615 |
| Loan Funds | Rs. Million | 6,832 | 10,146 | 15,833 | 23,383 | 28,504 |
| Net Block* | Rs. Million | 7,886 | 13,436 | 18,260 | 26,660 | 28,317 |
| Net Current Assets | Rs. Million | 2,199 | 1,752 | 4,536 | 5,017 | 8,844 |
| Operating Profit Margin | % | 17% | 27% | 33% | 30% | 23% |
| Net Profit Margin | % | 13% | 20% | 21% | 9% | 6% |
| Return on Average Net Worth | % | 28% | 45% | 40% | 14% | 11% |
| EPS (fully diluted) | Rs. | 11.78 | 29.18 | 42.87# | 19.61 | 16.92 |
| Cash EPS (fully diluted) | Rs. | 17.60 | 43.40 | 57.7# | 38.50 | 40.69 |
| Net Debt Equity Ratio | x | 0.79 | 0.56 | 0.51 | 1.19 | 1.44 |
| Interest coverage | x | 5.6 | 6.5 | 4.8 | 2.8 | 2.2 |
| Current Ratio | x | 2.02 | 1.34 | 1.83 | 1.78 | 2.82 |
| Dividend Rate^ | % | 100% | 150% | 200% | 150% | 100% |
| Dividend Payout Ratio | % | 9% | 6% | 9% | 15% | 12% |
| Share Price | Rs. | 264 | 361 | 285 | 78 | 252 |
| Market Capitalisation | Rs. Million | 10,119 | 15,438 | 23,020 | 6,338 | 20,381 |

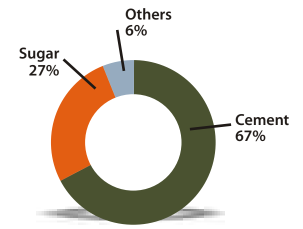
Previous year figures have been regrouped/rearranged wherever necessary to make them comparable with those of current year.

^ Face Value Rs 10 per share, split to Rs 2 per share in FY06

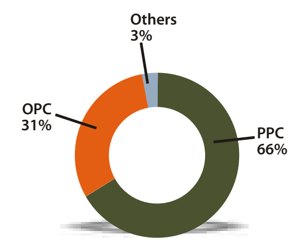
# Based on shares outstanding at year end

* Includes Capital Work in Progress

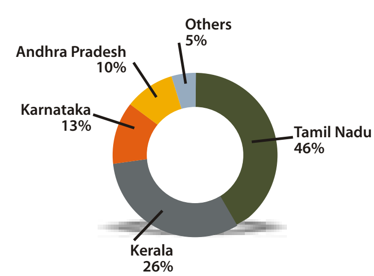
### Business Mix



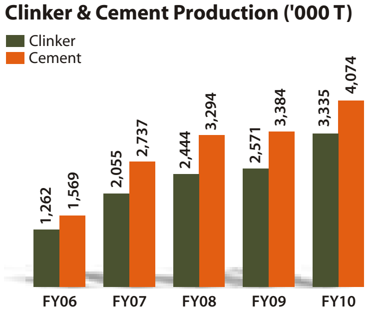

### Cement Product Mix



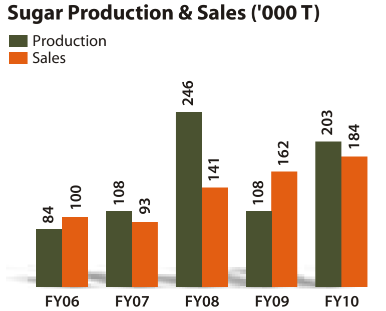

### Cement Geographic Mix



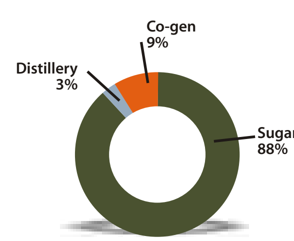

### Clinker & Cement Production ('000 T)



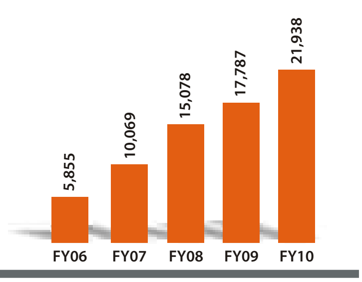

### Sugar Production & Sales ('000 T)



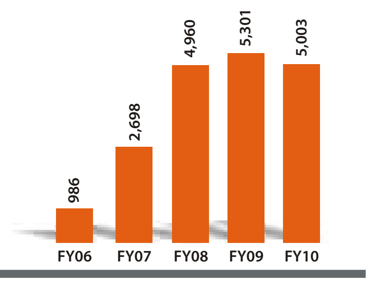

### Sugar Revenue Mix



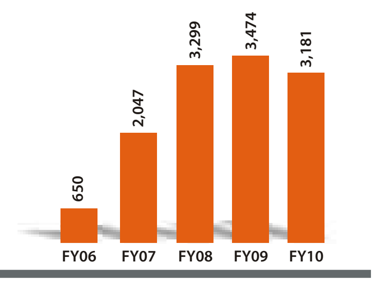
Total Operating Income (Rs. Million)




Operating Profit - EBITDA (Rs. Million)



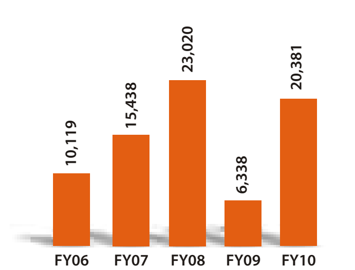

Cash Profit (Rs. Million)



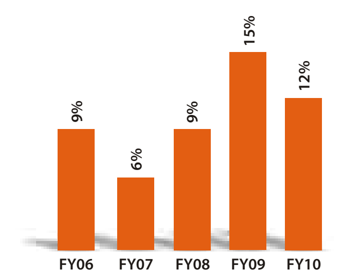

**36% CAGR**
**TOTAL OPERATING INCOME (5 yrs)**

**47% CAGR**
**EBITDA (5 yrs)**

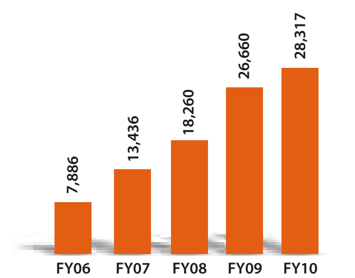
Market Capitalisation (Rs. Million)



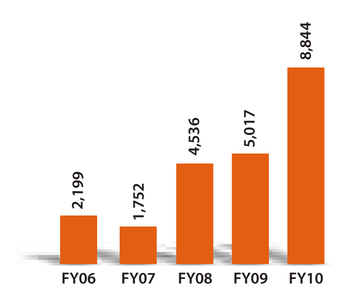

Dividend Payout Ratio (%)

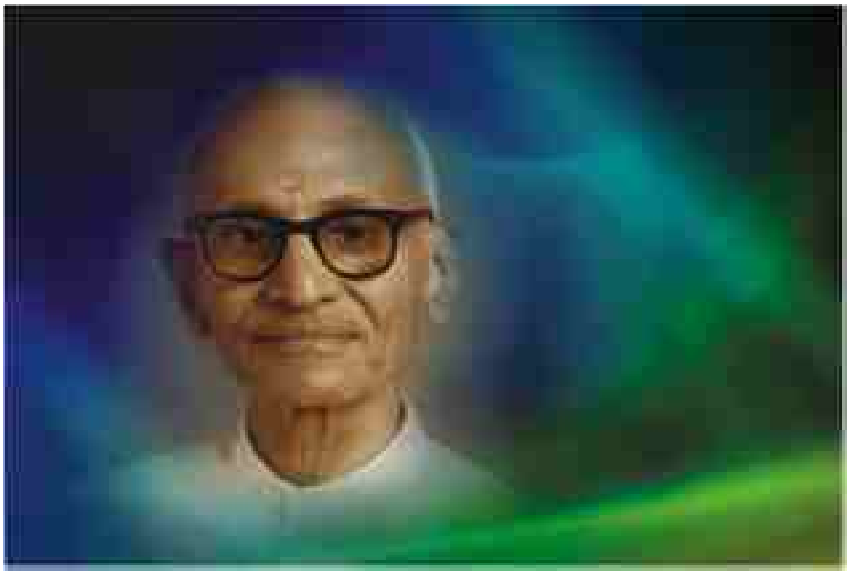



Net Block (Rs. Million)



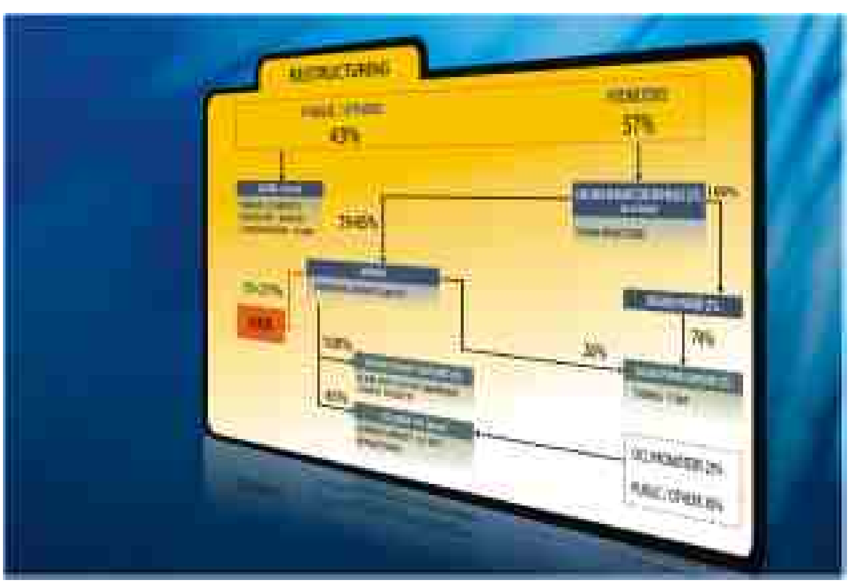

Net Current Assets (Rs. Million)





inner strength:
## bolstered by an unshakable legacy

inner strength:
## our dynamic, experienced values driven people




inner strength:
## be all that you can be…

**While most can easily tell the difference between good and dismal, it takes experience and penchant to spot the finer disparities between good and excellent. The finesse of being incisive is our inheritance and comes from an understanding of the world around us spanning across three generations. Our position in the marketplace is upheld, not only by our capabilities and knowledge, but by the deep roots of our 7 decades old heritage of a pioneering spirit. This inner strength differentiates us and gives us the edge to see ourselves through the highs and lows of inevitable economic cycles.**

We have witnessed many troughs and peaks of multiple market phases over the last 7 decades. Our pioneering spirit has enabled us to combat many challenges, tread unbeaten tracks and take us where we are today, resilient, healthy and ready for the future. Over a period of time, we have developed a mature and realistic vision of ourselves for the future. Through our journey, we have come to understand and believe that change is the only constant. As an organisation with recognised vintage, we understand the art of transformation. Over the years, we have consistently displayed a consistent ability to embrace change that can sometimes be thought as revolutionary. Undoubtedly, adapting to the needs of our time is our forte.

Looking forward towards the next 50 years, we are well equipped with a healthy mix of experienced and sharp young minds. An ideal combination of veteran and young energy is a cherished asset that enables us to aspire ambitious goals. Not forgetting our roots, we are fully energised to meet the challenges and opportunities of tomorrow.

**Our values are not rule-books but real ideas that are personified by our behavior. The result is a healthy DCBL, home to several ambitious and happy individuals. Our values have been the guiding beacons and inner strength in making a difference to our stakeholders. Guided by experience and vision, we have come thus far in our journey towards a resilient existence. Now we are hungry for more of both, speed and depth. Our hunger has brought us at the crossroads of creating dynamism and experience within our management cadre. Today, DCBL has an enviable team of highly competent and experienced managers that have been cherry picked to join DCBL over the last five years. Led from the top, we are a team-spirited and inspired lot, strongly subscribing to our forward journey of becoming an admired leader in our chosen markets. It is from here that the management team now begins a journey of discovery and new milestones ahead.**

At DCBL, through our value system our people overcome their assumed boundaries of capabilities and strive to achieve the extraordinary. Our values channel the actions of every individual towards a unanimous goal. Learning, teamwork, speed and excellence are the four pillars of our value system. Every individual at DCBL is driven to discover innovative ways of doing things that challenge the existing paradigms and mindsets. Thereafter, with trust, mutual respect and collaboration, we proceed towards our directed path. Along the way, we acknowledge, recognize and reward individual as well as team performance. Our 'Every Employee a Leader' programme is aimed at inculcating a sense of responsibility across every level within the organisation. We are now charting a future that is exciting and challenging at the same time.

We recognised early on that the quality of our people can make all the difference. As a result, we have enhanced the Company's leadership bandwidth over the last two years by identifying people with potential and creating successors for critical positions. Today, our management team comprises of proven and experienced talent, who live by example and who are ready to challenge the benchmarks of excellence in everything they do. We have carefully hand-picked our management team, who bring with themselves experience and best practices from across several sectors. They carry the excitement and the inspiration requisite to be a part of DCBL, a movement in itself. They score high on aspiration and conviction, imparting an inner strength of energy that is infectious and positive.

**There comes a time in life when every parent has to let their children explore the world beyond the precincts of their nested neighborhood. At DCBL, each of our businesses have developed and matured to a point where they are ready to spread their wings to be all that they can be and express their individuality. With the inner strength of a strong value system bestowed upon each entity from a legacy spanning more than 70 years, each of our businesses face an exciting journey of discovery and accomplishments ahead of them. They are ready to embark on their own independent journeys along the path of growth, value creation and contribution to the society.**

We have moved beyond adding value. We now wish to multiply it. The restructuring of DCBL is the direct upshot of our capability to continuously multiply our inner strength to deliver long-term and sustainable value. The energy behind this ambition is delivering a compelling thrust to surpass our current standing for each of our businesses in the industry. Today, we are focused towards pursuing aggressive yet sustainable growth in line with needs and demands of an emerging India.

Today, favourable economic dynamics are unveiling exciting opportunities for each of our businesses to grow. As die-hard patrons of detailed and forward thinking, we have decided to de-merge each of our businesses to explore and realize our full potential. With a well thought out plan in place, we are creating distinct and futuristic verticals that have the potential of becoming industry leaders.

As a result of our restructuring, we now offer two 'pure play' listed companies that provide investors the flexibility of capital allocation. We have realigned our management structures, increased transparency and accountability and, as a result, recalibrated the standard of our corporate governance. By streamlining decision making through focused management teams, we expect to significantly advance the efficiency of our business processes. Above all, we have now created an enabling platform that is far more conducive for fund raising to fuel the growth of the respective businesses. The proposed re-alignment has given us the right fillip for growth of each of our businesses. Nurtured under the watchful eyes of an able parent, each individual business is now poised to pen their own success stories.

inner strength:
**we have what it takes to be here…**

inner desire:
**when communities flourish, so do we**

inner strength:
**preserving the gift called environment**

**India is at an inflection point. For the first time since its independence its people see a window of opportunity to become a first world nation. With strong fundamentals behind it, there's excitement, momentum, and action. To become an advanced nation, India urgently needs superior infrastructure and concerted nation building initiatives. We are not standing still. Policy makers, the public and the private sectors have all stepped up in mapping out India's future infrastructure requirements, with both resolve and deed. At DCBL, we too are playing our part.**

A good tree bears good fruit. Fertilizers aid it to some extent; however, the tree has it in itself to grow. Similarly, today India derives its growth thrust from within. A large young population, which is educated, ambitious, adaptable, freedom-loving and secular, has emerged as the country's pillar of strength. The inner propulsion is so widespread that India's sustained growth is considered almost inevitable.

At DCBL, we believe in the vitality of India and its long term growth potential. As an integral part of India's growth story, we are well prepared to perform our part in creating the India of tomorrow. Over the last few years, we have made significant progress in enhancing our capacities to feed the demands of a growing nation. Going forward, we plan to expand our Cement production capacity further. In our new avatar post-restructuring, we endeavour to reinforce our commitment to play a meaningful role in the development of India. In doing so, we too face a bright future of long-term growth and value creation.

**As a socially responsible organisation, we lay special emphasis on making meaningful contributions towards the community and the conservation of the environment.**

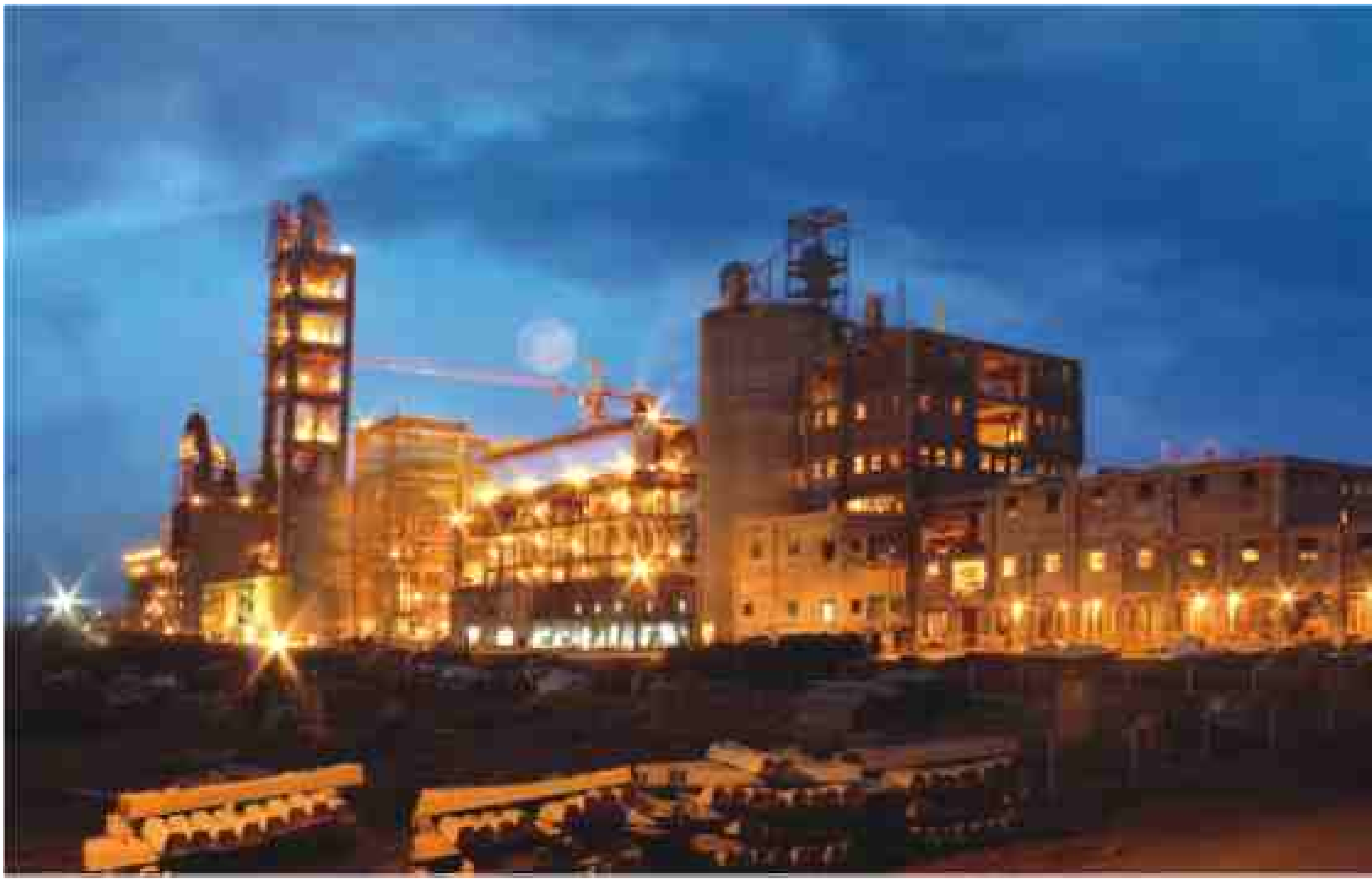
Positively engaging with and impacting the community is a direct business imperative. The Company's strategic environmental and social initiatives have succeeded in making a meaningful difference to the lives of people across its chosen areas of operation. In a bid to add further value to its social initiatives, DCBL has strategically partnered with leading non-government organisations as well as appropriate government departments. During FY10, we focused on 18 villages across Tamil Nadu, Andhra Pradesh and Uttar Pradesh, impacting thousands of lives. Our initiatives involve furthering basic education, improving healthcare and sanitation, enhancing livelihood capacity and creating new physical infrastructure. For more details on our community development initiatives, please refer to the Management Discussion & Analysis in this report.

**Our planet is fragile. It needs love and sensitivity. In fact, the sustainability of humanity hinges directly with the well-being of the planet. As responsible corporate citizens, we care. We believe that an unspoiled environment is the greatest inheritance we can leave to the next generation. As a result, minimising our carbon footprint occupies the highest priority on our agenda.**

Today, we are witnessing several unprecedented changes in customer perceptions, business environment and the expectations of the society from corporates. While our shareholder centric approach reflects our desire for value creation, our sensitivity towards global warming issues is a measure of our sense of responsibility towards the challenges facing the world at large. Our initiatives towards CO2 emission reduction, energy conservation, water conservation, solid waste management and fuel efficiency highlight our contribution towards addressing the global environment concerns. We have reduced our power consumption by CAGR of 2.4% over the last 16 years, from 113 KWH/T to about 77 KWH/T in FY10.

Our environmental sustainability programmes have a 360 degree approach. It involves the identification of hot-spots in terms of energy consumption and associated $CO_2$ emissions. This leads to optimisation of energy efficiency and reduction of $CO_2$ and other GHG emissions contributed from production processes. This is followed by the identification and implementation of solutions that can then minimise the $CO_2$ emissions that cannot be eliminated by energy saving measures alone. As we expand our footprint across India with new capacities, we are adopting energy efficient technologies right at the project planning stage itself. Through these measures, we are addressing the expectations of our stakeholders for value creation and growth, without compromising our commitment towards the well being of our planet.

# Management Discussion & Analysis

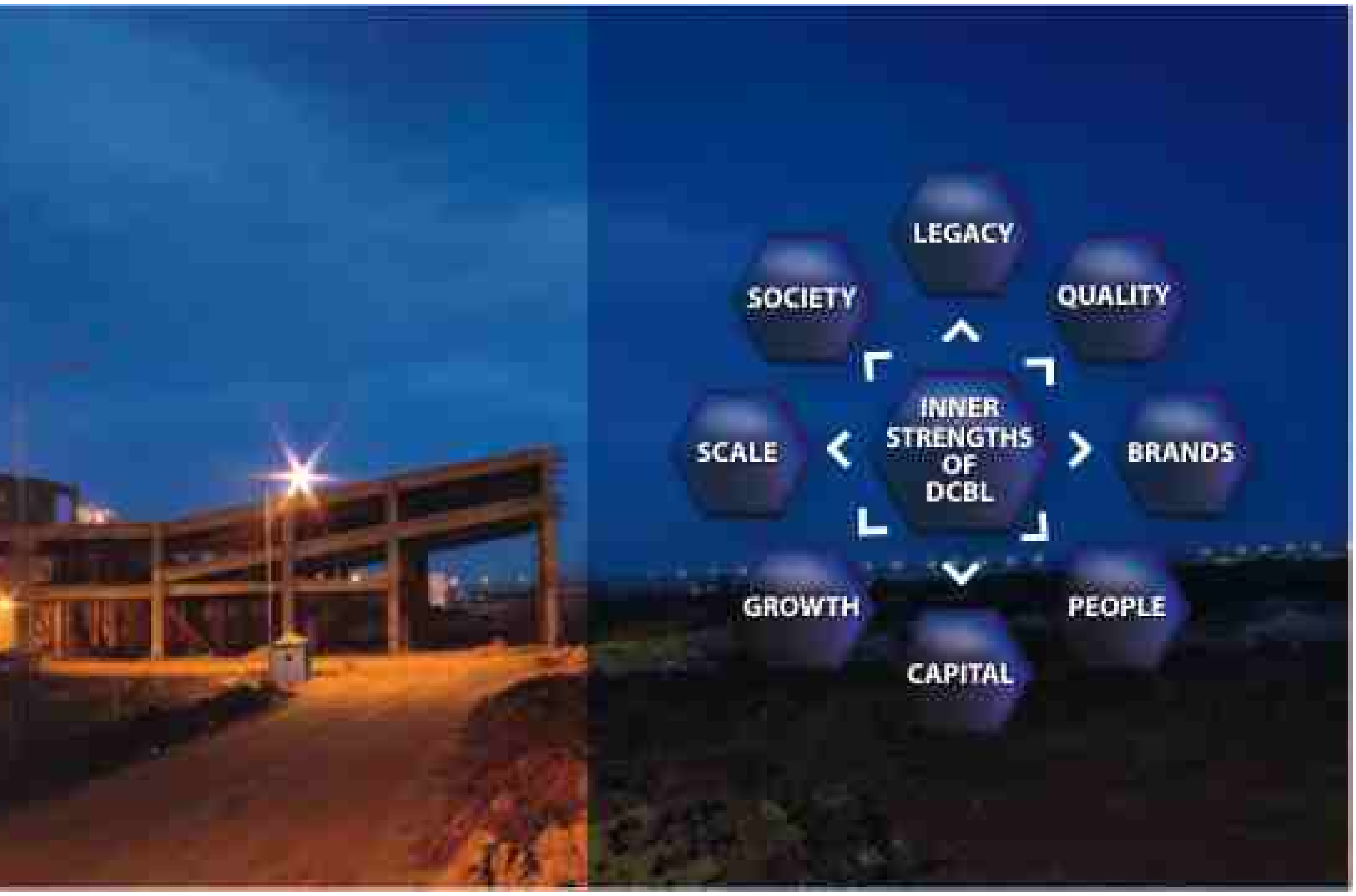


## Economic Overview

India is fast developing into a laizzes-faire open-market economy, yet traces of its self-sufficient and reserved past remain. The much-lauded economic liberalisation of the nineties including reduced controls on foreign trade and investment has accelerated the country's growth, giving India a 'reforms dividend' of more than 8% growth in the last 4 years, despite the interruption of the 2008 global financial markets meltdown. This growth has come from both manufacturing and services industries, on the back of rising domestic consumption, investments and increasing exports. Most importantly, the growth has been supported by progress made in the overall productivity gains of the economy.

The strength of India's age demographics in which the high proportion of English comprehending young working professionals are growing in numbers, and a massive increase in the number of households with discretionary spending power led to retail and domestic demand becoming the real impetus of the economy. With approximately 55% of India's workforce earning their livelihood and producing around 19% of India's GDP, it continues to be a key part in the Indian economy. Going forward, the virtuous demographic income dynamics will be dependent on the rapid employment growth in manufacturing and services industries.

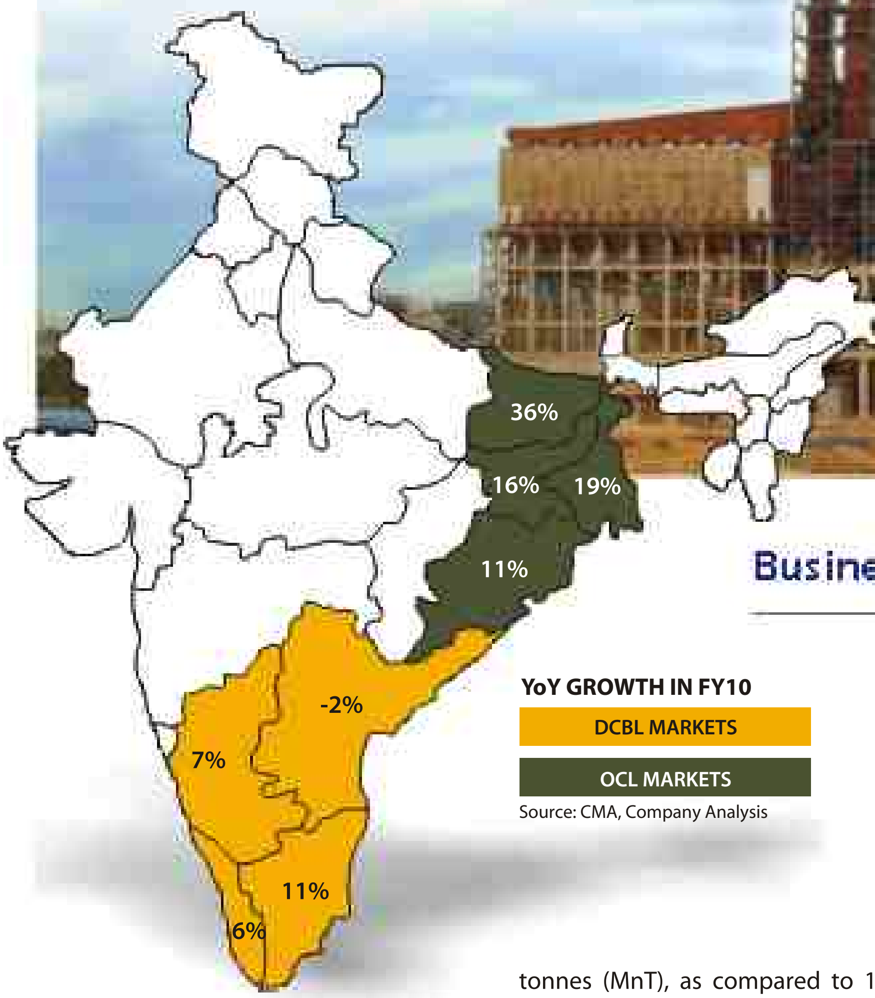
India is uniquely positioned amongst the emerging markets in which the domestic market and resource base offers a reliable buffer against global economic turbulence. In 2010, the government hopes to not only focus on the fiscal stimulus but also to address the deficit reduction over the




next two years. Further, in part to offset the deficit, it has proposed limited privatisation of government-owned industries. In the long term, India is set to face a myriad of compound challenges that include inadequate infrastructure, limited employment opportunities as well as inadequate basic and higher education structure. In this respect, great emphasis is being placed in the development of both social and physical infrastructure. With the rise in spending in upgrading India's overall infrastructure and in the face of an ever increasing affluent populace with rising consumption and dwelling development, DCBL is aptly positioned to capture the growth opportunity from the nation-building and robust consumption story of the Indian economy.

## Inner Strength of Dalmia

DCBL is a multi-disciplined business house with a core focus on the cement and sugar businesses. Based on 7 decades of careful stewardship, your Company has evolved into a sizeable entity, scaling up its business to tap into the India's infinite potential. From uninhibited pioneering spirit; a loyal and motivated workforce, well-established brands; deeply penetrated markets; time-tested operational skill sets; improving balance sheet; supportive investor base; and a vision to scale new heights for becoming a multibillion dollar power house, DCBL is well positioned to act upon its growth ambitions while servicing the society at large.




Source: CMA, Company Analysis

# Business Overview: Cement

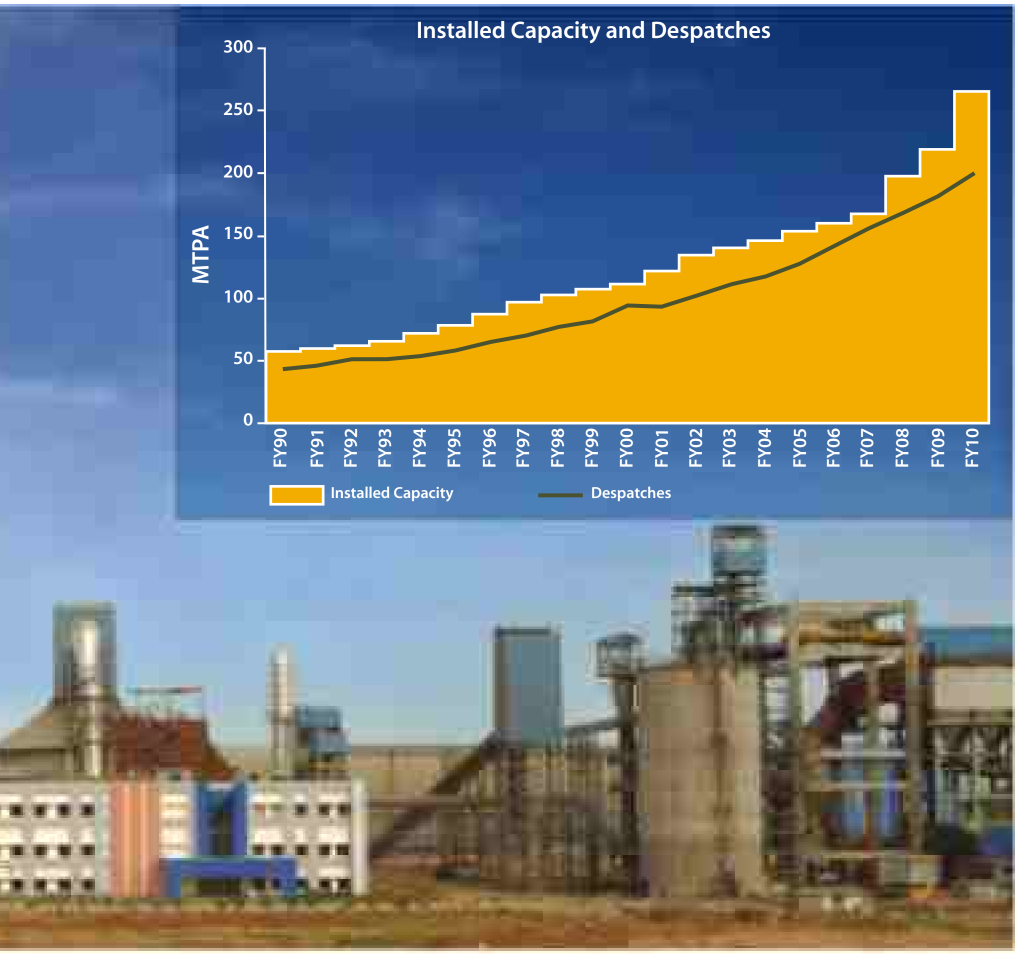
## MARKET DEVELOPMENTS

After China, India is the second largest producer of cement in the world. With a high long-term CAGR of 8% and low per-capita consumption by comparison, the industry offers significant growth potential.

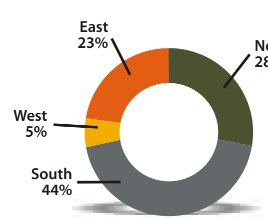
During FY10, the cement production in the country stood at 200 million tonnes (MnT), as compared to 181 MnT in FY09, representing a 10% growth on a YOY basis. All India demand improved significantly, recording a growth of 11% in FY10 to 197 MnT, up from 178 MnT in FY09, leaving all pleasantly surprised.

Over the last 10 years, demand growth has generally outpaced growth in capacity additions. Key demand drivers of the Indian cement industry are an upbeat real estate market; rise in infrastructure spending; government programmes such as the National Rural Employment Guarantee and low cost housing in urban and rural areas backed by increasing nuclear family culture and ever growing working population.

A resulting high demand outlook in turn has attracted existing players and new entrants across regions to add new capacity. At an all India level, approximately 46 MnT of capacity was added in FY10, taking India's actual installed capacity to 265 MnT. Of this additional capacity, approximately 44% was added in the Southern region, totalling 20 MnT, and 23% in the Eastern region,the two key markets that DCBL participates in, directly and through its strategic investments.




Region-wise Capacity Addition (FY10)




Source: CMA, Company Analysis
Note: North includes Central as well

## PERFORMANCE REVIEW

During FY10, despite tough market conditions, DCBL recorded a strong increase in cement volumes, up 20% to 4.1 MnT, over four times the Southern region growth rate. This helped the cement Net sales to increase by 12% to Rs. 14,493 million, compared to Rs. 12,927 million in FY09. EBITDA from the Cement business declined by 14% to Rs. 3,781 million, compared to Rs. 4,408 million due to lower realisations as well as utilisation levels. Net Sales Realisation/T declined by 7% to Rs. 3,543/T. With a 32% rise in freight costs, EBITDA/T recorded a decline of 26% to Rs. 948/T* from 1,279/T in FY09. Employee costs were also up on account of increase in manpower at new plants in Ariyalur and Kadapa.

* After excluding non-reccuring item of Rs. 38/T in FY10

Fall in coal prices in the year under review had a positive impact on Power and Fuel costs, which were down 11% on per tonne basis in FY10, compared to last year. Over all, material costs after adjustment of stocks was Rs. 367/T, up from Rs. 249/T last year, impacting profitability of the segment.

## OPERATIONAL HIGHLIGHTS

To support your Company's growth aspirations in the Southern region of India, 5 MnT of additional capacity has been added in the last couple of years. In FY10, 2.5 MnT plant was commissioned in Ariyalur. This is in addition to the 2.5 MnT plant commissioned in Kadapa in 4Q09.

For FY10, the demand for cement in South remained generally subdued, clocking a modest growth of just 5% to 57 MnT. The demand from Andhra Pradesh and Karnataka was particularly slow to take-off due to the political flux resulting in the delay of several state infrastructure projects. As a result, your Company has judiciously paced the ramping up of both the plants after attentively observing the overall market demand situation.

Tamil Nadu and Kerala accounted for 73% of dispatches (FY10) and continue to remain DCBL's traditional and core markets. About 23% was dispatched to new markets of Karnataka and Andhra Pradesh and balance to other smaller regions. For FY10, your Company's market share in the key markets of Tamil Nadu and Kerala together stood at around 11.6%, while in the emerging markets of Karnataka and Andhra Pradesh, your Company was able to garner 4.4% and 2.4% market share, respectively.

Post commissioning of the 27 MW of thermal power plant, your company

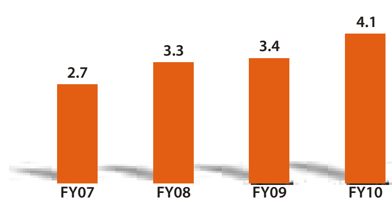
## Business Overview: Cement

continued

will be able to generate 72 MW of power in the Tamil Nadu plants, catering to both the captive consumption requirements and the sale of surplus power, if any, to the state electricity grid. In FY10, there was sale of surplus power from the plant at DPM to the tune of 66.4 million units, contributing to profitability of the segment.

With new capacities commissioned, your company foresees steady growth as new dispatches gradually begin to contribute to volumes.

DCBL Cement Dispatches (MnT)

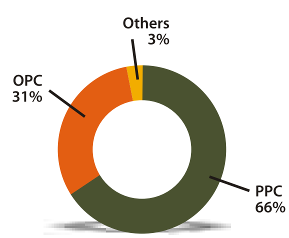



### Optimising Cement Production Mix

The capacity utilisation at Dalmiapuram plant remained high though the new plants at Kadapa and Ariyalur have seen slow ramp up due to market conditions.

In the year under review, DCBL focused on improving its product mix, aligning itself with the market dynamics. PPC accounted for 66% of the total cement production, while OPC accounted for 31%. Balance pertained to Special Cements which garner higher realisations. The Cement Clinker ratio for your Company stood at 1.28 in FY10, compared to 1.31 a year earlier due to this shift.

Product Mix (FY10)




### Energy Efficient

Over the years, DCBL has adopted modern technologies to increase profitability and help maintain an ecologically balanced environment in and around its cement plants. With an average power consumption of 77 Units/T of cement produced, as opposed to the industry average of about 80-85 Units/T, DCBL enjoys one of the lowest per tonne power consumption ratios in the business. The industry's benchmark power efficiency set by your Company is derived from process optimisation and the use of new technical concepts including robotics for Quality Control sampling and statistical process control.

### Improving Logistics

Your Company has also taken several improvement measures in the logistics of both inbound and outbound movement of materials to become more efficient and cost effective. Operation costs have improved through maximised use of conveyor belts from mining locations to plants.

## KEY INVESTMENTS & INITIATIVES

Endorsing your Company's confidence in the Eastern region and to mitigate its risk from being in single region, DCBL increased its strategic stake in OCL from 21.7% to 45.4% during FY10 by buying out DCBL promoters' personal holdings in OCL at market price.

OCL recorded another good year, with 23% increase in Net sales, which stood at Rs. 13,742 million. PAT increased by 41% to Rs. 1,637 million, driven by better realisations and higher volumes. Nonetheless there were pressures from the Refractory business of the Company, which contributed 19% to revenues and 8% to EBITDA of OCL. Refractory EBITDA was down 8% to Rs. 308 million in FY10.

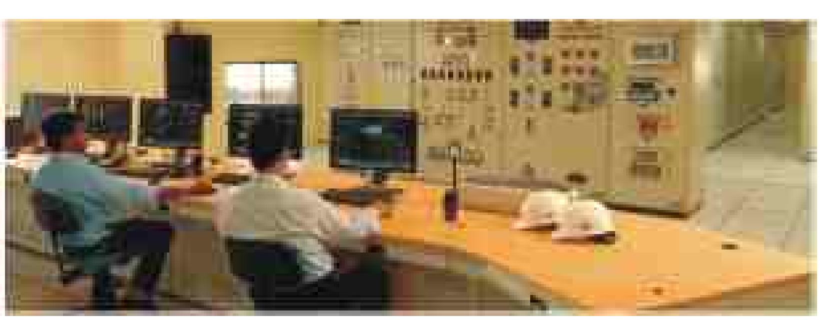
## GROWTH PLANS

Dalmia aspires to become one of the Top 5 cement players in India by FY13. Your Company intends to do this by strategically developing an additional 10 MnT cement capacity in a phased manner and it is already in the early stages of establishing a blue print for next phase of expansion. Pre-project activity in identifying and incubating new sites are well on their way, with environmental clearances being sought for new identified prospective sites, under DCVL.

### Project Pipeline for a National Footprint

The Cement business is characteristically a regionally bound business based on the economic viability of transporting the product. With rising transportation cost, one cannot viably sell a particular plant's production beyond a certain distance. From predominantly being based out of Tamil Nadu, Dalmia aspires to grow into a Pan-India, multiregional cement major.

DCBL looks forward to investing into this business particularly when the cycle is soft, as it facilitates the project to be executed somewhat faster and with lower resources. DCBL firmly believes in the India growth story led by increasing infrastructure and real estate spend. To that extent, while the industry will continue to experience short-term cycles, the market is expected to witness a secular long-term growth trend in cement demand.



## OUTLOOK

### Short Term

With 46 MnT of the new addition coming on stream in India in FY10, coupled with generally decreasing capacity utilisation rates, the industry has ended FY10 by facing a scenario where supply will temporarily be exceeding demand. As a result, capacity utilisation rates are likely to remain under pressure until the second half of FY11. The ensuing price volatility however is expected to be a short term phenomenon due to the latent strong demand from a developing and emerging country such as India.

Over the years, it has been seen that short term down cycles are a regular feature of the Cement industry. With many decades of experience under its belt, the Group has the resilience and mettle to see through the impending down cycle as it has done so many a times in the past.

### Long Term

The key drivers of the Indian cement industry are an upbeat real estate market; the rise in infrastructure spending; government programmes and low cost housing in urban and rural areas. Post the 2009 elections, the Indian electorate sent a clear mandate for development and the growth momentum in India continued during FY10.

The “next trillion dollar” GDP era, which coincides with India's Eleventh Five Year Plan (2008-12), is expected to be driven by two main factors - high inclusive real GDP and infrastructure growth.

The markets of Tamil Nadu, Kerala and Maharashtra are likely to remain strong and as other markets such as Andhra Pradesh and Karnataka pick up momentum, one can expect reasonable growth going forward. The overall Indian economy is expected to grow consistently over the next 10 years at approximately 9% CAGR, with a possibility of an upside leading to an acceleration in demand that can produce positive surprises of creating better than normal demand and profit cycles.

Cement demand is also expected to enter a new growth trajectory, driven by a structural shift in demand drivers. It is widely believed that the cement industry is at an inflection point as growth trajectory is estimated to shift upwards from its historical average of 8% to low double digits over next 5 years. All the ingredients are in place for the cement industry to move from a cyclical to a secular growth story, leading to higher pricing and profitability.

Currently India produces approximately 200 MnT, which is well below the estimated requirement of around 500 MnT in 10 years time. With approximately 46 MnT added during FY10 and another 45 MnT expected to come on stream next year, India will still require substantial investment in the cement sector to keep up with the growing demand. With the spectre of a slower ramp up and even a potential fall in the pace of capacity addition, the supply visibility over the next 10 years period is less clear.

Historically, a long phase of under investment has been a catalyst for the return of pricing clout to the industry. Since there are no major visible capacity additions after FY12, widely anticipated as the foundation for the next up-cycle, and since new capacities typically take long to develop and stabilise, DCBL is seamlessly well positioned to capitalise on its expanded capacities.

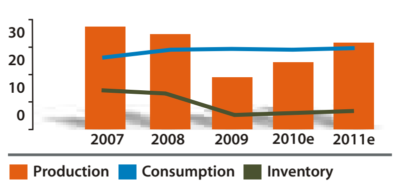
In time, DCBL aspires to be counted amongst the top 5 players in the Indian market. With good hygiene factor coming out of strong HR practices and a solid value system subscribing to transparency and good corporate governance, DCBL is expected to become a player to reckon with. On the back of its proven execution strength of adding 5 MnT over the last year and with a professional and a dedicated management team which is hungry to grow the business responsibly, DCBL is confident of attaining a leadership position in the years to come.

# Business Overview: Sugar

### MARKET DEVELOPMENTS

Over the last 15 years, global sugar production has grown at a CAGR of 2%, keeping pace with consumption. However, the revised USDA (United States Department of Agriculture) sugar production estimates in Brazil, the largest producer of sugar, dropped by 2 MnT for the year 2009-10. A steep 12% drop in world production during Sugar Year (SY) 2009, resulted in a new high for sugar prices in 29 years. The fall in global prices was primarily due to low sugar production (14.7 MnT) in India in SY09. India is the largest consumer of sugar in the world. Its consumption at 22 MnT accounts for 16% of the global consumption of 155 MnT. Any change in the domestic production impacts the global industry dynamics. However, higher sugar prices led to slight improvement in cane acreage in SY10, resulting in rise in sugar production, which is anticipated to reach 18.7 MnT in SY10.

Indian Sugar Demand Supply Scenario (MnT)

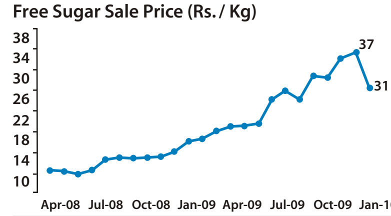



| Particulars (MnT) | FY07 | FY08 | FY09 | FY10 | FY11P |
|---|---|---|---|---|---|
| Opening Stocks | 4.3 | 10.9 | 10.0 | 4.4 | 4.8 |
| Production | 28.3 | 26.3 | 14.6 | 18.5 | 24.0 |
| Imports | - | - | 2.5 | 4.0 | - |
| **Total Availability** | **32.6** | **37.2** | **27.1** | **26.9** | **28.8** |
| Indigenous | 20.0 | 22.2 | 22.5 | 22.0 | 23.0 |
| Exports | 1.7 | 5.0 | 0.2 | 0.1 | 0.2 |
| **Total Off Take** | **21.7** | **27.2** | **22.7** | **22.1** | **23.2** |
| Indigenous | 10.9 | 10.0 | 4.4 | 4.8 | 5.6 |
| Imported | - | - | - | - | - |
| **Closing Stocks** | **10.9** | **10.0** | **4.4** | **4.8** | **5.6** |
| % of consumption | 55% | 45% | 20% | 22% | 24% |

Source: ISMA

Traditionally, India has proved largely self-sufficient in meeting the domestic sugar demand. Nonetheless, the country has served as an occasional importer and exporter of sugar, in response to the vagaries of the weather conditions. During FY10, India imported sugar to fend against the projected supply deficit.

Free Sugar Sale Price (Rs. / Kg)



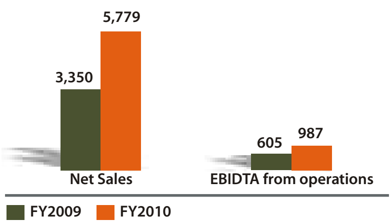

During the year, speculations about a severe supply shortage within the industry resulted in a hike in the domestic sugar prices. In September 2009, domestic sugar prices increased 73% from the previous year and 132% from September 2007. The Indian Government introduced policies to ensure affordable sugar prices to consumers as well as adequate returns to cane producers and sugar mills. The Government sought to rein in prices through releases from buffer stocks, eliminating duty payments on sugar imports and prohibiting excessive stockholding by private agents.

With a lower than anticipated deficit, no import duties and already high sugar prices based on weak market sentiments, the domestic sugar industry witnessed a buoyant FY10.

### PERFORMANCE REVIEW

Your Company harnessed decent set of results from an up-cycle in the domestic sugar industry during FY10. During the fiscal under review, the integrated sugar business of DCBL recorded net sales to the tune of Rs. 5,779 million, registering a growth of 63% from the previous year. Average realisations increased by 58% to Rs. 27,076 per ton as compared to Rs. 17,139 per ton during the last fiscal. Integrated Sugar EBITDA stood at an impressive Rs. 982 million for the year under consideration, recording 62% growth.

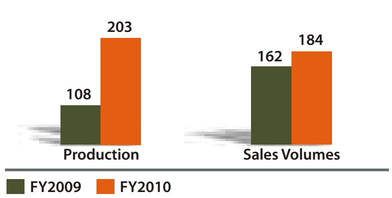
Sugar Net Sales and EBITDA (Rs. Mn)




## OPERATIONAL HIGHLIGHTS

DCBL operates three sugar manufacturing units with a total installed capacity of 22,500 tons of cane crush per day, leading to a potential capacity of about 300,000 MnT per annum. With 63% growth in net sales and 13% growth in sales volumes, the sugar business of your Company displayed a commendable performance during FY10. Such noteworthy figures stem from two factors. Firstly, sugar prices witnessed a steep rise, in anticipation of a demand-supply deficit. Secondly, your Company recorded higher sales volume contributed by processing of imported raw sugar. In wake of the prevalent market sentiment at that time, your Company recorded imports of over 77,000 T of raw sugar at an average contract price of over US$ 500 per ton. Your Company processed a total of over 66,000 T of imported raw sugar. The crushing season lasted for 107 days during the year under review up from 98 days in the previous year. Consequently, sugar production (including processed raw sugar) during the year has seen a significant improvement of 92%; up from 1.08 lac T last year to 2.03 lac T in FY10. There had been an improvement in your Company's recovery rates too, which improved by 34 basis points to 9.2% compared to last year.

Sugar Production and Sales ('000 T)




Additionally, your Company's profitable performance can also partly be attributed to the cost control measures that effectively controlled the fixed expenses. Sugar cane accounts for 70% of the total production cost. During FY10, the cost of sugarcane touched Rs. 2,310 per quintal of cane, on an average, as compared to Rs. 1,390 during the previous fiscal.

### Cogeneration and Distillery

DCBL operates a cogeneration capacity of over 79 MW and a distillery capacity of about 80 KL/day. There was marginal improvement of 3% in Gross Power generation in FY10 to 200 million units from 195 million units in FY09 to save bagasse for off season generation and raw sugar processing. Net power exported during the year increased to 136 million units from 132 million units with average operating period of 132 days. During the fiscal under consideration, the realisation from power generation was positively impacted due to an increase in the average rates for power by 28% to Rs. 3.86/ unit, caused by an upward revision in the power tariff rates to Rs. 3.92 per unit from Rs. 3.10 per unit earlier.

Production in the distillery unit in FY10 was over 5,700 KL while sales were higher to the tune of 6,300 KL. The average realisation improved to Rs. 27 per litre from Rs. 25 per litre in the previous year.

## KEY INITIATIVES

The Energy Policy 2009 notified by the State Government has allowed cogen power plants to use coal or gas for power generation in the off-season and of this output, 50% of such power can be sold under open access. Accordingly, your Company identified the opportunity of upgrading boilers to multi fuel in order to benefit from changes in the regulations. It initiated the process of upgrading the boiler at Jawaharpur to multi-fuel boiler. This measure is not only expected to help in extending the duration of cogen plant operations but is also expected to help in raw sugar processing during the off season. As a result, the overall realisation and capacity utilisation rates have improved for your Company. To offset the shortage of bagasse during the off season, your Company used other alternate fuels as well. Sugar is the first division in the Group to introduce 5S in FY10 and Ramgarh unit has been registered as Clean Development Maintenance (CDM) project.

## GROWTH PLANS

Over the years, DCBL has successfully developed an integrated model for its sugar business, with an efficient mix of resources. Going forward, your Company endeavours to increase its sugar processing volumes and it plans to maximise its capacity utilisation for both sugar and power.

## OUTLOOK

India is the largest consumer and the second largest producer of sugar in the world. Increased consumption, followed by a subsequent price rise has added a fillip to the production of sugar as farmers can now expect higher returns. Higher sugarcane prices in the current season have led to increase in allocation of area under sugar cultivation by approximately 20%, which will lead to higher sugar production next season. All India sugar production is expected to be in the range of 24-25 MnT in SY11. However, consumption is likely to go up marginally. Higher sugar production will lead to higher volumes for your Company though realisations may be subdued. DCBL is gearing itself to counter the challenges that lay ahead. Its cogeneration capacities serve as a hedge against the inherently cyclical nature of the sugar business. Higher crushing in the next season could lead to higher power generation with increased availability of fuel which could impact margins positively.

# Financial Overview

## STANDALONE P&L ANALYSIS

### Total Income

Your Company's total income increased by 23% to Rs. 21,938 million in FY10, compared to Rs. 17,787 million in FY09. This was primarily driven by increase in volumes in both cement and sugar segments along with growth in sugar realisations.

### Operating Expenditure

Total operating expenditure of your Company increased by 36% to Rs. 16,934 million majorly on account of:

- Increase in raw material costs (including stock adjustment), especially in sugar business with higher cane procurement cost of Rs. 2,291/T for FY10.
- Increase in freight cost by 58% due to changing geographic mix as well as rail road mix for the year. Overall higher volumes also led to higher transportation costs.
- Employee costs stood at Rs. 1,142 million up 23% in FY10 on account of additional manpower in the new plants.
- Power & fuel costs increased by 6% to Rs. 4,371 million. Fuel costs were less for the year on account of lower CIF price of coal, which stood at $84/T vs $115/T in previous year.
- Other expenses were up by 25% mainly on account of higher packaging, repair & maintenance and additional advertising spend.

### Operating EBITDA

Operating EBITDA stood at Rs. 5,003 million in FY10 impacted by lower realisations in the cement business.

### Depreciation

Depreciation cost increased by 51% to Rs. 1,320 million in FY10 on account of commissioning of new Greenfield cement plants.

### Interest & Financial Charges

Interest & Financial Charges increased to Rs. 1,756 million, up by 19% in FY10 primarily due to increase in Gross Debt from Rs. 23,383 million in FY09 to Rs. 28,503 million in FY10.

### Other Income

Other income for the year was Rs. 113 million taking the profit before interest & depreciation and taxes to Rs. 5,116 million vs Rs. 4,942 in FY09.

### Provision for Tax

Provision for Tax (including current and deferred tax) has decreased by 34% to Rs. 671 million in FY10 due to MAT credit entitlement of Rs. 319 million during the year under review.

## Net Profit

Net Profit was to the tune of Rs. 1,370 million in FY10. At the consolidated level, net profit for your company after accounting for share in associate company's profit stood at Rs. 1,772 million.

## STANDALONE BALANCE SHEET ANALYSIS

### Capital Structure

Your company's paid up equity capital remained constant at Rs. 162 million as on March 31, 2010 comprising 8,09,39,303 equity shares (8,09,39,303 shares) of Rs. 2 each (fully paid up).

### Reserves & Surplus

Your company's reserves and surplus increased to Rs. 13,615 million in FY10. Of this, during the year under review, surplus in profit & loss account increased to Rs. 8,067 million and General Reserve increased to Rs. 2,394 million. Revaluation Reserve has reduced by Rs. 87 million.

### Loan Profile

The borrowed funds of your company increased to Rs. 28,504 million in FY10. Secured loans at Rs. 27,402 million comprise 96% of the total loan funds. Borrowings increased due to additional loans raised for Kadapa and Ariyalur Greenfield projects and higher working capital loans. Out of the total borrowed funds, Rs. 970 million is to be repaid during the year.

### Total Assets

Total Assets of your Company increased by 18% to Rs. 45,172 million in FY10 from Rs. 38,352 million in FY09. Your Company's net fixed assets* as proportion of total assets were at 62% at the end of the year.

### Fixed Assets

The 29% YoY increase in Gross Block of your Company can be mainly attributed to the capitalisation of Greenfield project at Ariyalur. Plant & machinery of Rs. 6,894 million accounted for majority additions in the Gross Block. Your Company continued to upgrade its infrastructure and technology across its manufacturing facilities. Capital work in progress for the year was Rs. 2,476 million taking the net fixed assets* to Rs. 28,317 million.

### Investments

Cumulative investments of your company at Rs. 8,010 million include strategic investments of Rs. 3,773 million in OCL (45.4% stake) and Rs. 950 million in Bharathi Cement Corporation Ltd. Since year end, your company has exited from the latter at an annualised return of 47%. Investments in subsidiary companies stand at Rs. 2,257 million, in quoted equity at Rs. 805 million and other investments at Rs. 225 million constitute the balance.

### Inventories

Inventories have increased from Rs. 5,309 million to Rs. 7,067 million in FY10 on account of 15% increase in sugar inventory in volume terms and 66% in value terms.

### Sundry Debtors

The debtors of your Company increased to Rs. 2,138 million in FY10, of which 5% amounting to Rs. 173 million are more than six months old.

### Loans and Advances

Loans and Advances comprised 17% of your Company's current assets which decreased to Rs. 2,392 million in FY10. The reduction was primarily on account of reduced deposits and balances with government departments and other authorities.

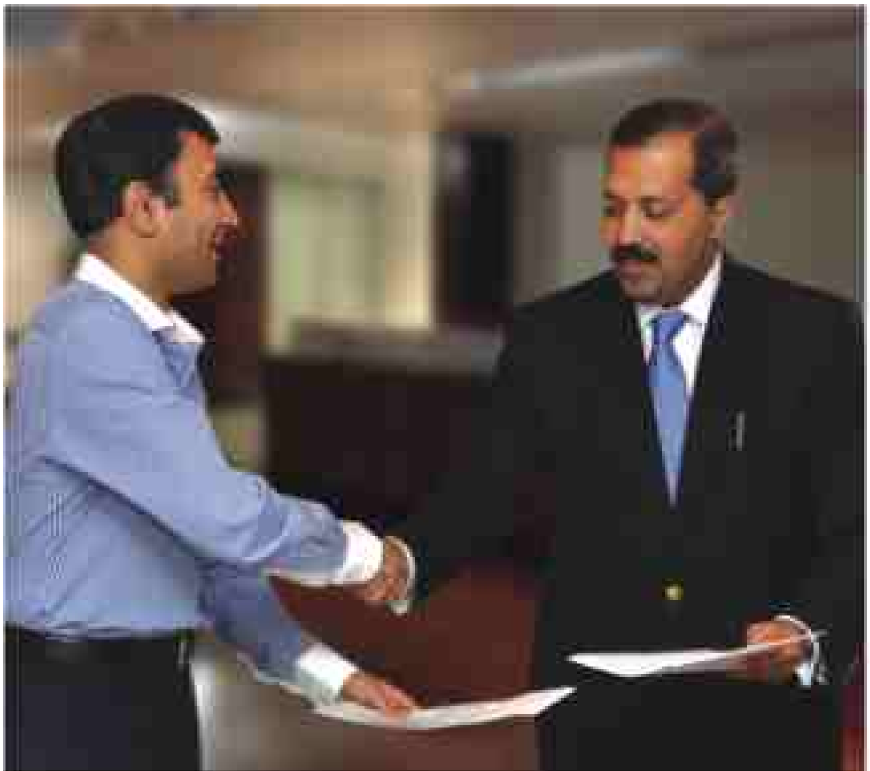
### Cash & Bank Balance

Your company had higher cash & bank balance of Rs. 2,108 million as on March 31, 2010, compared to Rs. 547 million last year.

### Current Liabilities

Current Liabilities reduced to Rs. 4,715 million as on March 31, 2010 on account of reduction in sundry creditors by Rs. 1,690 million.

* Including capital work-in-progress



Post the closing of the financial year, the company has signed a definitive agreement with Kohlberg Kravis Roberts & Co. L.P. (KKR), leading global private equity investor for an investment upto Rs. 750 crores in the wholly owned unlisted subsidiary, Avnija to build a long term relationship to capitalise on the growth opportunities in the Indian economy together.


# Restructuring for Future Growth

From over 7 decades of sustained and solid growth, DCBL has evolved into a diversified conglomerate with a mix of businesses including cement, sugar and power. Today, each of these businesses have reached critical scale and size and are subject to diverse market dynamics and commensurate risks, unique regulatory environment, atypical technologies and varied investor appetite. As a result, the existing structure was not easily scalable in its current form to meet the long-term growth aspirations of your Company.

With a view to unlock shareholder value and provide financial flexibility for each business, there was an imperative need to reorganize the business by creating pure play independent entities. Restructuring plan was developed to migrate your Company away from a conglomerate structure towards a configuration which would establish distinct launch-pad platforms from which each business could propel itself independently for growth. From several months of reflection, finalisation and approvals, your Company is now in the process of implementing a restructuring plan during FY11.

## ADVANTAGES OF RESTRUCTURING

### Pure play entities focused on unleashing individual growth

Each of DCBL's undertakings has attained a significant dimension, with favourable industry dynamics placing them at an inflexion point for the next phase of growth.

The restructuring plan provides adequate long-term flexibility to implement the Group's vision of being a major player in each of its business segments, specifically in the cement space and to fund the growth through better access to equity markets. The group also gets an opportunity to carve out an independent power business and to grow its sugar business unhindered.

### Delinking characteristically different businesses

Cement, Sugar and Power are distinctly different businesses with respect to their business cycles, nature of technology, risk-return perceptions, regulations and competitive landscapes. From an operational, fund raising, tax and regulatory point of view, each business will benefit from a more focused and specialised administration process that is tailored to the vagaries of each one.

### Management focus and attention

Currently DCBL is a conglomerate

with a mix of businesses which are subject to diverse risks and perceptions. The new structure would be more conducive towards a risk mitigation strategy in having dedicated management bandwidth in different entities, each focusing on growth opportunities independently.

## A WIN FOR INVESTORS

### Freedom to investors to match their investment appetites

Each business also has their dedicated set of investors with respective appetite for specific industry sectors. The restructuring will offer shareholders greater freedom to directly participate in their preferred sectors giving them additional choice of ownership across different industries.

### An Equitable Transition for Unlocking Value

Currently, all the shares of Cement and Power Companies are currently held by DCBL. Pursuant to the scheme, equity shares are proposed to be issued to the current equity shareholders of DCBL in the same proportion as held by them on the record date. Hence, the ultimate ownership of DCBL and Cement and Power Company lies with the same set of shareholders in the same ownership interest.

### Most efficient structure for fund raising and investment

Post this rearrangement, the Group will be better able to attract the right profile of investors in each of the entities enhancing its fund raising flexibility in several respects. Firstly, it facilitates interest from a wider variety of strategic and financial investors to partner in the Group's vision. Secondly, it creates sufficient headroom for equity dilution, if required, for aggressive growth. Thirdly, it provides additional choices to various kinds of investors to enter at each level: investors will have the flexibility to enter a listed vehicle, unlisted vehicle, a vehicle with only Greenfield assets, a vehicle with fully operational assets with Brownfield expansion plans, a pure play cement company, a pure play power company, as well as a cement and power group.

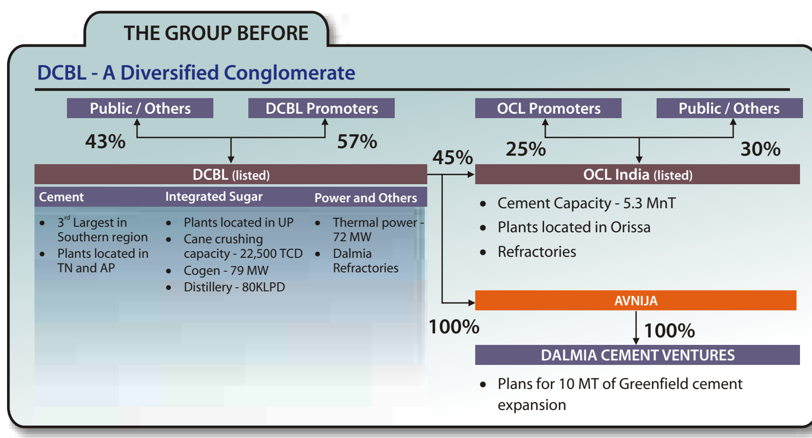
### Unlocking & Enhancing Shareholder Value through Wider Participation

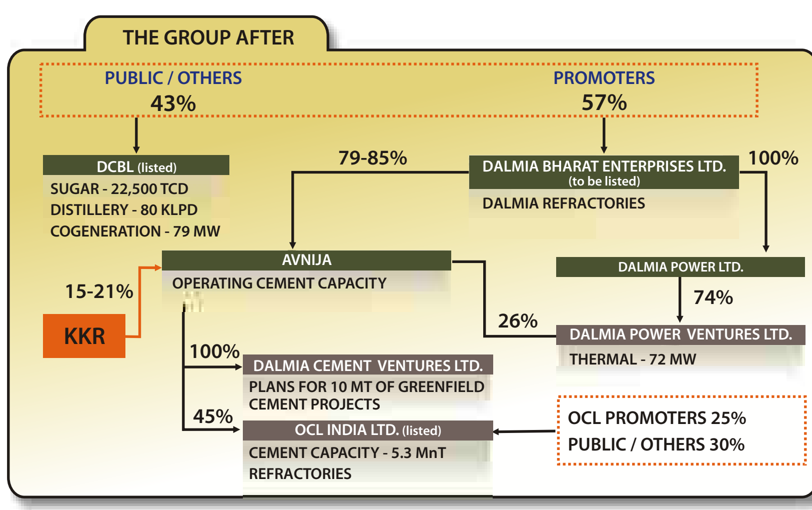
Increased business and investor focus arising from the creation of pure-play listed entities should eliminate the valuation overhang of the conglomerate structure and lead to 'true' value discovery through improved rerating of each of the businesses and therefore better shareholder value.

## RESTRUCTURING PLAN

As part of the restructuring scheme, Dalmia Bharat Enterprises Limited (DBEL) will issue new shares to all existing shareholders of DCBL in the ratio of 1:1, i.e. a shareholder having one share of Rs. 2 each in DCBL shall receive one additional share of Rs. 2 each of DBEL and hence its shareholding pattern will mirror that of DCBL. Like other shareholders, promoter's shareholding in DCBL and DBEL will continue in the same proportion and rest will be held by the public. The Cement and Power businesses including the Thermal power plants will be demerged into Avnija Properties Ltd. and DCB Power Ventures Ltd., respectively, both subsidiaries of DBEL.

The existing DCBL entity will continue to be listed and will retain the entire Sugar and other businesses (Cogen, Distillery, etc.) making itself an integrated Sugar company.



# Information Management Systems

DCBL believes in the adoption and state-of-the-art information technology (IT) systems and Business Process Standardisation procedures to help run all aspects of its business in an optimised and efficient manner. During the year, your Company made investments to enhance its IT, Business Applications and Security infrastructure. In keeping to its commitment to the full scale adoption of information technology systems, the PC penetration within DCBL increased to almost every desk.

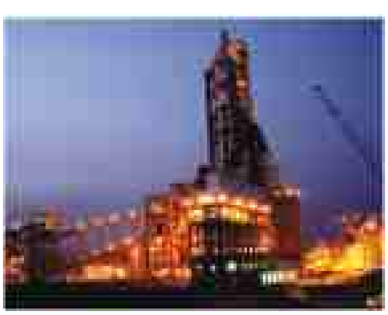
During the year, an Enterprise Agreement was signed with Microsoft and Oracle Future, offering protection from technology obsolescence. Month-end reporting time was improved and brought down from days to below 60 minutes. Its adoption of SAP and PULSE ERP went live for both the cement and the sugar businesses, respectively. In house functional expertise was further strengthened by the establishment of the Centre of Excellence for SAP. A unified SAP environment now supports the running of the entire cement business. The average uptime on services was maintained at 99.1% plus.

DCBL also enhanced its internal and external communication systems by setting up leased telephone lines, video conferencing capability and scalable servers between its various plants and management head quarters. More mature collaboration services such as the OCS, Live Meeting and Work Anywhere Work Anytime environment were also adopted.

Future planned initiatives include the introduction of a customer relationship management system, the standardisation of management reporting, automated project management and manufacturing automation systems. Your Company also strives to enhance employee engagement, collaboration and online learning.

# Human Resources

People constitute one of the most fundamental elements to help attain your Company's vision. DCBL's endeavour has been to align its people practices with its business goals and to engage and communicate with its people constantly to enhance performance and create an environment conducive to growth and learning. Increasingly, as your Company grows, it has realised that the contribution of its people is going to be a key factor in the success and achievement of its goals.



In accordance with the expansion and growth story of your Company, the role of HR has also evolved and become more suited to meet the present day challenges of its function.

## RECRUITMENT, SELECTION AND INDUCTION

Standardisation of recruitment procedures has led to not only well matched employees being hired but have also helped in aligning the vision and values of your Company with its employees. With close to 3,600 employees, your company continues to hire talent across its businesses. Standardised recruitment manual, value based interview cards, standard pre-joining kit along with details specific to a location of a project were employed to this effect. This has resulted in your Company attracting employees from reputed institutions and companies, who are willing to work even in remote areas.

Well defined pre-induction procedures have led to high conversion ratio, of more than 88% and high joining satisfaction score of 93%.

## TALENT MANAGEMENT

With a clearly defined vision of becoming a multibillion dollar major, your Company follows common values shared by all its employees. Concentrated efforts have been taken to ensure a talent pool and leadership pipeline to fuel this growth plan.

## EMPLOYEE RETENTION AND ENGAGEMENT

In order to successfully manage the rising expectations and aspirations of the employees, DCBL revamped its management structure accordingly. This has resulted in benchmarking compensation with the market, creating internal growth opportunities, variable pay plans, training and capability building measures, rewards and recognition for performance and workplace fun and bonding efforts.

## COMMUNICATION

With the view that sharing information regarding goals, vision and values is the cornerstone of its success, your Company adopted various practices to realise this end result. 'LeTS Excel', standing for Learning, Teamwork, Speed, and Excellence are values which are clearly communicated down the line and efforts are made to make it an everyday practice. Employee feedback collected systematically has also played an important role in the shaping of the HR policies and procedures. Holding of Annual conclaves for the leadership teams, Employee Communication Forums led by MD, across locations to personally reach out to each and every executive and hosting of Values Portal all form part of implementing this important goal in the HR journey. Through its efforts over the recent past, your Company was awarded the Hewitt Best Employers in India, ranking ninth in the manufacturing industry.

## CSR and Environment Friendly Initiatives

For over 70 years, DCBL has grown with the contributions from three generations of promoters and employees. The community has always been a key stakeholder in its business and environmental issues are a matter of utmost priority for your Company.

At the start of FY10, DCBL's community development initiatives were focused on providing support in the four core areas of basic education, healthcare, livelihood enhancement and civic infrastructure improvement. Your Company has focused on implementing these programmes in the adjoining neighbourhoods of its cement and sugar plants across all locations.

For FY10, your Company made sound progress in its corporate social responsibility (CSR) projects across its cement and sugar plants. Commencing in June 2009, these programmes have reached an advanced stage of implementation by the end of the year. They were conducted in partnership with leading NGOs and in cooperation with government departments.

The locations of our on-going CSR programmes are:

1. Tamil Nadu (5 villages in Trichy district and 4 villages in Ariyalur district)
2. Andhra Pradesh (4 villages in Kadapa District)
3. Uttar Pradesh (8 villages in Sitapur district)

### EDUCATION

**Ariyalur**

Around 3,700 underprivileged children studying in middle school benefited from a remedial education programme focused on English and Mathematics, using a novel software based methodology.

**Dalmiapuram, Trichy district**

Close to 200 children benefited from a remedial education programme in English and Mathematics. A career guidance module in Tamil was prepared for building awareness. This book reached 2,500 children in secondary and senior secondary schools in and around Trichy. A training programme on how to impart knowledge based on this programme was also provided.

**Jawaharpur, Sitapur District**

5 remedial education schools focused on enhancing literacy and education amongst primary school children and impacted about 175 children.

## HEALTH AND SANITATION

### Ariyalur and Dalmiapuram

Approximately 3,000 people in Ariyalur and 2,600 people in Dalmiapuram were extended health services from the outreach of your Company's health awareness programmes, counselling and treatment. At Dalmiapuram, the community was also provided with 43 individual sanitary toilets.

### Jawaharpur

Your Company laid the plans to facilitate over 50 Nutrition and Health Days, a government of India programme, by end of March 2010 to benefit more than 1,100 women and children of the 8 programme villages in Sitapur district.

### Kadapa

33 individual sanitary toilets were constructed and 2 mass health programmes were conducted.

## LIVELIHOOD AND INCOME GENERATION

### Ariyalur

Approximately 150 young men and women have been trained in tailoring, driving, computer software and mobile repair to enable them to enhance their livelihood opportunities. Micro-credit in the form of interest free loans are given to community members for buying livestock and poultry animals. Approximately 1,000 livestock and poultry animals underwent health checks and treatment through a veterinary health programme.

### Dalmiapuram

Approximately 320 people have benefited from livelihood support and vocational training programmes such as tailoring, computer software, driving, home appliances repairing and a beautician course.

### Jawaharpur

Around 70 people were trained on vocational training in embroidery, motorcycle repair and mobile phone repair. A tie up with a leading motorcycle manufacturer has been arranged for motorcycle repair training and for potential orientation with its dealers.

A formal arrangement is also being made with local Industrial Training Institute for the examination and certification for the participants of your Company's training programmes.

### Kadapa

Dalmia started to prepare the foundation for an extensive programme of income generation activities in 4 villages around your Company's Kadapa plant. Skill building initiative programme is slated to help 85 people get training in tailoring, dress designing, fabric painting, carpentry, electrical repairs, motor winding and commercial driving. At least 375 people are expected to benefit from a programme focused on animal husbandry.

Some 525 farmers are slated to be covered under technical knowledge transfer programmes. As part of the direct assistance in agriculture, your Company has initiated micro-credit program, impacting more than 200 farmers. Two fully usable vermicompost units have been constructed to enhance agricultural productivity.

## ENVIRONMENT AND BASIC INFRASTRUCTURE

### Ariyalur

A three kilometres road was constructed to facilitate the smooth transport of vehicles and in settling the dust that was otherwise affecting the population adversely.

### Dalmiapuram

Your Company reconstructed some lakes in Kallakkudi and Palanganatham that provide water for household use and irrigation in the two villages. A total of nearly 90,000 trees have also been planted around the limestone mines and colonies.

### Kadapa

DCBL is building an overhead storage reservoir (OHSR) with a capacity of 90,000 litres that will directly benefit close to 4,000 people. It will also provide for a construction of mini storage water tank with a capacity of 10,000 litres. The construction of farm ponds, focused on soil and water conservation, will directly benefit some 25 farmers enabling them make use of best practices. An extensive set of awareness programmes on health, water, sanitation and environment are expected to positively affect more than 1,000 families.

## ENERGY CONSERVATION

Energy conservation is an integral part of your Company's business operations. DCBL continually undertakes initiatives towards emission reduction measures, extensive plantation around its plants, recycling and treatment of sewage and effluents from both the plant and the colonies. Dalmia has received several awards over the years for taking up such energy efficiency measures.

Your Company also finalised a Clean Development Mechanism project on the optimization of the clinkerisation process. In parallel, it is also an active claimant of carbon credits at your Company's sugar plant in Ramgarh.

DCBL has consciously followed the path of energy self sufficiency and efficiency pursued with the ideology of business imperative and social responsibility. It has evolved an in house power generation approach and optimisation of all forms of energy through various measures in the cement and sugar businesses of your Company.

# Risks & Concerns

### ECONOMIC UNCERTAINTY RISK

The Indian economy showed resilience to the global economic crisis and managed to grow at 7.4% in FY10. Though economists expect Indian economy to continue to grow at a much faster pace, but another slowdown in the global economy cannot be ruled out, which in turn may lead to slowdown in the domestic economy as well.

### DUTY TARIFF RELATED RISK

The country allowed duty-free imports of raw sugar till December 2010, under Open General Licence Scheme without any export obligations. There may be a recovery in output as farmers may increase the area planted with sugar cane because of higher prices. This may again lead to reintroduction of duties by Government at some stage.

### REGULATORY RISK

Any change in the existing policies of Government of India and/or State Governments or new policies, providing or withdrawing support to the industries in which your Company operates or otherwise affecting these industries, would adversely affect the supply and demand balance and competition in the markets in which we operate there by impacting the margins of your Company. Taxes and other levies imposed by the Government of India or State Governments that affect the industries include excise duty, sales taxes, income tax and other taxes and duties or surcharges introduced on permanent or temporary basis from time to time. In the existing regulations, we are currently required to pay to the State Government or Government of India, royalty on extraction of limestone, land tax on land under mining lease, excise duty on cement, duties on power tariff, sales tax on stores and spares, packaging and other raw materials. Any change in such levies may result in higher operating costs and lower the sales realisation and profitability.

The business operations are subject to various environmental laws and regulations relating to control of pollution. These laws and regulations are increasingly becoming stringent and may in future create substantial environmental compliance issues or remedial liability and costs. Other concerns of the cement industry are availability and cost of power, coal, adequate logistic & infrastructure and quality of material procured.

The main external concerns in case of sugar operations are availability of sugarcane, sugarcane procurement prices owing to the different policies adopted by Central and State Government in announcing the Statutory Minimum Price and the State Advised Price and the Government policy on control of sale and distribution of sugar.

## MARKET AND COMPETITION RISKS

Your Company is launching its cement products in Andhra Pradesh and parts of Karnataka. This necessitates creation of large dealer network, building brand awareness and ensuring product acceptability in the new markets. Your Company is making all endeavours to make this a success and expand its reach and spread in the region.

## CREDIT AND LIQUIDITY RISKS

Fixing of credit limits, credit rating and credit period is crucial to any running business. Lack of effective procedures and recovery mechanisms may lead to liquidity crisis. DCBL constantly reviews the credit worthiness of its existing customers and also carries out credit checks which would become more stringent, leading to reduction in credit risks over a period of time.

The Corporate Finance Department ensures that the liquidity position is satisfactory at all times. Effective recovery of dues and proper investment of surplus cash, keeping in mind safety, liquidity and returns are handled with utmost financial prudence.

## CURRENCY RISK

Your Company's exposure to currency risk arises out of the import of materials like coal for its cement plants and machinery and equipment for its projects. Your Company continuously monitors exchange rate movements and hedges major transactions in foreign currency by taking forward contracts in the currency market, as considered appropriate.

## INSIDER TRADING RISK

Insider trading has always been matter of grave concern for any organisation. With a view to help mitigate this risk, your Company has formulated guidelines which have been implemented.

## INTERNAL CONTROL SYSTEM AND ITS ADEQUACY

DCBL has proper and adequate systems of internal controls to ensure that all its assets are safeguarded. The Company has established an internal audit department which ensures adequate review of the whole company's internal control systems through its audit partners M/s. KPMG for Cement, M/s. AXIS Risk consulting for Sugar and M/s. T. R. Chadda & Co for Projects. The effectiveness of the internal control is continuously monitored by the Corporate Audit Department of your Company. The Corporate Audit's main focus is to provide to the audit committee and the board of directors, an independent, objective and reasonable assurance of the adequacy and effectiveness of the organisations risk management control & governance process. The Corporate Audit group also follows up the implementation of the corrective actions and improvement in business processes as per review by the audit committee and senior management.

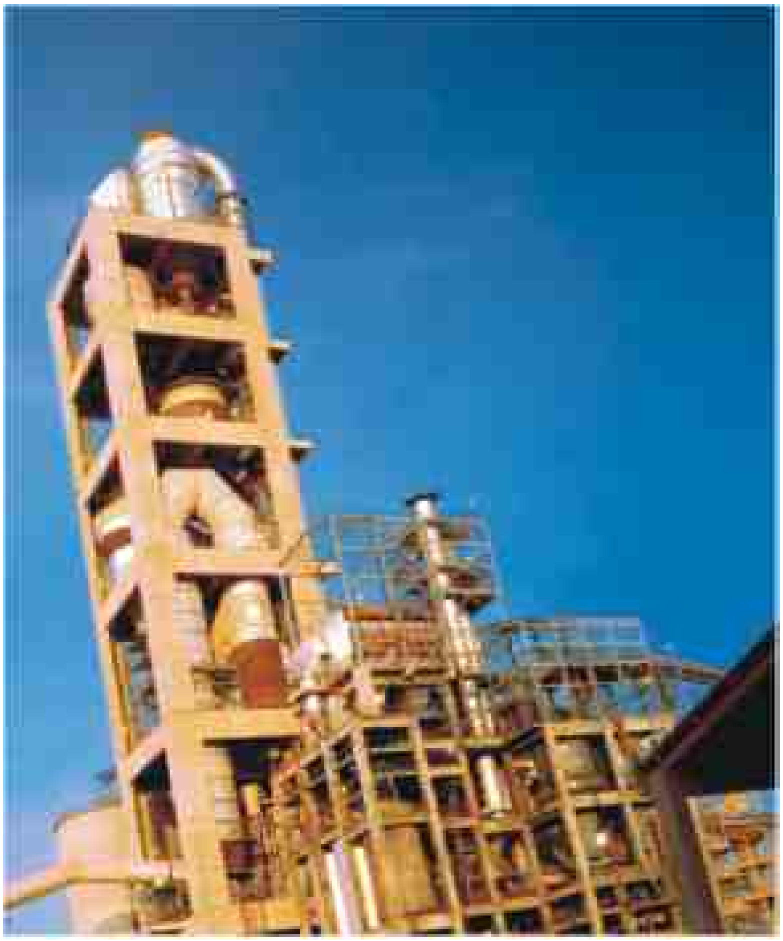
The audit activities are undertaken as per the Annual audit plan developed based on the risk profile of the business process and in consultation with outsourced firms and the statutory auditors. The audit plan is approved by the audit committee which regularly reviews compliance to the approved plan. The audit department also does suitable enhancements to the audit plan based on the current business operating scenario.

During the year the audit committee met quarterly to review the reports submitted by the corporate audit division and provide guidance. All significant audit observations and follow up actions thereon are reported to the audit committee.

## CAUTIONARY STATEMENT

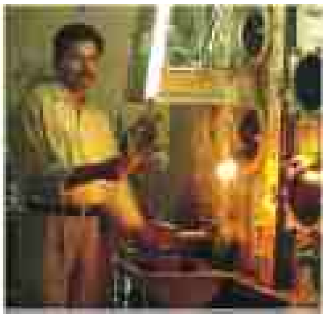
Certain statements in this management discussion and analysis describing your Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Forward looking statements are identified in this report, by using the words 'anticipates', 'believes', 'expects', 'intends' and similar expressions in such statements.

Although we believe our expectations are based on reasonable assumptions, these forward-looking statements may be influenced by numerous risks and uncertainties that could cause actual outcomes and results to be materially different from those expressed or implied. Some of these risks and uncertainties have been discussed in the section on 'risks and concerns'. DCBL takes no responsibility for any consequence of decisions made based on such statements and holds no obligation to update these in the future.



## MANAGING OUR BUSINESS





## FINANCIALS 2009-2010

### Standalone Financials



### Consolidated Financials



# Corporate Information

## BOARD OF DIRECTORS

**Pradip Kumar Khaitan**
Chairman and Non Executive Director

**Jai Hari Dalmia**
Vice Chairman

**Yadu Hari Dalmia**
Vice Chairman

**Gautam Dalmia**
Managing Director

**Puneet Dalmia**
Managing Director

**Mridu Hari Dalmia**
Non Executive Director

**J. S. Baijal**
Independent Non Executive Director

**M. Raghupathy**
Independent Non Executive Director

**Donald M. Peck**
Independent Non Executive Director

**G. N. Bajpai**
Independent Non Executive Director

**N. Gopalaswamy**
Non Executive Director

**T. Venkatesan**
Whole Time Director

**Asanka Rodrigo**
(Alternate to Mr. Donald M. Peck)

## AUDITORS

**Statutory Auditors**
S.R.Batliboi & Co.
S.S.Kothari Mehta & Co.

**Internal Auditors**
KPMG
Axis Risk Consulting Services Pvt. Ltd.
T. R. Chadha & Co.

## HEAD OFFICE

11th & 12th Floors, Hansalaya Building
15, Barakhamba Road, New Delhi - 110 001

## REGISTERED OFFICE

Dalmiapuram 621 651
District Tiruchirapalli, Tamil Nadu

## BANKERS

Axis Bank Limited
Bank of Baroda
Bank of India
BNP Paribas
Canara Bank
Central Bank of India
Corporation Bank
DBS Bank Limited
HDFC Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
ICICI Bank Limited
IDBI Bank Limited
Indian Bank
Landesbank Baden-Wurttemberg
The Lakshmi Vilas Bank Limited
Oriental Bank of Commerce
Punjab National Bank
State Bank of India
State Bank of Mysore
State Bank of Patiala
State Bank of Travancore
Union Bank of India
United Bank of India
Vijaya Bank
YES Bank limited

# Directors' Report for the year ended 31st March, 2010

The Directors have pleasure in submitting the Annual Report and Audited Statements of Account of the Company for the year ended 31st March, 2010.

## FINANCIAL RESULTS

(Rs. in Million)

| | FY - 10 | FY - 09 |
|---|---|---|
| **Net Sales Turnover** | **21543** | 17536 |
| **Profit before interest, depreciation and tax (EBITDA)** | **5117** | 4941 |
| Less: Interest and Financial Charges | **1756** | 1469 |
| **Profit before depreciation and tax (PBDT)** | **3361** | 3472 |
| Less: Depreciation | **1320** | 872 |
| **Profit before tax (PBT)** | **2041** | 2600 |
| Provision for current tax | **67** | 337 |
| Provision for deferred tax | **604** | 657 |
| Fringe Benefit tax | **-** | 20 |
| **Profit after tax (PAT)** | **1370** | 1586 |
| Add: (i) Surplus brought forward | **7091** | 6118 |
| (ii) Transfer from Debenture Redemption Reserve | **125** | - |
| **Profit available for appropriation** | **8586** | 7704 |
| **APPROPRIATIONS:** | | |
| General Reserve | **200** | 200 |
| Debenture Redemption Reserve (net) | **129** | 129 |
| Interim/Proposed Dividend | **162** | 243 |
| Dividend Distribution tax thereon | **27** | 41 |
| Balance carried forward | **8068** | 7091 |
| | **8586** | 7704 |

## DIVIDEND

Your Directors had disbursed an interim dividend amounting to Re. 1/- per equity share of face value of Rs. 2/- each in February, 2010. In addition to the interim dividend, your Directors have decided to recommend a final dividend amounting to Re. 1/- per equity share of the face value of Rs. 2/- each, thus making the total dividend payout for the year Rs. 2/- per equity share as against Rs. 3/- per equity share last year.

## OPERATIONS AND BUSINESS PERFORMANCE

Please refer to the chapter on Management Discussion and Analysis for a detailed analysis of the performance of the Company during 2009-10. In addition, working results for key businesses have been provided as an annexure to this report (Annexure - A).

## SCHEME OF ARRANGEMENT

With a view to effectively and efficiently cater to the growth plans of the business segments, the Board of Directors of the Company have approved a Scheme of Arrangement whereby the refractory, cement and the captive thermal power businesses are being demerged into Dalmia Bharat Enterprises Limited, a wholly owned subsidiary of the Company and thereafter, the cement and captive thermal power businesses are being transferred, respectively, to Avnija Properties Limited and DCB Power Ventures Limited, two other subsidiaries of the Company. In consideration of the demerger of the businesses, Dalmia Bharat Enterprises Limited will be issuing one Equity Share of Rs. 2/- each for every one Equity Share of Rs. 2/- each held by the Members of the Company as on the record date to be announced for such purposes.

## CORPORATE GOVERNANCE

The Company's corporate governance practices have been detailed in a separate chapter and is annexed to and forms part of this Report. The Auditors certificate on the compliance of Corporate Governance Code embodied in Clause 49 of the Listing Agreement is also attached as annexure and forms part of this Report.

## LISTING OF SHARES

The Company's shares continue to be listed on the Madras Stock Exchange, National Stock Exchange and Bombay Stock Exchange.

## INDUSTRIAL RELATIONS

The industrial relations during the year under review remained harmonious and cordial. The Directors wish to place on record their appreciation for the excellent cooperation received from all employees at various units of the Company.

## EMPLOYEES' PARTICULARS

The statement giving particulars of employees who were in receipt of remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956 read with the Rules and Notifications made thereunder, is annexed. However, in terms of the proviso (b)(iv) to Section 219(1) of the Companies Act, 1956 the Report and Accounts are being sent to the Members excluding the aforesaid Annexure. Any Member interested in obtaining copy of the same may write to the Company Secretary at the Registered Office.

## ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE TRANSACTIONS

A statement giving details of Conservation of Energy, Technology Absorption and Foreign Exchange transactions, in accordance with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988, forms a part of this report as Annexure - B.

## SUBSIDIARIES

The Central Government vide their letter No. 47/255/2010-CL III, dated 15-4-2010 has exempted the Company in terms of Section 212(8) of the Companies Act, 1956, from attaching the Annual Reports of its Subsidiaries. Accordingly, the Directors' Report and audited accounts of the Company's Subsidiaries, Kanika Investment Limited, Ishita Properties Limited, Shri Rangam Properties Limited, Geetee Estates Limited, D.I. Properties Limited, Avnija Properties Limited, Hemshila Properties Limited, Himshikhar Investment Limited, Arjuna Brokers & Minerals Limited, Shri Radha Krishna Brokers & Holdings Limited, Dalmia Solar Power Limited (formerly: Shri Rangam Brokers & Holdings Limited), Dalmia Minerals & Properties

Limited, Dalmia Power Limited (formerly: Seeta Estates & Brokers Limited), Dalmia Bharat Enterprises Limited (formerly: Sri Kesava Mines & Minerals Limited), Sri Shanmugha Mines & Minerals Limited, Sri Subramanya Mines & Minerals Limited, Sri Swaminatha Mines & Minerals Limited, DCB Power Ventures Limited (formerly: Sri Madhava Minerals & Properties Limited), Sri Dhandauthapani Mines & Minerals Limited, Sri Madhusudana Mines and Properties Limited, Sri Trivikrama Mines and Properties Limited, Dalmia Sugar Ventures Limited, and ultimate subsidiaries, Dalmia Cement Ventures Limited, Cosmos Cements Limited, Sutnga Mines Private Limited, Rajputana Properties Private Limited and Golden Hills Resort Private Limited for the year ended 31st March 2010 are not being enclosed with this Annual Report. Any Member desiring to inspect the detailed Annual Reports of any of the aforementioned subsidiaries may inspect the same at the Head Office of the Company and that of the subsidiaries concerned. In event a Member desires to obtain a copy of the Annual Report of any of the aforementioned subsidiaries, he may write to the Registered Office of the Company specifying the name of the subsidiary whose Annual Report is required. The Company shall supply a copy of such Annual Report to such Member. The Annual Report of the aforementioned Subsidiaries are available at the Company's website www.dalmiacement.com.

Avnija Properties Limited (APL) , a wholly owned subsidiary of this Company, into which it is proposed to demerge the cement business, has entered into definitive agreements with M/s. KKR Mauritius Limited (KKR) under which fresh equity subscription will be infused into APL to the extent of Rs. 7,500 million, in tranches, for an equity stake of upto 21%. The investment by KKR will be subject to necessary approvals and fulfilment of the agreed conditions precedent. Besides aforementioned, the definitive agreements also contain covenants on affirmative rights to KKR, appointment of nominee directors in APL and exit option including through Initial Public Offering by APL.

## FIXED DEPOSITS

The total amount of deposits remaining due for payment and not claimed by the depositors as on 31st March 2010 was Rs. 1.08 million in respect of 14 depositors. None of the depositors have approached the Company for renewal/repayment of deposits till date.

## DIRECTORS

The following Directors retire by rotation at the ensuing Annual General Meeting:.

1. Shri T. Venkatesan;
2. Shri M.H. Dalmia; and
3. Shri N. Gopalaswamy

Shri Asanka Rodrigo was appointed as an Alternate Director to act in place of Shri Donald M. Peck in the Board Meeting held on 18-3-2010.

Shareholdings in the Company by its Directors as at 31-3-2010, are as under:

| Name of the Director | No. of Shares of Rs. 2/- each held |
|---|---|
| Shri J.H. Dalmia | 16,35,010 |
| Shri Y.H. Dalmia | 6,02,380 |
| Shri Gautam Dalmia | 6,77,290 |
| Shri Puneet Dalmia | 7,42,055 |
| Shri T. Venkatesan | 2,000 |

## CONSOLIDATED FINANCIAL STATEMENTS

In compliance with the Accounting Standard 21 on Consolidated Financial Statements, this Annual Report also includes Consolidated Financial Statements for the financial year 2009-10.

## CEO/CFO REPORT ON ACCOUNTS

As required under clause 49 of the Listing Agreement, the CEO/CFO's Report on the Accounts is attached.

## DIRECTORS RESPONSIBILITY STATEMENT

In terms of the provisions of Section 217(2AA) of the Companies Act, 1956 your Directors declare that:

a) in the preparation of the annual accounts, the applicable Accounting Standards have been followed and no departures have been made there from;

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 at the end of the financial year and of the profit of the Company for that period;

c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; and

d) the Directors had prepared the annual accounts on a going concern basis.

## AUDITORS

M/s. S.S. Kothari Mehta & Co., Chartered Accountants and M/s. S.R. Batliboi & Co., Chartered Accountants, the Joint Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. As required under Section 224 of the Companies Act, 1956, the Company has obtained from both of them a certificate to the effect that their re-appointment, if made, would be in conformity with the limits prescribed in the said Section.

For and on behalf of the Board

Place : NEW DELHI

Dated : May 26, 2010

CHAIRMAN

# Directors' Report for the year ended 31st March, 2010

## ANNEXURE - A

## WORKING RESULTS

| | FY - 10 | FY - 09 | FY - 08 |
|---|---|---|---|
| **CEMENT DIVISION ('000 MT)** | | | |
| Clinker Production | **3335** | 2577 | 2444 |
| Cement Production | **4074** | 3384 | 3294 |
| Cement Sales and Self Consumption | **4064** | 3381 | 3265 |
| **SUGAR DIVISION ('000 MT)** | | | |
| Cane Crushed | **1515** | 1197 | 2445 |
| Sugar Production | **203** | 108 | 246 |
| Sugar Sales | **184** | 162 | 141 |
| Molasses Production | **79** | 78 | 127 |
| **MAGNESITE DIVISION ('000 MT)** | | | |
| Refractory Products production | **24** | 28 | 27 |
| Refractory Products Sales and Self Consumption | **23** | 25 | 31 |
| **REFRACTORIES DIVISION ('000 MT)** | | | |
| Production | **49** | 42 | 38 |
| Sales and Self Consumption | **49** | 40 | 37 |
| **ELECTRONICS DIVISION ('000 nos.)** | | | |
| Chip Capacitors Production | **4452** | 2949 | 1620 |
| Chip Capacitors Sales | **4503** | 3001 | 1618 |
| Chip Resistors Production | **52** | 10 | 50 |
| Chip Resistors Sales | **53** | 10 | 45 |
| **WIND FARM** | | | |
| Installed Capacity (MW) | **16.5** | 16.5 | 16.5 |
| Production (Million Units) | **30** | 26 | 27 |
| Plant Load Factor | **21.6%** | 19.0% | 19.7% |
| **GOVAN TRAVELS** | | | |
| Business Handled (Rs. in Million) | **231** | 269 | 215 |
| **CO-GENERATION** | | | |
| Installed Capacity (MW) | **79** | 79 | 79 |
| Production (Million Units) | **200** | 195 | 299 |

## ANNEXURE B

## PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO AND EARNINGS

### A. CONSERVATION OF ENERGY

(a) Energy Conservation measures taken:

(i) Addition of dry fly ash in PPC increased by 4%, thus reducing heat consumption.

(ii) Replacement of existing ESP Fan in Polysius Kiln by High Efficiency Fans.

(iii) Coal Nozzle Head modified in CVRM I HAG in order to eliminate oil firing along with coal firing.

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

(i) Retro fitting of Cooler Vent fans in KHD and FLS Kilns with High Efficiency Fans.

(ii) Installing Rotopactor for pre-grinding Clinker for feeding to Ball Mills.

(iii) Installation of Fly-ash Drier to increase percentage of Fly-ash in PPC resulting in power saving and Mill throughput.

(c) Impact of measures taken already and proposed vide (a) and (b) above are aimed at:

(i) Enabling the Company to save electrical energy and thermal energy as compared to previous levels.

(d) Total energy consumption and consumption per unit of production as per Form "A" attached.

### B. TECHNOLOGY ABSORPTION

Efforts made in technology absorption as per Form "B" attached.

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

(i) Cement and Refractory products were exported during the year.

(b) Total foreign exchange used and earned during the year:

(i) Used: Rs. 3610.32 million

(ii) Earned: Rs. 124.65 million

### FORM 'A'

(Form of Disclosure of Particulars with respect to Conservation of Energy)

| | | | 2009-10 | 2008-09 |
|---|---|---|---|---|
| **A.** | **POWER AND FUEL CONSUMPTION** | | | |
| **1.** | **ELECTRICITY:** | | | |
| **a)** | | Purchased: | | |
| | | Units (KWH in million) | **325.10** | 246.80 |
| | | Total Amount (Rs. million) | **1473.10** | 1240.50 |
| | | Rate/Unit (Rs.) | **4.53** | 5.03 |
| **b)** | | Own Generation: | | |
| | i) | Through Diesel Generator: Units (KWH in million) | **2.70** | 5.80 |
| | | KWH per Litre of HSD/FO | **3.41** | 3.45 |
| | | Rate/Unit (Rs.) | **13.43** | 10.07 |
| | ii) | Through Co-Gen Plant: Units (KWH in million) | **46.70** | 39.30 |
| | | Total amount (Rs. Million) | **201.40** | 168.50 |
| | | Rate/Unit (Rs.) | **4.31** | 4.28 |

## FORM 'A' Contd.

| | 2009-10 | 2008-09 |
|---|---|---|
| **2. COAL-SLACK/STEAM - GRADES B TO E, LIGNITE AND COKE BREEZE** | | |
| Quantity ('000 MT) | **620** | 462 |
| Total Cost (Rs. million) | **2526.00** | 2499.30 |
| Average Rate (Rs. / MT) | **4076.00** | 5414.00 |
| **3. FURNACE OIL INCLUDING (LSHS & HSD)** | | |
| Quantity (KL) | **9377** | 10643 |
| Total Amount ( Rs. million) | **251.40** | 315.10 |
| Average Rate (Rs. / KL) | **26812** | 29609 |
| **4. OTHERS/INTERNAL GENERATION** | | |
| Quantity (Lakh MT) | - | 0.01 |
| Total Amount (Rs. million) | - | 0.1 |
| Average Rate (Rs. / MT) | - | 450 |

Note: Previous year's figures have been regrouped wherever considered necessary.

**B. CONSUMPTION PER UNIT OF PRODUCTION:**

| PRODUCT | CEMENT | | | REFRACTORIES & REFRACTORY PRODUCTS | | |
|---|---|---|---|---|---|---|
| | Standard If any | Current Year | Previous Year | Standard If any | Current Year | Previous Year |
| Electricity (Units/MT) | | **77** | 73 | | 91 | 82 |
| Furnace Oil (including LSHS) (Litres/MT) | | **1.00** | 0.89 | | 220 | 207 |
| Coal (Kgs. / MT) | | **102** | 99 | | 139 | 124 |

| PRODUCT | SUGAR | | | DISTILLERY | | |
|---|---|---|---|---|---|---|
| | Standard If any | Current Year | Previous Year | Standard If any | Current Year | Previous Year |
| Electricity (Units/MT) | | **226** | 361 | | 257 | 278 |
| Diesel Oil (including LSHS) (KL /MT) | | **N.A.** | N.A. | | | NIL |
| Coal (Kgs./MT) | | - | - | | - | - |

## FORM "B"

(Form of Disclosure of Particulars with respect to Absorption)

### RESEARCH AND DEVELOPMENT (R&D)

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

   (a) Increasing the availability of CVRM II Mill by carrying out design modifications in Mill feeder.

   (b) Increasing the flow of Pre-heater, CVRM II Mill Fan by tipping of the impeller.

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

   Availability and production from CVRM II has increased.

   Extra production in Kiln and saving in Mill fan power achieved.

3. **Future plans of action:**

   (a) Blending of high moisture Coal to reduce fuel costs.

   (b) Use of alternate fuels.

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

(Rs. in Million)

| | |
|---|---|
| (a) Capital | Nil |
| (b) Recurring | 1.05 |
| (c) Contribution/Expenditure on Research and Development | - |
| (d) Total | 1.05 |
| (e) Total R&D Expenditure as a percentage of turnover | Negligible |

Above excludes material and other costs.

### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. **Efforts in brief, made towards technology absorption, adaptation and innovation:**

   (a) Use of de-bricking and brick lining machines for Kiln refractory work was implemented.

   (b) Use of cross belt analyser for quality control of raw materials.

2. **Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc.:**

   The Company as a result of the above efforts, has achieved lower kiln stoppage days for refractory repairs and consistency in the quality of raw material and usage of different sources of limestone was made possible by use of analyser.

3. **No technology has been imported for the last five years.**

# Report on Corporate Governance

## COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

DCB (Dalmia Cement (Bharat) Limited) believes in and remains committed to good Corporate Governance. The spirit of corporate governance has remained imbibed in the Company's business philosophy since its inception. This philosophy is shaped by the values of transparency, professionalism and accountability. Today, your Company's corporate governance practices are driven by strong Board oversight, timely disclosures, transparent accounting policies and high levels of integrity in decision-making.

In India, corporate governance standards for listed companies are regulated by the Securities and Exchange Board of India (SEBI) through Clause 49 of the listing agreement of the Stock Exchanges. The stipulations mandated by Clause 49 became applicable to your Company in March 2001 and have been fully complied with since then. SEBI, through circulars dated 29th October 2004, 29th March 2005 and 8th April 2008, has revised Clause 49 and mandated listed companies to comply with the revised Clause 49.

This chapter, along with the chapters on Management Discussion and Analysis and Additional Shareholders Information, reports on DCB's compliance with the Clause 49.

## BOARD OF DIRECTORS

### Composition of the Board

As on 31st March 2010 the Company's Board comprised twelve members - five executive Directors and seven non-executive Directors, of which four are independent. The Chairman of the Board of Directors is a non-executive Director. The composition of the Board is in conformity with Clause 49 of the listing agreement, which stipulates that if the Chairman is non-executive, and is not related to the promoters or persons occupying management positions at the Board level or at one level below the Board, one-third of the Board should be independent, or else, 50 per cent of the Board should comprise independent Directors.

### Number of Board Meetings

The Board of Directors met six times during the year on 28-5-2009, 21-7-2009, 28-10-2009, 22-1-2010, 28-01-2010 and 18-3-2010. The maximum gap between any two meetings was less than 4 months.

### Directors' Attendance Record and Directorships Held

As mandated by the Clause 49, none of the Directors are members of more than ten Board level Committees nor are they Chairman of more than five Committees in which they are members. Table 1 gives the details of the composition of the Board, attendance and details of Committee Membership and Committee Chairmanships.

**Table 1: Composition of the Board of Directors**

| Name of the Directors | Category | Attendance Particulars: Number of Board Meetings Held | Attended | Last AGM | No. of other Directorships and Committee Memberships/Chairmanships: Other Directorships@ | Committee Memberships # | Committee Chairmanships # |
|---|---|---|---|---|---|---|---|
| Mr. P.K. Khaitan, Chairman | Non-Executive | 6 | 5 | No | 13 | 6 | None |
| Mr. J.S. Baijal | Independent | 6 | 6 | No | 2 | 2 | None |
| Mr. M. Raghupathy | Independent | 6 | 6 | Yes | 1 | None | None |
| Mr. N. Gopalaswamy | Non-Executive | 6 | 3 | No | 8 | 1 | None |
| Mr. M. H. Dalmia | Non-Executive | 6 | 3 | No | 3 | None | None |
| Mr. Donald M. Peck | Independent | 6 | 4 | No | 3 | None | None |
| Mr. J. H. Dalmia Vice-Chairman | Executive | 6 | 4 | No | 5 | None | None |
| Mr. Y. H. Dalmia Vice-Chairman | Executive | 6 | 6 | No | 1 | 1 | 1 |
| Mr. Gautam Dalmia Managing Director | Executive | 6 | 6 | No | 4 | None | None |
| Mr. Puneet Dalmia Managing Director | Executive | 6 | 5 | No | 4 | 1 | None |
| Mr. T. Venkatesan Whole-time Director | Executive | 6 | 4 | No | None | None | None |
| Mr. G.N. Bajpai | Independent | 6 | 5 | No | 14 | 9 | 4 |
| Mr. Asanka Rodrigo * (Alternate to Mr. Donald M. Peck) | Independent | 1 | 1 | No | None | None | None |

* Appointed as an Alternate Director to act in place of Mr. Donald M. Peck w.e.f. 18-3-2010.

@ The Directorships held by the Directors do not include Directorship of foreign companies and private limited companies.

\# As required under Clause 49 of the Listing Agreement, the disclosure includes membership/chairmanship of audit committee and investor grievance committee of Indian public companies (listed and unlisted)

Mr. M. H. Dalmia, Mr. J. H. Dalmia and Mr. Y. H. Dalmia are brothers; Mr. Gautam Dalmia is the son of Mr. J. H. Dalmia and Mr. Puneet Dalmia is the son of Mr. Y.H. Dalmia.

As mandated by the revised Clause 49, the independent Directors on DCB's Board are not less than 21 years in age and:

- Apart from receiving Director's remuneration, do not have any material pecuniary relationships or transactions with the Company, its promoters, its Directors, its senior management or its holding Company, its subsidiaries and associates which may affect independence of the Director.
- Are not related to promoters or persons occupying management positions at the Board level or at one level below the Board.
- Have not been an executive of the Company in the immediately preceding three financial years.
- Are not partners or executives or were not partners or executives during the preceding three financial years of the:
  - Statutory audit firm or the internal audit firm that is associated with the Company.
  - Legal firm(s) and consulting firm(s) that have a material association with the Company.
- Are not material suppliers, service providers or customers or lessors or lessees of the Company, which may affect independence of the Director.
- Are not substantial shareholders of the Company i.e. do not own two percent or more of the block of voting shares.

## Information Supplied to the Board

The Board has complete access to all information with the Company. The agenda and papers for consideration of the Board are circulated at least three days prior to the date of the Board meeting. Adequate information is circulated as part of the agenda papers and also placed at the meeting to enable the Board to take an informed decision. Inter-alia, the following information is regularly provided to the Board as a part of the agenda papers well in advance of the Board meetings or is tabled in the course of the Board meeting.

- Annual operating plans & budgets and any update thereof.
- Capital budgets and any updates thereof.
- Quarterly results of the Company and operating divisions and business segments.
- Minutes of the meetings of the Audit Committee and other Committees of the Board.
- Information on recruitment and remuneration of senior officers just below the level of Board, including the appointment or removal of Chief Financial Officer and Company Secretary.
- Materially important show cause, demand, prosecution notices and penalty notices.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- Significant labour problems and their proposed solutions. Any significant development in human resources / industrial relations front like signing of wage agreement, implementation of voluntary retirement scheme, etc.
- Sale of material nature of investments, subsidiaries, assets, which is not in the normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer, etc.

The Board periodically reviews compliance reports of all laws applicable to the Company, prepared by the Company as well as steps taken by the Company to rectify instances of non-compliances.

## Remuneration Paid To Directors

The compensation payable to the Executive Directors is decided by the Remuneration Committee constituted by the Board of Directors. The details of remuneration paid, during the year, to the Executive Directors and the Non-Executive Directors is presented in Table 2.

# Report on Corporate Governance

**Table 2: Details of remuneration paid to Directors for 2009-10 (Rs. Million)**

| Name of the Director | Category | Sitting Fees | Salary and Perquisites | Retirement Benefits | Commission @ | Total |
|---|---|---|---|---|---|---|
| Mr. P.K. Khaitan | Non-Executive | 0.100 | - | - | 0.429 | 0.529 |
| Mr. J.S. Baijal | Independent | 0.230 | - | - | 0.428 | 0.658 |
| Mr. M. Raghupathy | Independent | 0.200 | - | - | 0.428 | 0.628 |
| Mr. M. H. Dalmia | Non-Executive | 0.060 | - | - | 0.429 | 0.489 |
| Mr. N. Gopalaswamy | Non-Executive | 0.060 | - | - | 0.428 | 0.488 |
| Mr. Donald M. Peck | Independent | 0.090 | - | - | 0.429 | 0.519 |
| Mr. J. H. Dalmia Vice-Chairman | Executive | - | 5.330 | 0.359 | 25.000 | 30.689 |
| Mr. Y.H. Dalmia Vice-Chairman | Executive | - | 5.071 | 0.359 | 25.000 | 30.430 |
| Mr. Gautam Dalmia Managing Director | Executive | - | 5.260 | 0.359 | 15.000 | 20.619 |
| Mr. Puneet Dalmia Managing Director | Executive | - | 4.683 | 0.359 | 15.000 | 20.042 |
| Mr. T. Venkatesan Whole-time Director | Executive | - | 15.924 | 0.590 | - | 16.514 |
| Mr. G.N. Bajpai | Independent | 0.190 | - | - | 0.429 | 0.619 |
| Mr. Asanka Rodrigo (Alternate to Mr. Donald M. Peck) | Independent | 0.020 | - | - | - | 0.020 |

@ Commission paid on net profit only

Retirement benefits comprise the Company's contribution to provident fund and superannuation fund. The payment of retirement benefits is being made by the respective fund(s). In addition to the above the Company also contributes, on actuarial valuation basis, amounts to the Gratuity Fund towards gratuity of its employees including the Whole-time Director, Vice Chairmen and Managing Directors. The Company has not provided any stock options to the employees at the Board level.

The appointments of Mr. Y.H. Dalmia, Vice Chairman, Mr. Gautam Dalmia, Managing Director and Mr. Puneet Dalmia, Managing Director have been made for a period of five years effective 16th January 2007. The appointment of Mr. J. H. Dalmia, Vice Chairman, has been made for a period of five years with effect from 1st April 2007 and that of Mr. T. Venkatesan, Whole-time Director has been made for a period of three years with effect from 1st November 2007. No severance fees is payable to any of aforementioned persons in respect of their cessation.

The Company has also paid an amount of Rs. 8.51 million (including Rs. 3.74 million towards out-of-pocket expenses) to M/s. Khaitan & Co., Solicitors and Advocates (a firm in which Mr. P.K. Khaitan is a Partner), for the professional services rendered by them and for their appearances and opinions on various matters and also for appearances of other Advocates/Senior Advocates engaged by them in defending legal cases on behalf of the Company.

## CODE OF CONDUCT

DCB's Board has laid down a code of conduct for all Board members and designated senior management of the Company. The code of conduct is available on the website of the Company www.dalmiacement.com. All Board members and senior management personnel have affirmed compliance with the Code of Conduct. A declaration signed by the Chief Executive Officer (CEO) to this effect is enclosed at the end of this report.

## RISK MANAGEMENT

DCB has a risk management framework in place. Under this framework the management identifies and monitors business risks on a continuous basis, and initiates appropriate risk mitigation steps as and when deemed necessary. DCB has established procedures to periodically place before the Board the risk assessment and minimisation procedures being followed by the Company and steps taken by it to mitigate those risks through a properly defined framework. During the year, the Board of Directors of DCB have also formed a Risk Management Committee comprising of Mr. G.N. Bajpai, Mr. J.S. Baijal, Mr. T. Venkatesan and Mr. Y.H. Dalmia as its Members. The Committee did not meet during the year.

## COMMITTEES OF THE BOARD

The Company has seven Board-level Committees Audit Committee, Remuneration Committee, Finance Committee, Investment Committee, Risk Management Committee, Nomination and Governance Committee and Shareholders Grievance Committee.

All decisions pertaining to the constitution of Committees, appointment of members and fixing of terms of service for Committee members is taken by the Board of Directors. Details on the role and composition of these Committees, including the number of meetings held during the financial year and the related attendance, are provided below:

**a) Audit Committee**

As on 31st March 2010, the Audit Committee comprises three members Mr. M. Raghupathy, Chairman, Mr. J. S. Baijal and Mr. G.N. Bajpai all of whom are independent Directors. The Audit Committee met four times during the year on 28-5-2009, 21-7-2009, 28-10-2009 and 28-1-2010. The details of the Audit Committee are given in Table 3.

**Table 3: Attendance record of DCB's Audit Committee during 2009-10**

| Name of Members | Category | Status | No. of Meetings | |
|---|---|---|---|---|
| | | | Held | Attended |
| Mr. M. Raghupathy | Independent | Chairman | 4 | 4 |
| Mr. J. S. Baijal | Independent | Member | 4 | 4 |
| Mr. G.N. Bajpai | Independent | Member | 4 | 4 |

The Officer responsible for the finance function, the head of internal audit and the representative of the statutory auditors, internal auditors and cost auditors are regularly invited by the Audit Committee to its meetings. Mr. K.V. Mohan, Company Secretary, is the Secretary to the Committee.

All members of the Audit Committee have requisite accounting and financial management expertise. The Chairman of the Audit Committee attended the Annual General Meeting (AGM) held on 25th September, 2009 to answer shareholders queries.

The functions of the Audit Committee of the Company include the following:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
  - Changes, if any, in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgment by management.
  - Significant adjustments made, if any, in the financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statements.
  - Disclosure of any related party transactions.
  - Qualifications, if any, in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors on any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee is empowered, pursuant to its terms of reference, to:

- Investigate any activity within its terms of reference and to seek any information it requires from any employee.
- Obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, when considered necessary.

The Company has systems and procedures in place to ensure that the Audit Committee mandatorily reviews:

- Management discussion and analysis of financial condition and results of operations.
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by management.

# Report on Corporate Governance

- Management letters / letters of internal control weaknesses issued by the statutory auditors.
- Internal audit reports relating to internal control weaknesses.
- The appointment, removal and terms of remuneration of the Chief Internal Auditor.
- Whenever applicable, the uses/applications of funds raised through public issues, rights issues, preferential issues by major category (capital expenditure, sales and marketing, working capital, etc), as part of the quarterly declaration of financial results.
- If applicable, on an annual basis, statement certified by the statutory auditors, detailing the use of funds raised through public issues, rights issues, preferential issues for purposes other than those stated in the offer document/prospectus/notice.

The Audit Committee is also apprised on information with regard to related party transactions by being presented:

- A statement in summary form of transactions with related parties in the ordinary course of business.
- Details of material individual transactions with related parties which are not in the normal course of business.
- Details of material individual transactions with related parties or others, which are not on an arm's length basis along with management's justification for the same.

### b) Remuneration Committee

As on 31st March 2010, the Remuneration Committee comprised Mr. G.N. Bajpai, Mr. J.S. Baijal and Mr. Donald M. Peck, all independent Directors. The Committee met once during the year on 28-5-2009. All the members of this Committee attended the meeting.

### c) Shareholders Grievance Committee

The Shareholders Grievance Committee comprises Mr. M. Raghupathy, (Independent Director) as its Chairman, and Mr. N. Gopalaswamy (Non-Executive Director) as its member. The terms of reference to this Committee is to look into and redress the complaints received from investors, in coordination with the Company's Registrars and Share Transfer Agent. The Committee met once during the year on 18-2-2010. During the year, 162 complaints were received from investors and all of them were resolved in time to the satisfaction of the concerned investors. At the close of the year there were no cases pending in respect of share transfers. Table 4 gives the details:

The names and designations of the Compliance Officers are as follows: -

- Mr. K.V. Mohan, Company Secretary; and
- Mr. V. Sundararaj, Sr. Manager (Accounts)

The Board of Directors has delegated the powers of approving the transfer of shares/debentures to senior executives of the Company.

### d) Finance Committee

As on 31-3-2010, the Finance Committee comprises of Mr. Jai H. Dalmia, Mr. Y.H. Dalmia, Mr. Gautam Dalmia, Mr. Puneet Dalmia and Mr. J.S. Baijal (Independent Director) as its Members. The Committee met two times during the year on 27-1-2010 and 31-3-2010. The particulars of attendance of the members in the Meetings of this Committee is set out in Table 5 hereunder: -

**Table 4: Nature of complaints received and attended to during 2009-10**

| Nature of Complaint | Pending as on 1st April 2009 | Received during the year | Answered during the year | Pending as on 31st March 2010 |
|---|---|---|---|---|
| 1. Transfer / Transmission / Duplicate | Nil | 8 | 8 | Nil |
| 2. Non-receipt of Dividend/Interest/ Redemption Warrants | Nil | 104 | 104 | Nil |
| 3. Non-receipt of securities/electronic credits | Nil | 33 | 33 | Nil |
| 4. Complaints received from: | | | | |
| - Securities and Exchange Board of India | Nil | 4 | 4 | Nil |
| - Stock Exchanges | Nil | 1 | 1 | Nil |
| - Registrar of Companies/ Department of Company Affairs | Nil | Nil | Nil | Nil |
| 5. Others | Nil | 12 | 12 | Nil |
| Total | Nil | 162 | 162 | Nil |

**Table 5: Attendance record of Finance Committee during 2009-10**

| Name of Members | Category | Status | No. of Meetings | |
|---|---|---|---|---|
| | | | Held | Attended |
| Mr. J.S. Baijal | Independent | Member | 2 | 2 |
| Mr. J. H. Dalmia | Executive | Member | 2 | 1 |
| Mr. Y.H. Dalmia | Executive | Member | 2 | 2 |
| Mr. Gautam Dalmia | Executive | Member | 2 | 1 |
| Mr. Puneet Dalmia | Executive | Member | 2 | 2 |

**e) Investment Committee**

The Board of Directors in their Meeting held on 28th May, 2009 formed an Investment Committee comprising Mr. J.H. Dalmia, Mr. Y.H. Dalmia, Mr. Gautam Dalmia and Mr. Puneet Dalmia as its Members. The Committee met twice during the year on 4-11-2009 and 19-11-2009 and all the four Directors attended both the Meetings.

**f) Risk Management Committee**

The Board of Directors in their Meeting held on 28th May 2009 formed a Risk Management Committee comprising Mr. G.N. Bajpai, Mr. J. S. Baijal, Mr. T. Venkatesan and Mr. Y. H. Dalmia as its Members. The Committee did not meet during the year.

**g) Nomination and Governance Committee**

The Board of Directors in their Meeting held on 28th May, 2009 formed a Nomination and Governance Committee comprising Mr. G. N. Bajpai, Mr. J. S. Baijal, Mr. J. H. Dalmia and Mr. Puneet Dalmia as its Members. The Committee did not meet during the year.

**Subsidiary Companies**

Clause 49 defines a "material non-listed Indian subsidiary" as an unlisted subsidiary, incorporated in India, whose turnover or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding Company and its subsidiaries in the immediately preceding accounting year.

As on 31st March 2010, under this definition, DCB does not have a 'material non-listed Indian subsidiary'.

**Shares and Convertible Instruments held by Non-Executive Directors**

Table 6 gives details of the shares and convertible instruments held by the Non-Executive Directors as on 31st March 2010.

## MANAGEMENT

**Management Discussion and Analysis**

The Annual Report has a detailed report on Management Discussion and Analysis.

**Disclosures**

Related party transactions in the ordinary course of business have been disclosed at Note No. 17 of Schedule 20-B to the financial statements in the Annual Report. No transactions were made that had the possibility of injuring the Company's interests. The Company complied with the regulatory requirements on capital markets. No penalties/strictures have been imposed against it.

**Table 6: Details of the shares and convertible instruments held by the Non-Executive Directors as on 31st March, 2010**

| Name of Directors | Category | Number of Shares held | Number of convertible Instruments held |
|---|---|---|---|
| Mr. P.K. Khaitan | Non-Executive | Nil | Nil |
| Mr. J.S. Baijal | Independent | Nil | Nil |
| Mr. M. Raghupathy | Independent | Nil | Nil |
| Mr. M. H. Dalmia | Non-Executive | Nil | Nil |
| Mr. N. Gopalaswamy | Non-Executive | Nil | Nil |
| Mr. Donald M. Peck | Independent | Nil | Nil |
| Mr. G.N. Bajpai | Independent | Nil | Nil |

The Company has complied with the requirements of Section 205C of the Companies Act, 1956 and all amounts due to be credited to the Investor Education & Protection Fund have been duly credited within the time specified under the said section.

Particulars of persons constituting "Group" pursuant to Regulation 3(1)(e) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 1997:-

Mr. V.H. Dalmia, Mr. J.H. Dalmia, Mr. J.H.Dalmia (HUF), Smt. Kavita Dalmia, Mr. Y.H.Dalmia, Mr. Y.H. Dalmia (HUF), Smt. Bela Dalmia, Mr. Gautam Dalmia, Mr. Gautam Dalmia (HUF), Smt. Anupama Dalmia, Mr. Puneet Dalmia, Smt. Avantika Dalmia, Kumari Shrutipriya Dalmia, Kumari Sukeshi Dalmia, Kumari Vaidehi Dalmia, Kumari Sumana Dalmia, Kumari Avanee Dalmia, Mst. Priyang Dalmia, Mr. M.H.Dalmia, Smt. Abha Dalmia, and Mr. R.H.Dalmia.

Rama Investment Company Private Limited, Puneet Trading & Investment Company Private Limited, Kavita Trading & Investment Company Private Limited, Sita Investment Company Limited, Mayuka Investment Limited, Ankita Pratisthan Limited, Himgiri Commercial Limited, Valley Agro Industries Limited, Shri Nataraj Ceramic and Chemical Industries Limited, Shri Chamundeswari Minerals Limited, Shree Nirman Limited, Keshav Power Private Limited, Avanee and Ashni Securities Private Limited, OCL India Limited, ZipAhead.Com Limited, Alirox Abrasives Limited, Kanika Investment Limited, Ishita Properties Limited, Himshikhar Investment Limited, Avnija Properties Limited, D.I. Properties Limited, Geetee Estates Limited, Hemshila Properties Limited, Shri Rangam Properties Limited, Arjuna Brokers & Minerals Limited, Dalmia Minerals & Properties Limited, Dalmia Solar Power Limited (formerly: Shri Rangam Brokers & Holdings Limited), Shri Radha Krishna Brokers & Holdings Limited, Dalmia Power

# Report on Corporate Governance

Limited (formerly: Seeta Estates & Brokers Limited), Dalmia Bharat Enterprises Limited (formerly: Sri Kesava Mines & Minerals Limited), Sri Shanmugha Mines & Minerals Limited, Sri Subramanya Mines & Minerals Limited, Sri Swaminatha Mines & Minerals Limited, DCB Power Ventures Limited (formerly: Sri Madhava Minerals & Properties Limited), Sri Madhusudana Mines and Properties Limited, Sri Trivikrama Mines and Properties Limited, Sri Dhandauthapani Mines and Minerals Limited, Dalmia Cement Ventures Limited, Dalmia Sugar Ventures Limited, Cosmos Cements Limited, Sutnga Mines Private Limited, Rajputana Properties Private Limited, Golden Hills Resort Private Limited, Sukeshi Trust, Vaidehi Trust, Sumana Trust, Shrutipriya Dalmia Trust, Priyang Trust, Avanee Trust and Raghu Hari Dalmia Parivar Trust.

### Disclosure of Accounting Treatment in Preparation of Financial Statements

DCB has followed the guidelines of Accounting Standards laid down by the Central Government under the provisions of section 211(3) of the Companies Act, 1956 in the preparation of its financial statements.

### Details of Non-Compliance by the Company

DCB has complied with all the requirements of regulatory authorities. No penalties/strictures were imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital market during the last three years.

### Code for Prevention of Insider-Trading Practices

In compliance with the SEBI Regulations on prevention of insider trading, the Company has instituted a comprehensive code of conduct for its management and staff. The code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of Company, and cautioning them of the consequences of violations.

### CEO/ CFO certification

The CEO and CFO certification of the financial statements for the year is enclosed at the end of the report.

### Shareholders

Reappointment/Appointment of Directors

Pursuant to the Articles of Association of DCB, at every Annual General Meeting of the Company, one-third of the rotational Directors retire by rotation or if their number is not three or a multiple of three, the number nearest to one-third retire from office.

Accordingly, at the ensuing Annual General Meeting, Mr. T. Venkatesan, Mr. M. H. Dalmia and Mr. N. Gopalaswamy, Directors of the Company retire by rotation and are eligible for re-appointment.

### Means of Communication with Shareholders

The Board of Directors of the Company approves and takes on record the unaudited financial results in the format prescribed by the Stock Exchanges within one month of the close of every quarter and such results are published in one financial newspaper, viz., Business Line, and one Regional Newspaper, Dinamani, within the stipulated time. The Company also publishes its annual audited results in these newspapers within the stipulated period.

As required under Clause 51 of the Listing Agreement all the data related to quarterly and annual financial results, shareholding pattern, etc., is provided to the web-site www.sebiedifar.nic.in within the time frame prescribed in this regard. All the details required to be forwarded to the Stock Exchanges are being sent by the Company from time to time.

### General Body Meetings

Table 7 gives the details of the last three Annual General Meetings (AGMs).

**Table 7: Details of last three AGMs**

| Financial year | Date | Time | Location |
|---|---|---|---|
| 2008-09 | 25th September, 2009 | 10.00 a.m. | Community Centre, Dalmiapuram, Dist. Tiruchirapalli, Tamil Nadu - 621651. |
| 2007-08 | 25th July, 2008 | 10.30 a.m. | Community Centre, Dalmiapuram, Dist. Tiruchirapalli, Tamil Nadu - 621651. |
| 2006-07 | 26th June 2007 | 10.30 a.m. | Community Centre, Dalmiapuram, Dist. Tiruchirapalli, Tamil Nadu - 621651. |

The details of Special Resolutions in respect of the last three Annual General Meetings are given in Table 8.

**Table 8: Details of Special Resolutions passed in last three Annual General Meetings**

| Date of Meeting | Type of Meeting | Particulars |
|---|---|---|
| 26th June 2007 | AGM | Authorising payment of commission on profits to the Non-Wholetime Directors of the Company upto 1% of the net profits of the Company subject to a maximum of Rs. 20 lakhs in the aggregate for a period of two years commencing from the accounting year to end on 31-3-2008. (The above resolution was adopted unanimously) |

### Postal Ballot

During the year ended 31st March 2010, the Board decided to approach the Members to seek their consent, by way of a postal ballot, on one occasion. The Board approved the Notice for the Postal Ballot and appointed a Scrutinizer, namely, Mr. R. Venkatasubramanian, Practising Company Secretary, No. 12 S.A.N. Office & Shopping Complex, 28 Main Road, Sirudaiyur, Lalgudi - 621601, who conducted this exercise in accordance with law.

The Postal Ballot was for the purposes of seeking the consent of the Members with regard to a Special Resolution under section 81(1A)(a) conferring an authority to the Board of Directors of the Company to issue and allot, on a private placement basis, Equity Shares in the Capital of the Company upto an aggregate face value of Rs. 20 crores at such premium as may be fixed by the Board of Directors in accordance with the guidelines issued in this behalf by the Securities and Exchange Board of India. The Resolution was passed with requisite majority. Necessary intimation relating to the voting by Postal Ballot has been sent to all the Stock Exchanges where the Company's shares are listed.

## COMPLIANCE

### Mandatory Requirements

DCB is fully compliant with the applicable mandatory requirements of Clause 49.

### Adoption of Non-Mandatory Requirements

Although it is not mandatory, a Remuneration Committee, Risk Management Committee, Investment Committee and Nomination and Governance Committee of the Board are in place. Details of the aforementioned Committees have been provided under the head "Committees of the Board" above.

## ADDITIONAL SHAREHOLDER INFORMATION

### Annual General Meeting

Date: 27th August, 2010

Time: 10.00 a.m.

Venue: Community Centre Premises,
Dalmiapuram - 621651, Dist. Tiruchirapalli,
Tamil Nadu

### Financial Calendar

Financial year: 1st April, 2010 to 31st March, 2011

For the year ended 31st March, 2011, results will be announced on:

- First quarter: By mid August, 2010
- Second quarter: By mid November, 2010
- Third quarter: By mid February, 2011
- Fourth quarter: By end May, 2011

### Book Closure

The dates of book closure are from 20th August, 2010 to 27th August 2010 inclusive of both days.

### Dividend Payment

The Board declared an interim dividend of Re. 1/- per equity share of Rs. 2/- each, which was paid on February 24, 2010. Members holding shares as on February 15, 2010 were entitled to receive the dividend.

The final dividend of Re. 1/- per equity share will be paid on or after 30th August, 2010, subject to approval by the shareholders at the Annual General Meeting.

### Listing

Listing on Stock Exchanges in respect of the Equity Shares is as under:

a) The Madras Stock Exchange Association Limited,
Exchange Building,
Post Box No. 183,
11, Second Line Beach,
CHENNAI - 600001.

b) Bombay Stock Exchange Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street,
MUMBAI - 400001.

c) The National Stock Exchange of India Limited,
Exchange Plaza,
5th Floor, Plot No. C/1, G - Block,
Bandra Kurla Complex,
Bandra (East),
MUMBAI - 400051

The Privately placed Non-Convertible Debentures are listed on WDM Segment of the National Stock Exchange of India Limited. Listing fees for the year 2010-11 has been paid to all the above Stock Exchanges. The annual custodial fees for the year 2010-11 has been paid to both the Depositories.

### Stock Codes

Bombay Stock Exchange : 500097

National Stock Exchange : DALMIACEM

ISIN (for Dematerialised Shares) : INE495A01022

(Besides the above the Privately Placed Debentures have also been dematerialised)

### Stock Market Data

Table 1, 2, Chart A and Chart B gives details

**Table 1: High, lows of Company's shares for 2009-10 at BSE and NSE**

| Month | BSE | | | NSE | | |
|---|---|---|---|---|---|---|
| | High | Low | Close | High | Low | Close |
| April, 2009 | 104.40 | 78.50 | 88.60 | 106.85 | 77.50 | 89.05 |
| May, 2009 | 142.70 | 89.50 | 136.95 | 142.00 | 88.10 | 136.00 |
| June, 2009 | 169.80 | 127.30 | 135.65 | 171.90 | 129.00 | 134.30 |
| July, 2009 | 154.30 | 113.25 | 144.10 | 154.30 | 113.50 | 144.50 |
| August, 2009 | 219.85 | 136.50 | 211.05 | 219.75 | 130.10 | 212.00 |
| September, 2009 | 216.90 | 180.00 | 184.55 | 216.40 | 178.40 | 184.45 |
| October, 2009 | 193.70 | 141.00 | 144.00 | 198.00 | 140.30 | 143.55 |
| November, 2009 | 156.30 | 125.65 | 144.60 | 156.50 | 134.00 | 144.50 |
| December, 2009 | 167.00 | 141.10 | 164.70 | 167.80 | 141.25 | 164.80 |
| January, 2010 | 225.00 | 159.00 | 169.80 | 224.40 | 159.10 | 169.40 |
| February, 2010 | 222.00 | 167.30 | 214.75 | 222.50 | 166.40 | 214.85 |
| March, 2010 | 268.00 | 210.05 | 251.20 | 259.85 | 210.05 | 251.80 |

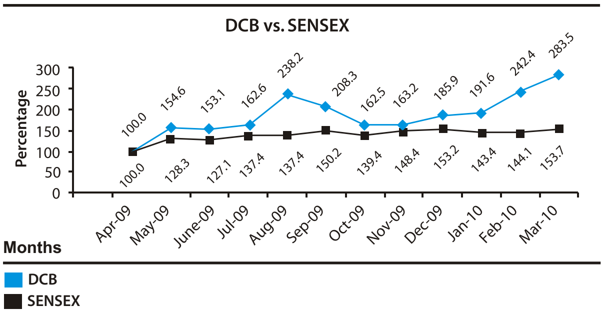
# Report on Corporate Governance

### Table 2: Stock Performance over past 5 years

| | % of Change in | | | | | |
|---|---|---|---|---|---|---|
| | Company's Share | | Sensex | Nifty | Company in comparison with | |
| | BSE | NSE | | | Sensex | Nifty |
| 2009-10 | 221 | 222 | 81 | 74 | 140 | 148 |
| 2 years | -11 | -12 | 12 | 11 | -23 | -23 |
| 3 years | -31 | -30 | 34 | 37 | -65 | -67 |
| 5 years | 225 | 221 | 87 | 158 | 138 | 63 |

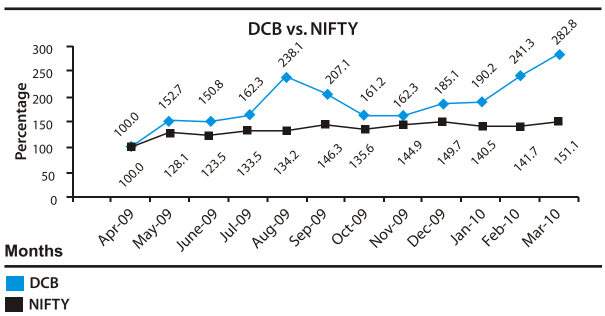
Note: The stock performance of Company's shares have been calculated on the closing prices after conversion of warrants and are thus not strictly comparable

### Chart A: DCB's Share Performance versus BSE Sensex




Note: Share prices and Sensex indexed to 100 as on 1st working day of the financial year 2009-10, i.e. April 1, 2009

### Chart B: DCB's Share Performance versus NIFTY




Note: Share prices and NIFTY indexed to 100 as on 1st working day of the financial year 2009-10, i.e. April 1, 2009

### Distribution of Shareholding

Table 3 and 4 lists the distribution of the shareholding of the equity shares of the Company by size and by ownership class as on 31st March 2010.

### Table 3: Shareholding pattern by size

| No. of Equity Shares held | No. of Shareholders | % of Shareholders | No. of Shares held | % of Shareholding |
|---|---|---|---|---|
| 1-500 | 10,601 | 74.30 | 13,74,609 | 1.70 |
| 501-1000 | 1,422 | 10.00 | 10,91,633 | 1.40 |
| 1001-2000 | 1,089 | 7.60 | 16,25,343 | 2.00 |
| 2001-3000 | 375 | 2.60 | 9,46,287 | 1.20 |
| 3001-4000 | 197 | 1.40 | 7,10,892 | 0.90 |
| 4001-5000 | 112 | 0.80 | 5,06,552 | 0.60 |
| 5001-10000 | 232 | 1.60 | 16,32,155 | 2.00 |
| 10001 and above | 245 | 1.70 | 7,30,51,832 | 90.30 |
| Total | 14,273 | 100.00 | 8,09,39,303 | 100.00 |

### Table 4: Shareholding Pattern by ownership

| Particulars | No. of Shareholders | % of Shareholders | No. of Shares held | % of Shareholding |
|---|---|---|---|---|
| Promoters @ | 59 | 0.41 | 4,66,02,777 | 57.58 |
| Central/State Governments | 4 | 0.04 | 1,28,155 | 0.16 |
| Financial Institutions | 25 | 0.18 | 16,79,736 | 2.08 |
| Mutual Funds | 7 | 0.05 | 14,86,648 | 1.84 |
| Foreign Institutional Investors | 20 | 0.14 | 36,28,463 | 4.48 |
| Insurance Companies | 3 | 0.02 | 11,77,596 | 1.45 |
| Bodies Corporate | 515 | 3.61 | 61,05,890 | 7.54 |
| Overseas Body Corporates | 2 | 0.01 | 32,53,805 | 4.02 |
| Foreign Corporate Bodies | 2 | 0.01 | 44,70,588 | 5.52 |
| NRI/Foreign Nationals | 119 | 0.83 | 2,06,820 | 0.26 |
| Individuals/ Others | 13,517 | 94.70 | 1,21,98,825 | 15.07 |
| Total | 14,273 | 100.00 | 8,09,39,303 | 100.00 |

Note: @ The Promoters have not pledged the shares of the Company against any loan drawn by them. This disclosure may be treated as a disclosure as required under Clause 35 of the Listing Agreement and under Regulation 8A of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulation, 1997.

### Dematerialisation of Shares

As on 31st March 2010, over 55% shares of the Company were held in the dematerialised form.

### Outstanding GDRs/ADRs/Warrants/Options

NIL

### Details of Public Funding Obtained in the last three years

NIL

### Registrar and Transfer Agent

For Equity Shares & Privately Placed Debentures:

Karvy Computershare Private Limited,
Plot Nos. 17 to 24, Vittal Rao Nagar,
Madhapur,
Hyderabad - 500081.

**Share Transfer System**

The share transfers in the physical form are presently processed by the Registrars and Transfer Agents and returned within a period of 30 days. The Company's Equity Shares are tradable in dematerialised form since August, 2000. Under the dematerialised system, the Shareholder can approach a Depository Participant (DP) for getting his shares converted from physical form to dematerialised form. The DP will generate a request for the dematerialisation, which will be sent by him to the Company's Registrars and Share Transfer Agents. On receipt of the same the shares will be dematerialised.

**Registered Office Address:**

Dalmia Cement (Bharat) Limited
Dalmiapuram -621651,
Dist. Tiruchirapalli,
Tamil Nadu.
Phone: 04329 - 235131
Fax: 04329 235111

**Address for Correspondence**

Dalmia Cement (Bharat) Limited
Shares Department
DALMIAPURAM 621651
Dist. Tiruchirapalli
Tamil Nadu
Phone: 04329 - 235131
Fax: 04329 235111

## PLANT LOCATIONS

**Cement Plants:**

Dalmiapuram -621651,
Dist. Tiruchirapalli,
Tamil Nadu

Village Tamaraikulam - 621705
Dist. Ariyalur,
Tamil Nadu

Village Chinnakormerla - 516434,
Mylavaram Mandal,
Dist. Cuddapah
Andhra Pradesh.

**Magnesite Plant:**

Dalmia Magnesite Corporation
Salem (Tamil Nadu)
Vellakkalpatti,
P.O. Karuppur,
Salem 636012.

**Wind Farm:**

Dalmia Wind Farm
Muppandal (Tamil Nadu)
Aralvaimozhy 629301
District Kanyakumari (Tamil Nadu)

**Sugar Plants :**

Dalmia Chini Mills
(Unit: Ramgarh)
Village Ramgarh - 261403,
Tehsil Misrikh,
District Sitapur
(Uttar Pradesh)

Dalmia Chini Mills
(Unit : Jawaharpur)
Village Jawaharpur - 261403,
Tehsil Sitapur Sadar,
District Sitapur
(Uttar Pradesh)

Dalmia Chini Mills
(Unit : Nigohi)
Village Kuiyan,
Post Areli 242407,
Tehsil Tilhar,
District Shahjahanpur
(Uttar Pradesh)

**Electronics Division:**

Dalmia Cement (Bharat) Limited
Plot No. 53, 54A, Electronics City,
Hosur Road,
Bangalore - 560100
Karnataka

To

The Board of Directors,
Dalmia Cement (Bharat) Limited
Registered Office: Dalmiapuram 621651
District Tiruchirapalli
Tamil Nadu

Dear Sirs,

1. We have reviewed the Balance Sheet, Profit and Loss account and all its Schedules and Notes on Accounts, as well as the Cash Flow Statements as at 31st March, 2010 and certify that to the best of our knowledge and belief:

   1) These Statements do not contain any materially untrue statement or omit any material fact or contain Statements that might be misleading;

   2) These Statements read together present a true and fair view of the Company's Affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.

2. We further certify that, to the best of our knowledge and belief, no transactions have been entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct;

3. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies;

4. We have indicated to the Auditors and the Audit Committee:

   (i) Significant changes in internal control during the year;

   (ii) Significant changes in accounting policies 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 systems.

| | | |
|---|---|---|
| Place : New Delhi | **Vipin Agarwal** | **Puneet Dalmia** |
| Dated : May 26, 2010 | Chief Financial Officer | Chief Executive Officer |

# Auditors' Certificate on Corporate Governance

**S.R.Batliboi & Co.**
Chartered Accountants
Golf View Corporate Tower B
Sector 42, Sector Road,
Gurgaon-122 002, Haryana.

**S.S. Kothari Mehta & Co.**
Chartered Accountants
146-149, Tribhuvan Complex,
Ishwar Nagar, N.Delhi-110065

**To**

**The Members of Dalmia Cement (Bharat) Limited**

We have examined the compliance of conditions of corporate governance by Dalmia Cements (Bharat) Limited, for the year ended March 31, 2010, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange(s).

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

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

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

**For S.R. Batliboi & Co.**

Firm registration number: 301003E

Chartered Accountants

**per Manoj Gupta**
Partner
Membership No.:83906
Place : Gurgaon
Date : May 26, 2010

**For S.S. Kothari Mehta & Co.**

Firm registration number: 000756N

Chartered Accountants

**per Arun K. Tulsian**
Partner
Membership No.:89907
Place : New Delhi
Date : May 26, 2010

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To

The Board of Directors,
Dalmia Cement (Bharat) Limited
Registered Office: Dalmiapuram 621651
District Tiruchirapalli
Tamil Nadu

Dear Sirs,

I do hereby certify that all the Members of the Board of Directors of the Company and the Senior Management Personnel have affirmed their compliance with the Code of Conduct laid down by the Board of Directors of the Company in their Meeting held on 26-7-2005.

This certificate is being given in compliance with the requirements of Clause 49 (I) (D) (ii) of the Listing Agreement entered into with the Stock Exchanges.

Place : New Delhi
Dated : May 26, 2010

**Puneet Dalmia**
Chief Executive Officer

# Auditors' Report

**S.R.Batliboi & Co.**
Chartered Accountants
Golf View Corporate Tower B
Sector 42, Sector Road,
Gurgaon-122 002, Haryana.

**S.S. Kothari Mehta & Co.**
Chartered Accountants
146-149, Tribhuvan Complex,
Ishwar Nagar, N.Delhi-110065

## AUDITORS' REPORT TO THE MEMBERS OF DALMIA CEMENT (BHARAT) LIMITED

1. We have audited the attached Balance Sheet of Dalmia Cement (Bharat) Limited ('the Company') as at March 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 and on the basis of such checks as we considered appropriate and according to information and explanation given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that:

   i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   iii. 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;

   iv. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of accounts;

   v. On the basis of the written representations received from the directors, as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 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 read with the accounting policies and notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

      a) in the case of the balance sheet, of the state of affairs of the Company as at March 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 & Co.**
**Firm registration number: 301003E**
**Chartered Accountants**

**per Manoj Gupta**
Partner
Membership No.:83906
Place : Gurgaon
Date : May 26, 2010

**For S.S. Kothari Mehta & Co.**
**Firm registration number: 000756N**
**Chartered Accountants**

**per Arun K. Tulsian**
Partner
Membership No.:89907
Place : New Delhi
Date : May 26, 2010

## Annexure referred to in paragraph 3 of our report of even date

Re: Dalmia Cements (Bharat) Limited ('the Company')

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification and the same has been properly adjusted in the books of account.

(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, except stocks lying with third parties and in transit which have been verified with reference to correspondence of third parties or subsequent receipt of goods. In our opinion, the frequency of such verification is reasonable.

(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) In our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of account.

(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, the provisions of clause 4 (iii) (b), (c) & (d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(b) The company has taken unsecured loans in the form of fixed deposits from four persons including directors and their relatives covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year end balance of such loans is Rs.236.75 million.

(c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.

(d) In respect of loans taken, repayment of the principal amount is as stipulated and payments of interest have been regular.

(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) In respect of deposits accepted, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under, to the extent applicable, have been complied with. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

(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 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 and other material statutory dues applicable to it.

Further, since the Central Govenent has till date not prescribed the amount of cess payable under section

# Auditors' Report

441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

(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 undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable except Royalty payable on limestone of Rs.. 1.29 million and, Sales tax of Rs.0.39 million, which have since been paid.

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

| Name of the statute | Nature of dues | Amount (Rs million) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|
| Central Excise Act, 1944 | Disallowance of Cenvat Credit | 7.23 | October 01 to April 02 | CESTAT, Southern Region Bench |
| Central Excise Act, 1944 | Disallowance of Cenvat Credit on Capital Goods | 48.72 | September 04 to February 06 | CESTAT, Southern Region Bench |
| Central Excise Act, 1944 | Disallowance of Cenvat Credit | 1.33 | April 07 to March 08 | Commissioner Central Excise (Appeals) |
| Central Excise Act, 1944 | Denial of Cenvat Credit on clinker used in cement supplied to Special Economic units in zones | 9.47 | July 06 to October 07 | Commissioner Central Excise (Appeals)/CESTAT |
| Central Excise Act, 1944 | Excise duty on Packing charges | 41.61 | November 07 to July 09 | Commissioner of Central Excise and Service Tax, New Delhi |
| Tamil Nadu General sales Tax Act, 1959 | Differential tax for non-acceptance of Form XVII for purchase | 0.77 | 1997-98, 1998-99 & 1999-00 | STAT, Madurai |
| Tamil Nadu General sales Tax Act, 1959 | Sales tax levied on Packing charges on Cement Sales | 1.82 | 1983-84 | Hight Court, Madras |
| Finance Act, 1994 | Denying Service Tax Credit on Outdoor Catering | 1.75 | April 06 to July 09 | CESTAT |
| Finance Act, 1994 | Non Payment of Service Tax on Consulting Engineering Services and Erection & Commissioning & Installation Services | 10.09 | 2006 | CESTAT |
| Andhra Pradesh VAT Act | Reversal of VAT credit availed during construction period | 0.88 | May 07 to May 08 | Sales tax Appellate Tribunal |
| Income Tax Act, 1961 | Income Tax | 0.01 | Assessment Year 2006 - 07 | Commissioner of Income Tax (Appeal), New Delhi |
| Coal Mines (Conservation & Development) Act, 1974 | Cess charges | 1.28 | April 2005 | Dy. Commissioner, Customs |
| Central Excise Act, 1944 | Cenvat Credit on Cement | 0.80 | March 06 to July 06 | CESTAT, New Delhi |

(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 respect of dealing/trading in shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the Company, in its own name.

(xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof in our opinion are not prima-facie prejudicial to the interest of the Company.

(xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(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) Based on the books and records produced to us by the management, securities have been created in respect of debentures issued, wherever required.

(xx) During the period covered by our audit report, the company has not raised any money by public issue.

(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 & Co.**
**Firm registration number: 301003E**
**Chartered Accountants**

**per Manoj Gupta**
Partner
Membership No.:83906
Place : Gurgaon
Date : May 26, 2010

**For S.S. Kothari Mehta & Co.**
**Firm registration number: 000756N**
**Chartered Accountants**

**per Arun K. Tulsian**
Partner
Membership No.:89907
Place : New Delhi
Date : May 26, 2010

# Balance Sheet as at March 31, 2010

(Rs. in Million)

| | Schedule | As at 31.3.2010 | As at 31.3.2009 |
|---|---|---|---|
| **SOURCES OF FUNDS** | | | |
| **Shareholders' Funds** | | | |
| Share Capital | 1 | 161.88 | 161.88 |
| Reserves and Surplus | 2 | 13,614.50 | 12,520.12 |
| | | 13,776.38 | 12,682.00 |
| **Loan Funds** | | | |
| Secured Loans | 3 | 27,402.01 | 20,850.88 |
| Unsecured Loans | 4 | 1,102.14 | 2,531.75 |
| | | 28,504.15 | 23,382.63 |
| Deferred Tax Liability (Net) | 5 | 2,891.14 | 2,287.00 |
| **Total** | | 45,171.67 | 38,351.63 |
| **APPLICATION OF FUNDS** | | | |
| **Fixed Assets** | 6 | | |
| Gross Block | | 33,736.16 | 26,184.18 |
| Less : Accumulated depreciation | | 7,894.47 | 6,499.14 |
| Net Block | | 25,841.69 | 19,685.04 |
| Capital work-in-progress | | 2,475.79 | 6,974.68 |
| | | 28,317.48 | 26,659.72 |
| **Investments** | 7 | 8,009.79 | 6,674.81 |
| **Current Assets, Loans and Advances** | | | |
| Inventories | 8 | 7,067.00 | 5,309.09 |
| Sundry Debtors | 9 | 2,138.20 | 2,140.46 |
| Cash and Bank balances | 10 | 2,108.49 | 547.22 |
| Loans and Advances | 11 | 2,392.09 | 3,412.11 |
| (A) | | 13,705.78 | 11,408.88 |
| **Less: Current Liabilities and Provisions** | | | |
| Current Liabilities | 12 | 4,715.03 | 6,147.40 |
| Provisions | 13 | 146.35 | 244.38 |
| (B) | | 4,861.38 | 6,391.78 |
| **Net Current Assets** (A-B) | | 8,844.40 | 5,017.10 |
| **Total** | | 45,171.67 | 38,351.63 |
| Notes to Accounts | 20 | | |

The Schedules referred to above and the Notes to Accounts form an integral part of the Balance Sheet.

As per our report of even date

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

**per Manoj Gupta**
Partner
Membership No.: 83906

Place : Gurgaon
Date : May 26, 2010

For **S.S. Kothari Mehta & Co.**
Firm Registration No. 000756N
Chartered Accountants

**per Arun K. Tulsian**
Partner
Membership No.: 89907

Place : New Delhi
Date : May 26, 2010

For and on behalf of Board of Directors
of Dalmia Cement (Bharat) Limited

**K V Mohan**
Company Secretary

**Vipin Agarwal**
Executive Director (Finance)

**Gautam Dalmia**
Managing Director

**Puneet Dalmia**
Managing Director

Place : New Delhi
Date : May 26, 2010

# Profit and Loss Account for the year ended March 31, 2010

(Rs. in Million)

| | Schedule | | 2009-10 | | 2008-09 |
|---|---|---|---|---|---|
| **INCOME** | | | | | |
| Turnover (Gross) | | | **23,438.80** | | 19,722.13 |
| Less: Excise Duty | | | **1,896.23** | | 2,186.33 |
| Turnover (Net) | | | **21,542.57** | | 17,535.80 |
| Other income | 14 | | **508.11** | | (108.05) |
| **Total** | | | **22,050.68** | | 17,427.75 |
| **EXPENDITURE** | | | | | |
| (Increase)/ Decrease in Stocks | 15 | | **(1,672.62)** | | (31.53) |
| Raw Material consumed | | | **7,561.47** | | 3,422.12 |
| Purchase of Trading Goods | | | **136.54** | | 97.30 |
| Personnel Expenses | 16 | | **1,142.20** | | 930.51 |
| Operating and other Expenses | 17 | | **9,766.56** | | 8,068.14 |
| Depreciation / Amortization | 6 | 1,406.21 | | 959.96 | |
| Less : Transferred from Revaluation Reserve | | 86.41 | | 87.66 | |
| Net Depreciation / Amortization | | | **1,319.80** | | 872.30 |
| Financial expenses | 18 | | **1,755.90** | | 1,469.54 |
| **Total** | | | **20,009.85** | | 14,828.38 |
| **Profit before tax [including Rs.1850.83 Million (Rs.2851.53 Million) for discontinuing operations]** | | | **2,040.83** | | 2,599.37 |
| Current tax {Including of MAT credit entitlement Rs.319.06 Million (availment Rs. 48.70 Million)} | | | **44.43** | | 336.82 |
| Deferred tax charge | | | **604.14** | | 656.82 |
| Prior year tax charge | | | **22.39** | | - |
| Fringe benefit tax | | | **-** | | 19.50 |
| **Total Tax Expenses (including tax related to operation relating to discontinuing operations amounting to Rs. 581.30 Million (Rs. 1113.18 Million)** | | | **670.96** | | 1,013.14 |
| **Profit after tax [including Rs.1269.53 Million (Rs.1738.35 Million) for discontinuing operations]** | | | **1,369.87** | | 1,586.23 |
| Balance Brought Forward from Previous Year | | | **7,090.62** | | 6,117.66 |
| Add: Transfer from Debenture Redemption Reserve | | | **125.00** | | - |
| **Profit available for appropriation** | | | **8,585.49** | | 7,703.89 |
| **Appropriations** | | | | | |
| General Reserve | | | **200.00** | | 200.00 |
| Debenture Redemption Reserve | | | **129.17** | | 129.17 |
| Dividend | | | | | |
| Interim Dividend | | | **80.94** | | 80.94 |
| Proposed Dividend | | | **80.94** | | 161.88 |
| Dividend Distribution tax theron | | | **27.20** | | 41.28 |
| **Balance Carried To Balance Sheet** | | | **8,067.24** | | 7,090.62 |
| Earning per share | 19 | | | | |
| Basic and Diluted Earnings Per Share (In Rs.) | | | **16.92** | | 19.61 |
| [Nominal Value of Share Rs.2 (Rs.2 ) each] | | | | | |
| Notes to Accounts | 20 | | | | |

The Schedules referred to above and the Notes to Accounts form an integral part of the Profit and Loss Account.

As per our report of even date

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

**per Manoj Gupta**
Partner
Membership No.: 83906

Place : Gurgaon
Date : May 26, 2010

For **S.S. Kothari Mehta & Co.**
Firm Registration No. 000756N
Chartered Accountants

**per Arun K. Tulsian**
Partner
Membership No.: 89907

Place : New Delhi
Date : May 26, 2010

For and on behalf of Board of Directors
of Dalmia Cement (Bharat) Limited

**K V Mohan**
Company
Secretary

**Vipin Agarwal**
Executive Director
(Finance)

**Gautam Dalmia**
Managing
Director

**Puneet Dalmia**
Managing
Director

Place : New Delhi
Date : May 26, 2010

# Schedules to the Accounts

(Rs. in Million)

| | As at 31.3.2010 | As at 31.3.2009 |
|---|---|---|
| **Schedule 1 : Share Capital** | | |
| **Authorised :** | | |
| 11,47,26,820 (11,47,26,820) Ordinary Shares of Rs. 2 each | **229.45** | 229.45 |
| 8,52,73,180 (8,52,73,180) Unclassified Shares of Rs. 2 each | **170.55** | 170.55 |
| | **400.00** | 400.00 |
| **Issued, Subscribed and Paid Up :** | | |
| 8,09,39,303 (8,09,39,303) Ordinary Shares of Rs. 2 each fully paid up | **161.88** | 161.88 |
| | **161.88** | 161.88 |

Note:

Of the above :

(i) 66,51,410 (66,51,410) Shares were allotted as fully paid-up pursuant to arrangements/scheme of conversion, without payments being received in cash; and

(ii) 2,76,31,245 (2,76,31,245) Shares were allotted as fully paid-up by way of Bonus Shares by capitalisation of Reserves.

(Rs. in Million)

| | April 1, 2009 | Additions during the year | Deductions during the year | March 31, 2010 |
|---|---|---|---|---|
| **Schedule 2 : Reserves and Surplus** | | | | |
| Capital Reserve | 3.50<br>(3.50) | -<br>(-) | -<br>(-) | **3.50**<br>(3.50) |
| Revaluation Reserve | 625.53<br>(722.96) | -<br>(-) | 86.98<br>(97.43) | **538.55**<br>(625.53) |
| Realised Revaluation Reserve | 0.79<br>(0.61) | 0.57<br>(0.18) | 1.36<br>(-) | **-**<br>(0.79) |
| Share Premium Account | 1,996.77<br>(1,994.69) | -<br>(2.08) | -<br>(-) | **1,996.77**<br>(1,996.77) |
| General Reserve | 2,192.49<br>(1,989.07) | 201.36<br>(203.42) | -<br>(-) | **2,393.85**<br>(2,192.49) |
| Debenture Redemption Reserve | 610.42<br>(481.25) | 129.17<br>(129.17) | 125.00<br>(-) | **614.59**<br>(610.42) |
| Surplus in Profit and Loss Account | 7,090.62<br>(6,117.66) | | | **8,067.24**<br>(7,090.62) |
| | 12,520.12<br>(11,309.74) | | | **13,614.50**<br>(12,520.12) |

(Rs. in Million)

| | As at 31.3.2010 | As at 31.3.2009 |
|---|---|---|
| **Schedule 3: Secured Loans** | | |
| A. Redeemable Non-Convertible Debentures | **3,933.33** | 4,233.33 |
| B. Term Loans: | | |
| i. From Banks | **18,906.34** | 13,834.83 |
| ii. From Others | **2,376.43** | 913.77 |
| C. Working Capital Loans | **2,185.91** | 1,868.95 |
| | **27,402.01** | 20,850.88 |

1) Debentures referred to in A above to the extent of:

i) Series IXA Rs. Nil (Rs. 166.67 million) are secured by a first pari-passu charge on the movable and immovable properties of Cement unit at Dalmiapuram, Magnesite unit and Jamnagar property.

ii) Series IXB Rs. 133.33 million (Rs. 266.66 million) are secured by a first pari-passu charge on the movable and immovable properties of Cement unit at Dalmiapuram, Magnesite unit and Jamnagar property & redeemable on 27th August 2010.

iii) Series XA & XB Rs. 800.00 million (Rs. 800.00 million) are secured by a first pari-passu charge on whole of the movable and immovable properties (except book debts) of Cement unit at Dalmiapuram, Magnesite unit and Jamnagar property & redeemable in three yearly instalments in the ratio of 30:30:40 commencing from 17th Decemeber 2012.

iv) Series XI Rs. 500.00 million (Rs. 500.00 million) are secured by a first pari-passu charge on all the movable and immovable properties of Cement unit at Dalmiapuram and Magnesite unit (except stock and book debts) and Jamnagar property & redeemable in three yearly instalments in the ratio of 30:30:40 commencing from 15th May 2013.

v) Series XI A Rs. 500.00 million (Rs. 500.00 milliion) are secured by a first pari-passu charge on all the movable and immovable properties of Cement Unit at Dalmiapuram and Magnesite unit (except stock and book debts) and Jamnagar property & redeemable in three yearly instalments in the ratio of 30:30:40 commencing from 15th October 2013.

vi) Series XII Rs. 1000.00 million (Rs. 1000.00 million) are secured by mortgage and charge on first pari-passu basis on all the immovable and movable assets excluding current assets both present and future of the Company's Sugar unit at Jawaharpur and Nigohi & redeemable in three yearly equal instalments commencing from 30th September 2014.

vii) Series XIII Rs. 1000.00 milliion (Rs. 1000.00 million ) are secured by a first pari-passu charge on the Immovable properties of Cement unit at Dalmiapuram and Jamnagar property & redeemable in three yearly equal instalments commencing from 8th May 2014.

2) Term Loans from Banks referred to in B (i) above to the extent of

i) Rs. Nil (Rs. 1724.78 million ) are secured by hypothecation of all the movable fixed assets of Cement unit at Dalmiapuram and Magnesite units and mortgage on immovable properties of Cement unit at Dalmiapuram on pari-passu basis.

ii) Rs. 10410.00 million (Rs 8210.00 million) are secured by exclusive first charge on land and building and hypothecation of all the fixed assets of Cement units at Cuddapah and Ariyalur excluding assets charged to working capital lenders and Vertical roller mills & other machineries and equipments for projects at Cuddapah & Ariyalur acquired under foreign currency loan.

iii) Rs. 2000.00 million (Rs. 2700.00 million) are secured by first pari passu charge on land and building and hypothecation of plant and machinery of sugar and co-generation units at Jawaharpur and Nigohi, distillery at Jawaharpur and co-generation unit at Ramgarh.

iv) Rs. 700.98 million (Rs. 891.57 million) are secured by way of exclusive charge on Vertical roller mills & other machineries and equipments for projects at Cuddapah & Ariyalur acquired through this loan. The Loan has been availed in foreign currency.

v) Rs 295.26 million ( Rs 308.10 million) is secured by residual charge on the movable and immovable fixed assets of the Sugar units.

vi) Rs. 0.10 million ( Rs. 0.38 million) is secured by hypothecation of vehicles.

vii) Rs 2000.00 million (Rs. Nil) is secured by subsequent and subservient charge on movable fixed assets of all cement units of the company.

viii) Rs. 1500.00 million (Rs. Nil) is secured by a subservient charge on the assets of Cement division.

ix) Rs. 2000.00 million (Rs. Nil) is secured by subservient charge on entire fixed assets excluding vehicles of Sugar units at Jawaharpur and Nigohi and subservient charge on Plant & Machinery at Ramgarh Sugar Unit.

3) Term Loan from others referred to in B (ii) above to the extent of:

i) Rs 883.81 million (Rs. 321.08 million) are secured by second exclusive charge on movable and immovable properties of the sugar unit at Ramgarh.

ii) Rs. 1492.62 million (Rs. 592.69 million )are secured by a first pari-passu charge on the movable and immovable properties of Cement unit at Dalmiapuram.

4) Working capital loans:

i) Includes external commercial borrowing amounting Rs.1893.50 million (Rs.1831.13 million) which is secured by SBLC issued by working capital lenders.

ii) Balance loans amounting Rs.292.41 million (Rs.37.82 million) are secured by hypothication of inventories and other assets in favour of the participating Banks ranking pari-passu on inter-se-basis

# Schedules to the Accounts Contd.

(Rs. in Million)

| | As at 31.3.2010 | As at 31.3.2009 |
|---|---|---|
| **Schedule 4 : Unsecured Loans** | | |
| A : Fixed Deposits * | **302.06** | 31.36 |
| Add: interest accrued and due on above | **2.84** | 2.11 |
| | **304.90** | 33.47 |
| B: Commercial paper (Short-term) | **-** | 1,000.00 |
| [Maximum amount raised at any time during the year Rs.Nil ( Rs 1200 Million )] | | |
| C: Short-term Loans from Banks | **-** | 700.00 |
| D: Other Loans | | |
| From others | **797.24** | 798.28 |
| * Includes from Directors Rs.1.75 Million (Rs.Nil Million) | **1,102.14** | 2,531.75 |

(Rs. in Million)

| | As at 31.3.2010 | As at 31.3.2009 |
|---|---|---|
| **Schedule 5 : Deferred Tax** | | |
| Deferred Tax assets/ liabilities are attributable to the following items | | |
| **Liabilities** | | |
| Depreciation | **3,074.14** | 2,316.12 |
| **Assets** | | |
| Voluntary retirement expenses | **4.74** | 9.45 |
| Expenses allowable for tax purposes when paid | **89.16** | 19.67 |
| Unabsorbed depreciation | **89.10** | - |
| | **183.00** | 29.12 |
| **Net** | **2,891.14** | 2,287.00 |

## Schedule 6 : Fixed assets

(Rs. in Million)

| | GROSS BLOCK | | | | DEPRECIATION | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|
| Description | As at 31.03.2009 | Additions | Deductions | As at 31.03.2010 | For the Year @ | Upto 31.03.2010 | As at 31.03.2010 | As at 31.03.2009 |
| Tangible Assets: | | | | | | | | |
| Owned Assets | | | | | | | | |
| Land | 1,004.80 | 311.20 | 0.58 | **1,315.42** | - | - | **1,315.42** | 1,004.80 |
| Land (Leasehold) | 23.16 | - | - | **23.16** | **11.14** | **12.00** | **11.16** | 22.30 |
| Buildings | 2,238.25 | 336.19 | 1.61 | **2,572.83** | **84.67** | **715.50** | **1,857.33** | 1,607.18 |
| Plant and Machinery | 21,935.68 | 6,894.00 | 31.82 | **28,797.86** | **1,234.40** | **6,785.25** | **22,012.61** | 16,375.07 |
| Railway sidings | 49.42 | 0.42 | - | **49.84** | **2.27** | **14.46** | **35.38** | 37.22 |
| Vehicles | 58.27 | 14.57 | 4.46 | **68.38** | **7.36** | **33.39** | **34.99** | 29.02 |
| Furniture and Fixtures | 82.73 | 19.34 | 0.12 | **101.95** | **7.08** | **49.96** | **51.99** | 39.84 |
| Other Assets | 121.85 | 13.23 | 0.08 | **135.00** | **15.09** | **79.49** | **55.51** | 57.42 |
| Owned assets leased out | | | | | | | | |
| Building | 27.68 | - | - | **27.68** | **2.02** | **10.68** | **17.00** | 19.02 |
| Plant & Machinery | 601.53 | - | - | **601.53** | **36.92** | **182.82** | **418.71** | 455.63 |
| Intangible Assets | | | | | | | | |
| Software Licences | 40.81 | 1.70 | - | **42.51** | **7.65** | **10.92** | **31.59** | 37.54 |
| | 26,184.18 | 7,590.65 | 38.67 | **33,736.16** | **1,408.60** | **7,894.47** | **25,841.69** | 19,685.04 |
| Previous year | 18,829.83 | 7,479.16 | 124.81 | 26,184.18 | 977.66 | 6,499.14 | 19,685.04 | |
| Capital work-in-progress[5] | | | | | | | **2,475.79** | 6,974.68 |

Notes:

1 Land includes certain lands under acquisition, the proceedings for which are presently stayed by the Order of the appropriate High Courts.

2 There are no registered title deeds for the Company's flats/accommodation in multistoreyed buildings in Nationa Capital Territory of Delhi.

3 Revaluation of the fixed assets was done in 1983, 1985, 1989 and 2002 on the basis of a valuation certificate issued by a Chartered Engineer taking replacement cost as per RBI indices for Plant and Machinery as guidelines in respect of Railway siding and Plant and Machinery, on the basis of cost of construction of building in respect of building and on the basis of latest market rates and guidelines rate fixed by Government of Tamilnadu in respect of Land.

Gross Block includes Rs.2195.88 million added due to revaluation. It comprises in land Rs.130.56 million, Buildings Rs.423.45 million, Railway Siding Rs.2.20 million, Plant and Machinery Rs.1639.67 million Net Block includes Rs.538.55 million added due to revaluation. It comprises in Land Rs.130.56 million, Buildings Rs.136.48 Million, Railway Siding Rs.2.03 Million, Plant and Machinery Rs.269.48 million

4 @ includes depreciation charged to other heads Rs. 2.39 Million (17.70 Million)

5 Including capital advances and Pre-operative expenditure pending allocation

# Schedules to the Accounts Contd.

(Rs. in Million)

| | As at 31.3.2010 | As at 31.3.2009 |
|---|---|---|
| **Schedule 7 : Investments** | | |
| **Govt and other Trust Securities** | | |
| **Unquoted** | | |
| National Saving Certificate | **0.02** | 0.02 |
| **Shares** | | |
| **Trade Investments** | | |
| **Equity Shares** | | |
| **Unquoted** | | |
| 25 ( 25) Shares of Rs. 10 each fully paid up in Assam Bengal Cement Company Limited (under liquidation) | **(144)** | (144) |
| **Preference Shares** | | |
| **Unquoted** | | |
| Nil (20,11,486) Shares of Rs. 10/- each fully paid up in Bharathi Cement Corporation Limited | **-** | 700.00 |
| **Investments in Associates** | | |
| **Equity Shares** | | |
| **Quoted** | | |
| 2,58,14,904 ( 1,23,52,500) Shares of Rs. 2/- each fully paid up in OCL India Limited # | **3,772.99** | 2,000.50 |
| **Investments in Joint Venture** | | |
| **Equity Shares** | | |
| **Unquoted** | | |
| 18,36,500 (Nil) Shares of Rs. 10/- each fully paid up in Khappa Coal Company Private Limited # | **18.37** | - |
| **Investments in Subsidiary Companies** | | |
| **Equity Shares** | | |
| **Unquoted** | | |
| 50,000 ( 50,000) Shares of Rs. 10/- each fully paid up in Arjuna Brokers & Minerals Ltd. | **0.50** | 0.50 |
| 21,50,00,000 ( 15,00,00,000) Shares of Rs. 10/- each fully paid up in Avnija Properties Ltd. # | **2,156.39** | 1,506.39 |
| 2,50,000 ( 2,50,000) Shares of Rs. 10 each fully paid up in D.I Properties Ltd. | **2.50** | 2.50 |
| 2,50,000 ( 2,50,000) Shares of Rs. 2/- each fully paid up in Dalmia Sugar Ventures Limited | **0.50** | 0.50 |
| 50,000 ( 50,000) Shares of Rs. 10 each fully paid up in Dalmia Minerals & Properties Ltd. | **0.50** | 0.50 |
| 50,000 ( 50,000) Shares of Rs. 10/- each fully paid up in Geetee Estates Ltd. | **0.50** | 0.50 |
| 2,50,000 ( 2,50,000) Shares of Rs. 10/- each fully paid up in Hemshila Properties Ltd. | **2.50** | 2.50 |
| 4,50,000 ( 4,50,000) Shares of Rs. 10/- each fully paid up in Himshikhar Investment Limited | **44.50** | 44.50 |
| 50,000 ( 50,000) Shares of Rs. 10/- each fully paid up in Ishita Properties Limited. | **12.99** | 12.99 |
| 4,20,000 ( 4,20,000) Shares of Rs. 10/- each fully paid up in Kanika Investment Ltd. | **23.20** | 23.20 |
| 5,00,000 ( 50,000) Shares of Rs. 10/- each fully paid up in Dalmia Power Limited (formerly Seeta Estates & Brokers Ltd.) # | **5.00** | 0.50 |
| 50,000 ( 50,000) Shares of Rs. 10/- each fully paid up in Shri Radha Krishna Brokers & Holdings Ltd. | **0.50** | 0.50 |
| 50,000 ( 50,000) Shares of Rs. 10/- each fully paid up in Dalmia Solar Power Limited (formerly Shri Rangam Brokers & Holdings Ltd.) | **0.50** | 0.50 |
| 2,50,000 ( 2,50,000) Shares of Rs. 10/- each fully paid up in Shri Rangam Properties Ltd. | **2.50** | 2.50 |
| 50,000 (50,000) Shares of Rs. 10/- each fully paid up in Sri Dhandauthapani Mines & Minerals Limited | **0.50** | 0.50 |
| 50,000 ( 50,000) Shares of Rs. 10/- each fully paid up in Dalmia Bharat Enterprises Limited (formerly Sri Keshava Mines & Minerals Ltd) | **0.50** | 0.50 |

# Schedules to the Accounts Contd.

(Rs. in Million)

| | As at 31.3.2010 | | As at 31.3.2009 |
|---|---|---|---|
| **Schedule 7 : Investments Contd.** | | | |
| 1,30,000 ( 50,000) Shares of Rs. 10/- each fully paid up in DCB Power Ventures Limited (formerly Sri Madhava Minerals & Properties Limited) # | 1.30 | | 0.50 |
| 50,000 ( 50,000) Shares of Rs. 10/- each fully paid up in Sri Madhusudana Mines & Properties Limited | 0.50 | | 0.50 |
| 50,000 ( 50,000) Shares of Rs. 10/- each fully paid up in Sri Shanmugha Mines & Minerals Ltd | 0.50 | | 0.50 |
| 50,000 ( 50,000) Shares of Rs. 10/- each fully paid up in Sri Subramanya Mines & Minerals Ltd | 0.50 | | 0.50 |
| 50,000 ( 50,000) Shares of Rs. 10/- each fully paid up in Sri Swaminatha Mines & Minerals Ltd | 0.50 | | 0.50 |
| 50,000 ( 50,000) Shares of Rs. 10/- each fully paid up in Sri Trivikrama Mines & Properties Ltd | 0.50 | | 0.50 |
| | | 2,257.38 | 1,602.08 |
| **Investment in companies other than subsidiaries** | | | |
| **Equity Shares (Unquoted)** | | | |
| 20 ( 20) Shares of Rs. 10/- each fully paid up in Asian Refractories Limited (under liquidation) | ((200)) | | ((200)) |
| 49,290 ( 49,290) Shares of Rs. 10/- each fully paid up in Dalmia Electrodyne Technologies (P) Ltd. | 17.50 | | 17.50 |
| 250 ( 250) Shares of Rs. 10/- each fully paid up in Haryana Financial Corporation | ((2500)) | | ((2500)) |
| | | 17.50 | 17.50 |
| **Venture Capital Fund (Unquoted)** | | | |
| 1,188 (1,100) Units of Rs. 1,00,000/- each fully paid up in Urban Infrastructure Opportunities Fund | | 120.56 | 110.00 |
| Nil ( 440) Units of Rs. 1,00,000/- each partly paid up in Urban Infrastructure Opportunities Fund | | - | 10.56 |
| **Shares of Co-operative Societies** | | 0.01 | 0.01 |
| **Other Investmetns** | | | |
| **Equity Shares** | | | |
| **Quoted** | | | |
| Nil (99,555)Shares of Rs. 10/- each fully paid up in ACC Limited # | - | | 70.39 |
| Nil (27,88,960)Shares of Rs. 10/- each fully paid up in Heidelberg Cement India Limited # | - | | 140.12 |
| 5,20,400 (5,20,400) Shares of Rs. 1/- each fully paid up in Madras Cements Limited | 101.32 | | 101.32 |
| 11,000 (1,68,934) Shares of Rs. 2/- ( Rs. 10/-) each fully paid up in All Cargo Global Logistics Limited # | 1.78 | | 173.26 |
| Nil (5,000) Shares of Rs. 10/- each fully paid up in Bajaj Auto Limited # | - | | 2.33 |
| Nil (5,000) Shares of Rs. 5/- each fully paid up in Bajaj Finserv Limited # | - | | 2.25 |
| Nil (5000) Shares of Rs. 10/- each fully paid up in Bajaj Holdings & Investment Limited # | - | | 5.96 |
| 65,000 (65,000) Shares of Rs. 10/- each fully paid up in Balkrishna Industries Limited | 43.95 | | 43.95 |
| Nil (11,972)Shares of Rs. 10/- each fully paid up in BGR Energy Systems Limited # | - | | 5.66 |
| Nil (36,938)Shares of Rs. 5/- each fully paid up in Cadila Healthcare Limited # | - | | - |
| 1,00,000 (1,00,000) Shares of Rs. 10/- each fully paid up in Cords Cable Industries Limited | 13.50 | | 13.50 |
| Nil (1,00,414) Shares of Rs. 2/- each fully paid up in DCW Limited # | - | | 2.95 |
| 99,250 (99,250)Shares of Rs. 2/- each fully paid up in Essel Propack Limited | 6.54 | | 6.54 |
| Nil (25,000)Shares of Rs. 10/- each fully paid up in Future Capital Holdings Limited # | - | | 16.94 |
| 33,100 (33,100) Shares of Rs. 10/- each fully paid up in Gitanjali Gems Limited | 9.78 | | 9.78 |
| 11,500 (11,500)Shares of Rs. 5/- each fully paid up in Gokaldas Exports Limited | 2.87 | | 2.87 |
| 36,507 (5,86,237)Shares of Re. 1/- each fully paid up in Jai Corp Limited # | 2.81 | | 45.56 |

# Schedules to the Accounts Contd.

(Rs. in Million)

| | As at 31.3.2010 | | As at 31.3.2009 |
|---|---|---|---|
| **Schedule 7 : Investments Contd.** | | | |
| 90,000 (90,000) Shares of Rs. 2/- each fully paid up in JB Chemicals & Pharmaceuticals Limited | **7.02** | | 7.02 |
| Nil (7,45,875)Shares of Rs. 10/- each fully paid up in KSK Energy Ventures Limited # | **-** | | 165.18 |
| Nil (11,145)Shares of Rs. 10/- each fully paid up in Mundra Port & Economic Zone Limited # | **-** | | 4.90 |
| 50,000 (1,44,788) Shares of Rs. 10/- each fully paid up in Poddar Pigments Limited # | **2.15** | | 6.21 |
| 2,14,702 (2,14,702)Shares of Rs. 10/- each fully paid up in Polyplex Corporation Limited | **27.16** | | 27.16 |
| 8,74,720 (8,74,720) Shares of Rs. 5/- each fully paid up in Reliance Communications Limited | **460.55** | | 460.55 |
| 12,900 (6,450) Shares of Rs. 10/- each fully paid up in Reliance Industries Limited # | **15.67** | | 15.67 |
| 12 (12) Shares of Rs. 10/- each fully paid up in Reliance Infrastructure Limited | **0.01** | | 0.01 |
| 8,724 (8,724) Shares of Rs. 10/- each fully paid up in Reliance Power Limited | **2.45** | | 2.45 |
| 3,71,000 (3,71,000) Shares of Rs. 10/- each fully paid up in Sharyans Resources Limited | **85.96** | | 85.96 |
| 13,836 (218,836) Shares of Rs. 2/- each fully paid up in Simplex Infrastructures Limited # | **9.23** | | 146.73 |
| Nil (2,55,000) Shares of Rs. 10/- each fully paid up in SRF Limited # | **-** | | 44.32 |
| 2,31,250 (2,31,250) Shares of Rs. 10/- each fully paid up in Sunshield Chemicals Limited | **6.54** | | 6.54 |
| Nil (6,000) Shares of Rs. 1/- each fully paid up in Tata Consultancy Services Limited # | **-** | | 5.13 |
| 24,630 (24,630) Shares of Rs. 10/- each fully paid up in TCPL Packagings Limited | **1.83** | | 1.83 |
| 10,000 (10,000) Shares of Rs. 5/- each fully paid up in Wockhardt Limited | **3.89** | | 3.89 |
| Nil (9,849) Shares of Rs. 10/- each fully paid up in Zydus Wellness Limited # | **-** | | - |
| | | **805.01** | 1,626.93 |
| **Unquoted** | | | |
| 21,83,899 (Nil)Shares of Rs. 10/- each fully paid up in Bharathi Cement Corporation Limited # | | **950.00** | - |
| **Units of Mutual Funds (Quoted)** | | | |
| Debt based schemes # | **53.51** | | 597.33 |
| Balanced schemes # | **14.44** | **67.95** | 9.88 |
| | | **8,009.79** | 6,674.81 |
| Quoted (including Mutual Funds): | | | |
| Book Value | | **4,645.95** | 4,234.63 |
| Market Value | | **3,478.75** | 1,949.42 |
| Book Value of Unquoted Investments | | **3,363.84** | 2,440.18 |

Notes:

There is no investment in companies under the same management.

# includes purchases during the year - Face value Rs. 14,519.65 Million, Cost Rs. 23,208.26 Million; Bonus shares received - Face Value Rs 0.07 Million and net of sales during the year - Face Value Rs. 14,231.62 Million, Cost Rs. 21,873.28 Million. All investments are "Long Term" except "other investments"

# Schedules to the Accounts Contd.

(Rs. in Million)

| | As at 31.3.2010 | As at 31.3.2009 |
|---|---|---|
| **Schedule 8 : Inventories** | | |
| **(As taken, valued and certified by the Management)** | | |
| **Stores, Spares etc** | | |
| On hand | **1,061.74** | 877.65 |
| In transit | **314.67** | 389.89 |
| **Loose tools** | **0.58** | 0.66 |
| **Raw Materials** | | |
| On hand | **451.84** | 245.73 |
| In transit | **188.29** | 410.90 |
| Work in Progress | **569.44** | 429.74 |
| Finished Goods | **4,487.44** | 2,954.52 |
| | **7,074.00** | 5,309.09 |
| Less Provision for Damaged Stock | **7.00** | - |
| | **7,067.00** | 5,309.09 |

(Rs. in Million)

| | As at 31.3.2010 | | As at 31.3.2009 | |
|---|---|---|---|---|
| **Schedule 9: Sundry Debtors** | | | | |
| **a) Debts over six months** | | | | |
| Considered good | | | | |
| Secured | | **105.15** | | 18.67 |
| Unsecured | | **68.25** | | 86.19 |
| Considered doubtful | **87.76** | | 15.74 | |
| Less: Provision for Bad and Doubtful Debts | **87.76** | **-** | 15.74 | - |
| **b) Others** | | | | |
| Considered good | | | | |
| Secured | | **788.50** | | 861.97 |
| Unsecured | | **1,176.30** | | 1,173.63 |
| | | **2,138.20** | | 2,140.46 |

(Rs. in Million)

| | As at 31.3.2010 | As at 31.3.2009 |
|---|---|---|
| **Schedule 10 : Cash and Bank Balances** | | |
| Cash on hand | **14.07** | 3.54 |
| Cheques in hand | **46.59** | 2.74 |
| Balances with Scheduled Banks : | | |
| - On current accounts | **1,059.72** | 368.90 |
| - On cash credit accounts | **750.79** | 0.12 |
| - On unpaid dividend accounts | **24.75** | 22.30 |
| - On deposit accounts | **211.14** | 148.57 |
| Balance with other Banks : | | |
| On current accounts * | **1.43** | 1.05 |
| | **2,108.49** | 547.22 |
| *Balances with | | |
| Avadh Gramin Bank | **0.06** | 0.04 |
| Zila Sahakari Bank Limited | **0.81** | 0.54 |
| Lucknow Kshetriya Gramin Bank | **0.51** | 0.35 |
| Baroda Paschimi Uttar Pradesh Gramin Bank | **0.05** | 0.12 |
| Maximum balance during the year with | | |
| Avadh Gramin Bank | **1.63** | 3.51 |
| Zila Sahakari Bank Limited | **7.36** | 15.94 |
| Lucknow Kshetriya Gramin Bank | **1.59** | 18.65 |
| Baroda Paschimi Uttar Pradesh Gramin Bank | **34.10** | 106.21 |

# Schedules to the Accounts Contd.

(Rs. in Million)

| | As at 31.3.2010 | As at 31.3.2009 |
|---|---|---|
| **Schedule 11: Loans and Advances (Considered good unless otherwise stated)** | | |
| Loans | | |
| Secured | | |
| Employees * | **0.01** | 2.35 |
| Unsecured | | |
| Employees * | **9.15** | 7.24 |
| Subsidiary Companies ** | **392.37** | 496.66 |
| Others | **116.22** | 19.75 |
| Advances recoverable in cash or in kind or for value to be received (Unsecured) | | |
| Subsidiary Companies | **28.13** | 612.73 |
| Others | **760.35** | 389.46 |
| Others (Considered doubtful) | **20.84** | 1.92 |
| Advance income tax {net of provisions Rs.1164.11 Million (Rs.1139.00 Million)} | **122.56** | 163.90 |
| MAT Credit entiltlement | **456.38** | 148.30 |
| Deposit and Balances with Government Departments and Other Authorities | **506.92** | 1,571.72 |
| | **2,412.93** | 3,414.03 |
| Less: Provision for Doubtful Loan and advances | **20.84** | 1.92 |
| | **2,392.09** | 3,412.11 |

(Rs. in Million)

| | 31.3.2010 | 31.3.2009 | 31.3.2010 | 31.3.2009 |
|---|---|---|---|---|
| | Outstanding Balance | | Maximum Balance | |
| *includes | | | | |
| Due form officers of the Company | **7.62** | 4.13 | **8.30** | 7.81 |
| ** Due from Subsidiaries: | | | | |
| Arjuna Brokers & Minerals Ltd. | **1.85** | 1.80 | **1.85** | 2.14 |
| Avnija Properties Ltd. | **7.50** | - | **668.50** | |
| D.I Properties Ltd. | **-** | 7.71 | **7.71** | 7.71 |
| Dalmia Sugar Ventures Limited | **9.94** | | **9.94** | |
| Dalmia Minerals & Properties Ltd. | **289.20** | 277.83 | **291.08** | 283.48 |
| Geetee Estates Ltd. | **-** | 10.49 | **10.53** | 10.49 |
| Hemshila Properties Ltd. | **-** | 6.81 | **6.81** | 7.12 |
| Himshikhar Investment Limited | **0.47** | 3.35 | **3.35** | 3.35 |
| Ishita Properties Limited. | **48.49** | 48.71 | **48.91** | 50.12 |
| Dalmia Power Limited (formerly Seeta Estates & Brokers Ltd.) | **1.46** | 14.95 | **16.15** | 14.95 |
| Shri Radha Krishna Brokers & Holdings Ltd. | **-** | 15.11 | **15.16** | 15.57 |
| Dalmia Solar Power Limited (formerly Shri Rangam Brokers & Holdings Ltd.) | **31.46** | 1.56 | **31.46** | 1.65 |
| Shri Rangam Properties Ltd. | **-** | 7.83 | **7.83** | 7.83 |
| Sri Dhandauthapani Mines & Minerals Limited | **-** | 17.68 | **17.68** | 17.68 |
| Dalmia Bharat Enterprises Limited (formerly Sri Keshava Mines & Minerals Ltd) | **-** | 13.34 | **14.44** | 13.34 |
| DCB Power Ventures Limited (formerly Sri Madhava Minerals & Properties Ltd) | **-** | 14.32 | **14.37** | 14.52 |
| Sri Madhusudana Mines and Properties Limited | **-** | 12.47 | **12.47** | 12.47 |
| Sri Shanamugha Mines & Minerals Ltd | **0.73** | 13.05 | **13.10** | 13.05 |
| Sri Subramanya Mines & Minerals Ltd | **-** | 3.41 | **3.41** | 12.59 |
| Sri Swaminatha Mines & Minerals Ltd | **-** | 12.00 | **12.00** | 12.00 |
| Sri Trivikrama Mines & Properties Ltd | **1.27** | 14.24 | **14.24** | 14.24 |

# Schedules to the Accounts Contd.

(Rs. in Million)

| | As at 31.3.2010 | As at 31.3.2009 |
|---|---|---|
| **Schedule 12 : Current Liabilities** | | |
| Sundry Creditors | | |
| - Micro and Small Enterprises | - | - |
| - Others | **3,908.96** | 5,598.24 |
| Advances from customers | **289.53** | 101.18 |
| Directors' Commission payable | **83.00** | 73.00 |
| Unclaimed Dividend * | **24.75** | 22.30 |
| Matured Fixed Deposit and interest theron * | - | 1.99 |
| Other liabilities | **302.44** | 253.78 |
| Interest accrued but not due on Loans | **106.35** | 96.91 |
| | **4,715.03** | 6,147.40 |

(Rs. in Million)

| | As at 31.3.2010 | As at 31.3.2009 |
|---|---|---|
| **Schedule 13 : Provisions** | | |
| Proposed dividend on equity shares | **80.94** | 161.88 |
| Pension and other Staff benefits | **51.97** | 54.98 |
| Dividend Distribution Tax | **13.44** | 27.52 |
| | **146.35** | 244.38 |

(Rs. in Million)

| | 31.3.2010 | | 31.3.2009 |
|---|---|---|---|
| **Schedule 14: Other Income** | | | |
| **Income from Travel Agency business** | | **14.55** | 14.56 |
| [Tax deducted at source Rs. 0 .94 million (Rs. 1.14 million)] | | | |
| **Interest** | | | |
| - Bank deposits {Tax deducted at source Rs.1.23 Million (Rs.2.72 million)} | | **17.58** | 20.56 |
| - Others {Tax deducted at source Rs 0.99 million( Rs. 0.18 million)} | | **6.74** | 3.68 |
| Export benefits received | | **1.93** | 4.05 |
| Income From Carbon Credit | | **12.37** | 0.61 |
| Profit on sale of fixed assets (net) | | **1.08** | 9.19 |
| **Dividend** | | | |
| - Investments Non-trade | | **8.26** | 14.52 |
| - Investments trade | | **33.18** | 33.39 |
| Profit on sale of Investments | **181.64** | | 32.35 |
| Less : Loss on sale of investments | **109.86** | | 882.65 |
| | | **71.78** | (850.30) |
| Miscellaneous Receipts | | **340.64** | 641.69 |
| | | **508.11** | (108.05) |

(Rs. in Million)

| | 31.3.2010 | 31.3.2009 |
|---|---|---|
| **Schedule 15 : (Increase) / Decrease in Stocks** | | |
| Finished Goods | | |
| - Closing stock | **4,487.44** | 2,954.52 |
| - Opening stock | **2,954.52** | 3,155.29 |
| | **(1,532.92)** | 200.77 |
| Work-in-Process | | |
| - Closing stock | **569.44** | 429.74 |
| - Opening stock | **429.74** | 197.44 |
| | **(139.70)** | (232.30) |
| | **(1,672.62)** | (31.53) |

# Schedules to the Accounts Contd.

(Rs. in Million)

| | 31.3.2010 | 31.3.2009 |
|---|---|---|
| **Schedule 16 : Personnel expenses** | | |
| Salaries and Wages | **973.49** | 783.18 |
| {after allocating Rs. 240.18 million (Rs.213.03 Million) to other accounts} | | |
| Payment under Voluntary Retirement Scheme | **0.46** | 3.73 |
| Contribution to Provident Fund and Other Funds | **70.24** | 67.32 |
| Bonus | **2.03** | 7.50 |
| Workmen and Staff Welfare expenses | **95.98** | 68.78 |
| | **1,142.20** | 930.51 |

(Rs. in Million)

| | 31.3.2010 | 31.3.2009 |
|---|---|---|
| **Schedule 17 : Operating and Other Expenses** | | |
| Power and Fuel | **4,371.55** | 4,105.70 |
| Processing charges | **194.86** | 141.75 |
| Packing Materials | **748.37** | 611.17 |
| Consumption of Stores and Spares Parts | **82.06** | 65.59 |
| {after allocating Rs. 401.88 Million (Rs.565.52 Million) to other accounts} | | |
| Excise duty variation on opening/closing stock | **122.78** | (58.38) |
| Repairs and Maintenance : | | |
| - Plant & Machinery | **612.19** | 546.33 |
| - Buildings | **85.88** | 52.85 |
| - Others | **11.13** | 16.85 |
| Rent | **33.06** | 22.72 |
| Rates and Taxes | **30.98** | 21.58 |
| Insurance | **20.41** | 17.66 |
| Travelling | **72.41** | 68.04 |
| Advertisement and Publicity | **75.36** | 46.26 |
| Freight and Forwarding Charges | **2,099.61** | 1,332.30 |
| Commission paid to Other Selling Agents | **58.38** | 43.34 |
| Rebate, Discount and Allowances | **23.75** | 5.55 |
| Director's sitting fees | **0.95** | 0.90 |
| Non-Executive Directors Commission | **3.00** | 3.00 |
| Charity and Donation | **24.73** | 31.29 |
| Assets written off | **-** | 2.28 |
| Provision for doubtful debts / advances | **90.95** | 0.61 |
| Bad Debts written off | **0.16** | 0.21 |
| Miscellaneous expenses | **1,003.99** | 990.54 |
| | **9,766.56** | 8,068.14 |

(Rs. in Million)

| | 31.3.2010 | 31.3.2009 |
|---|---|---|
| **Schedule 18 : Financial Expenses** | | |
| Interest | | |
| - On term loans and debentures | **1,463.81** | 1,068.80 |
| - On borrowing from banks | **83.45** | 140.34 |
| - Others | **116.26** | 216.87 |
| Bank Charges | **92.38** | 43.53 |
| | **1,755.90** | 1,469.54 |

| | 31.3.2010 | 31.3.2009 |
|---|---|---|
| **Schedule 19 : Earning Per Share** | | |
| Net profit for calculation of basic and diluted EPS (Rs. in Million) | **1,369.87** | 1,586.23 |
| Total number of equity shares outstanding at the end of the year | **80,939,303** | 80,939,303 |
| Weighted average number of equity shares in calculating basic and diluted EPS | **80,939,303** | 80,907,853 |
| Basic and Diluted EPS (Rs.) | **16.92** | 19.61 |

# Schedules to the Accounts Contd.

## Schedule 20 - Significant Accounting Policies and Notes to Accounts

### A. Significant Accounting Policies

**1. Basis of preparation**

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which revaluation is carried out. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

**2. Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between the actual result and estimates are recognised in the period in which the results are known/ materialized.

**3. Fixed assets**

Fixed assets are stated at cost (or revalued amounts, as the case may be), less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Intangible assets are recognised on the basis of recognition criteria as set out in the relevant Accounting Standard.

**4. Depreciation/amortisation**

Depreciation is provided on fixed assets over the useful lives of the assets estimated by the management, which are equivalent to the rates prescribed in Schedule XIV to the Companies Act, 1956. The following methods of depreciation are used for fixed assets:

| | |
|---|---|
| "Plant and machinery" at Salem and Dalmiapuram excluding earth moving machinery) and on all fixed assets at Kadappa, Ariyalur, Ballabhgarh, Wind Farm Unit, Bangalore Works and Dalmia Chini Mills (Sugar Units) | Straight Line Method |
| Leasehold Land | Amortised over the period of lease, i.e 30 - 99 years |
| Revalued assets | Depreciation on amount added on revaluation of fixed assets is transferred from Revaluation Reserve. |
| Computer Software | Amortised over a period of 3-5 years on a Straight line basis. |
| Remaining Fixed Assets | Written Down Value Method |

**5. 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 recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the 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 at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

Previously recognised impairment losses are reversed to the extent the recoverable amount exceeds the carrying amount.

**6. 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**

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.

**7. Government grants and subsidies**

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

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.

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.

**8. Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**9. Segment reporting**

**Identification of segments**

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

**Inter segment Transfers**

The Company accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices.

**Allocation of common costs**

Common allocable costs are allocated to each segment on reasonable basis.

**Unallocated items**

Includes general corporate income and expense items which are not allocable to any business segment.

**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.

**10. Employee benefits**

a. Employee benefits in the form of the Company's contribution to provident fund, pension fund, superannuation fund and ESI are considered as defined contribution plan and charged to the profit and loss account of the year when the contributions to the respective funds are due. There are no other obligations other than the contributions payable to the respective funds.

b. Retirement benefits in the form of gratuity and provident fund contribution to Dalmia Cement Provident Fund Trust are defined benefit plans. Gratuity is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Contributions to Dalmia Cement Provident Fund Trust are charged to the profit and loss account of the year when the contributions to the fund is due. Shortfall in the funds, if any, is adequately provided for by the Company.

c. Leave encashment including compensated absences are provided for based on actuarial valuation at the year end. The actuarial valuation is done as per projected unit credit method.

d. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

e. Payments made under the Voluntary Retirement Scheme are charged to the Profit and Loss account in the year in which the same are incurred.

**11. Inventories**

a. Finished goods are valued at lower of cost or net realisable value. In case of Dead Burnt Magnesits Dust Stocks to the extent these are considered saleable, valuation is done at raw materials cost plus packing charges or net realizable value, whichever is lower. By-products are valued at net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis.

b. Work in progress is valued at lower of cost or net realisable value. Cost is determined on a weighted average basis.

c. Stores, Spares and Raw Materials are valued at lower of cost or net realisable value. However materials & other items of inventories held for use in the production are not written 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 weighted average basis

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

**12. Investments**

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined for each category separately. Long-term investments are carried at cost on individual investment basis. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments in case of long term investments.

**13. Revenue recognition**

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

# Schedules to the Accounts Contd.

**Sale of goods**

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Excise Duty deducted from turnover (gross) are the amount that is included in the amount of turnover (gross) and not the entire amount of liability that arose during the year. Sale is net of trade discount and sales tax.

**Dividends**

Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date.

**Insurance Claim**

Claims lodged with the insurance companies are accounted on accrual basis to the extent these are measurable and ultimate collection is reasonably certain.

**14. Foreign currency transactions**

**(i) Initial recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**(ii) Conversion**

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; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

**(iii) Exchange differences**

Exchange differences arising on a monetary item that, in substance, form part of the company's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognised as income or as expenses.

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

**(iv) Forward exchange contracts not intended for trading or speculation purposes**

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

**15. Income taxes**

Tax expense comprises of current and deferred. Current income 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 and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

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.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

**16. Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding

# Schedules to the Accounts Contd.

during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split, and reverse share split (consolidation of shares).

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.

**17. Provisions**

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, 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 required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are shown by way of note in the Notes to Accounts in respect of obligations where based on the evidence available, their existence at the Balance Sheet date is considered not probable. Contingent assets are neither recognized in the accounts nor disclosed.

**18. Cash and cash equivalents**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand.

**B. Notes to Accounts**

**1. Contingent liabilities (not provided for) in respect of:**

(Rs. in Million)

| S. No. | Particulars | 2009-10 | 2008-09 |
|---|---|---|---|
| a) | Claims against the Company not acknowledged as debts | **386.69** | 200.69 |
| b) | Guarantees/Counter Guarantees given to banks on account of loans given by the banks to Bodies Corporate | **14.70** | 240.00 |
| c) | Demand raised by Income tax authorities in dispute | **111.16** | 76.90 |
| d) | Demand raised by custom, excise, entry tax, service tax and sales tax authorities in dispute | **729.29** | 582.95 |
| e) | Other money for which the Company is contingently liable | **11.93** | 2.98 |
| f) | Uncalled Liability on Partly Paid up Units | **-** | 42.24 |

Based on favourable decisions in similar cases, legal opinion taken by the Company, discussions with the solicitors etc, the Company believes that there is a fair chance of favourable decisions in respect of the items listed above and hence no provision is considered necessary against the same.

**2. Capital Commitment**

(Rs. in Million)

| Particulars | 2009-10 | 2008-09 |
|---|---|---|
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | **120.78** | 1,131.43 |

**3. Loans falling due for repayment within one year:**

(Rs. in Million)

| Particulars | 2009-10 | 2008-09 |
|---|---|---|
| Secured | **3,037.83** | 2,983.60 |
| Unsecured | **126.77** | 1,711.01 |

# Schedules to the Accounts Contd.

**4. Remuneration paid to auditors (included in Miscellaneous Expenses) :**

(Rs. in Million)

| Particulars | 2009-10 | 2008-09 |
|---|---|---|
| a) Statutory Auditor | | |
| i) Audit Fee | **3.00** | 1.45 |
| ii) For Tax Audit and Other services | **0.70** | 1.02 |
| iii) For Expenses | **0.53** | 0.74 |
| b) Cost Auditor | | |
| i) Audit Fee | **0.16** | 0.15 |
| ii) For Expenses | **0.02** | 0.02 |

**5.** Computation of net profit in accordance with Section 349 of the Companies Act, 1956 for calculation of commission payable to Directors:

a) Executive and non executive directors

(Rs. in Million)

| Particulars | 2009-10 | 2008-09 |
|---|---|---|
| Profit before tax as per Profit and Loss Account | **2,040.83** | 2,599.37 |
| Add: Non-Executive Directors' Commission | **3.00** | 3.00 |
| Directors' Sitting Fees | **0.95** | 0.90 |
| Provision for Bad and doubtful debts | **90.95** | 0.61 |
| Whole-time/ Managing Directors' remuneration | **118.29** | 101.00 |
| (Profit)/ Loss on Sale of Investments/Assets (net) | **(72.86)** | 399.79 |
| Net profit for calculating Directors' Commission | **2,181.16** | 3104.67 |
| Maximum Commission payable to: | | |
| Non-Executive Directors @ 1% on Rs.2,181.16 Million (Rs.3,104.67 Million) | **21.81** | 31.05 |
| Executive Directors @ 6% on Rs.2,181.16 Million (Rs.3,104.67 Million) | **130.87** | 186.28 |
| Commission paid to: | | |
| Non-Executive Directors | **3.00** | 3.00 |
| Executive Directors | **80.00** | 70.00 |

b) Whole time director and Managing directors

(Rs. in Million)

| Particulars | 2009-10 | 2008-09 |
|---|---|---|
| Salaries | **30.47** | 23.28 |
| Perquisites | **5.80** | 4.45 |
| Contribution to Provident Fund, Superannuation Fund and other Funds | **2.02** | 3.27 |
| Commission | **80.00** | 70.00 |
| **Total** | **118.29** | 101.00 |

As the liabilities for gratuity and leave encashment are provided on an actuarial basis for the Company as a whole, the amounts pertaining to the directors are not included above.

**6.** In the opinion of the Board and to the best of their knowledge and belief, the value on realisation of loans, advances and current assets in the ordinary course of business will not be less than the amount at which they are stated in the Balance Sheet.

7. Details of dues to Micro and Small Enterprises as per MSMED Act.

(Rs. in Million)

| Particulars | 2009-10 | 2008-09 |
|---|---|---|
| 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 | - | - |
| the amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year | - | - |
| 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 under Micro Small and Medium Enterprise Development Act, 2006. | - | - |
| the amount of interest accrued and remaining unpaid at the end of each accounting year; and | - | - |
| 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 23 of the Micro Small and Medium Enterprise Development Act, 2006 | - | - |
| **Total** | - | - |

8. **Operating Lease**

**Assets taken on lease**

Office premises are obtained on operating lease. The lease term is for 3 years. There is no escalation clause in the lease agreement.

(Rs. in Million)

| Particulars | 2009-10 | 2008-09 |
|---|---|---|
| Lease payments for the year | 33.06 | 22.72 |
| **Total** | 33.06 | 22.72 |

**Assets given on lease**

The Company has leased out building, plant and machinery etc on operating lease. The lease term is for 10 years and thereafter not renewable. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements. Contingent rent recognized in the Profit & Loss Account for the year was Rs.Nil (Rs.Nil).

(Rs. in Million)

| Particulars | 2009-10 | 2008-09 |
|---|---|---|
| There are no uncollectible minimum lease payments receivable at the balance sheet date (previous year Nil) | | |
| **Future minimum lease Receipts** | | |
| Not later than one year | 22.05 | 22.05 |
| Later than one year and not later than five years | 87.28 | 88.20 |
| Later than five years | - | 21.13 |
| **Total** | 109.33 | 131.38 |

# Schedules to the Accounts Contd.

**9. Particulars of Derivative instruments and Unhedged foreign Currency Exposure as at the Balance Sheet date:**

**Derivative Instruments**

Forward contract outstanding as at Balance Sheet date:

| Particulars | Currency | Additions Foreign currency | Amount (Rs. in million) | Purpose |
|---|---|---|---|---|
| Buy | Euro | 820,657<br>(-) | 57.92<br>(-) | To hedge the import creditors for Purchased Spare Parts |
| Buy | Euro | -<br>(534,288) | -<br>(34.16) | To hedge the import creditors for purchase of items related to capital expenditure |
| **Total** | **Euro** | **820,657**<br>(534,288) | **57.92**<br>(34.16) | |
| Buy | USD | 41,313,626<br>(37,223,816) | 1,932.17<br>(1,882.49) | To hedge the principal and interest on buyer's credit for coal, raw sugar and capital items purchased |
| Buy | USD | -<br>(105,000) | -<br>(5.16) | To hedge the import creditors for purchase of items related to capital expenditure |
| Buy | USD | 3,338,398<br>(8,030,356) | 153.99<br>(405.73) | To hedge the import creditors for Coal and raw sugar purchased |
| Buy | USD | 1,234,487<br>(-) | 57.70<br>(-) | To hedge the principal and interest for External Commercial borrowing |
| **Total** | **USD** | **45,886,511**<br>(45,359,172) | **2,143.86**<br>(2,293.38) | |
| Buy | JPY | 2,357,380<br>(-) | 1.20<br>(-) | To hedge the import creditors for Spare Parts Purchased |
| **Total** | **JPY** | **2,357,380**<br>(-) | **1.20**<br>(-) | |

**Particulars of unhedged foreign currency exposure:**

| Particulars | Amount in Foreign currency | Amount (Rs. in million) |
|---|---|---|
| Foreign currency loans | USD 14,499,234<br>(USD17,760,000)<br>(Closing rate 1 USD = Rs. 44.895 (50.640)) | 650.94<br>(899.44) |
| Purchase of capital goods | -<br>(JPY 2,750,000 , Closing rate 1 JPY = Rs. 0.518) | -<br>(1.42) |
| Purchase of capital goods | -<br>(CHF 21,461 , Closing rate 1 CHF = Rs. 45.085) | -<br>(0.97) |
| Purchase of capital goods | -<br>(AUD 18,193 , Closing rate 1 AUD = Rs. 35.367) | -<br>(0.64) |

**10. Additional information pursuant to the provisions of Part II of Schedule VI to the Companies Act, 1956:**

**A) Sales of goods traded and produced**

| Class of Product | Unit | Quantity (Unit) | | Amount (Rs.in million) | |
|---|---|---|---|---|---|
| | | 2009-10 | 2008-09 | 2009-10 | 2008-09 |
| Cement | ('000 Tonnes) | **4,064.19** | 3,380.59 | **15,507.25** | 14,699.04 |
| Refractory products | ('000 Tonnes) | **22.87** | 24.80 | **412.35** | 394.83 |
| Sugar | ('000 Tonnes) | **183.75** | 162.46 | **5,145.32** | 2,941.62 |
| Multilayer Ceramic Chip Capacitors | (Lakh Nos.) | **45.03** | 30.01 | **2.91** | 1.36 |
| Refractories etc. | ('000 Tonnes) | **48.58** | 39.86 | **922.21** | 735.55 |
| Power | ( Million Units) | **233.22** | 162.84 | **1,017.30** | 514.90 |
| Industrial Alcohol | ('000 KL) | **6.26** | 6.82 | **168.54** | 178.72 |
| Others | | | | **262.92** | 256.11 |
| Total | | | | **23,438.80** | 19,722.13 |

# Schedules to the Accounts Contd.

**B) Consumption of raw materials**

| Class of Product | Unit | Quantity (Unit) | | Amount (Rs.in million) | |
|---|---|---|---|---|---|
| | | 2009-10 | 2008-09 | 2009-10 | 2008-09 |
| Limestone | ('000 Tonnes) | **5,055.04** | 3,836.53 | **896.73** | 565.56 |
| Gypsum | ('000 Tonnes) | **166.44** | 153.21 | **203.01** | 188.75 |
| Raw Magnesite | ('000 Tonnes) | **69.17** | 64.44 | **77.56** | 128.10 |
| Sugar Cane | ('000 Tonnes) | **1,515.12** | 1,196.67 | **3,695.93** | 1,810.10 |
| Raw Sugar | ('000 Tonnes) | **66.38** | - | **1,672.36** | - |
| Fly Ash | ('000 Tonnes) | **716.96** | 763.06 | **383.02** | 358.65 |
| Others | | | | **632.86** | 370.96 |
| **Total** | | | | **7,561.47** | 3,422.12 |

**C) Details of Purchase of Trading Goods**

| Class of Product | Quantity ('000 tonnes) | | Amount (Rs.in million) | |
|---|---|---|---|---|
| | 2009-10 | 2008-09 | 2009-10 | 2008-09 |
| Refractories | **-** | - | **128.89** | 97.30 |
| Sugar | **0.29** | - | **7.65** | - |
| **Total** | | | **136.54** | 97.30 |

**D) Details of Finished Goods**

| Class of Product | Unit | Quantity (Unit) | | Amount (Rs.in million) | |
|---|---|---|---|---|---|
| | | 2009-10 | 2008-09 | 2009-10 | 2008-09 |
| **Opening stock** | | | | | |
| Cement | ('000 Tonnes) | **68.73** | 65.32 | **186.43** | 154.46 |
| Refractory products | ('000 Tonnes) | **9.47** | 5.97 | **113.01** | 55.33 |
| Sugar | ('000 Tonnes) | **122.87** | 177.23 | **2,382.48** | 2,718.92 |
| Multilayer Ceramic Chip Capacitors | (Lakh Nos.) | **6.59** | 7.11 | **0.30** | 0.54 |
| Refractories etc. | ('000 Tonnes) | **5.63** | 3.47 | **66.42** | 34.11 |
| Power-Banked | ( Million Units) | **3.93** | 6.50 | **6.75** | 15.96 |
| Industrial Alcohol | ('000 KL) | **1.80** | 2.07 | **45.04** | 45.65 |
| Others | | | | **154.09** | 130.32 |
| **Total** | | | | **2,954.52** | 3,155.29 |
| **Closing stock** | | | | | |
| Cement | ('000 Tonnes) | **78.17** | 68.73 | **205.66** | 186.43 |
| Refractory products | ('000 Tonnes) | **10.72** | 9.47 | **122.56** | 113.01 |
| Sugar | ('000 Tonnes) | **142.36** | 122.87 | **3,875.47** | 2,382.48 |
| Multilayer Ceramic Chip Capacitors | (Lakh Nos.) | **6.08** | 6.59 | **0.14** | 0.30 |
| Refractories etc. | ('000 Tonnes) | **5.76** | 5.63 | **86.02** | 66.42 |
| Power-Banked | ( Million Units) | **3.44** | 3.93 | **7.47** | 6.75 |
| Industrial Alcohol | ('000 KL) | **1.23** | 1.80 | **27.59** | 45.04 |
| Others | | | | **162.53** | 154.09 |
| **Total** | | | | **4,487.44** | 2,954.52 |

# Schedules to the Accounts Contd.

### E) Licensed Capacity, Installed Capacity and Actual Production

| Class of products | Unit | Licensed Capacity | | Installed capacity* | | Actual Production | |
|---|---|---|---|---|---|---|---|
| | | 2009-10 | 2008-09 | 2009-10 | 2008-09 | 2009-10 | 2008-09 |
| Cement | ('000 Tonnes) | N.A | N.A | 8,200.00 | 6,500.00 | 4,074.10 | 3,384.43 |
| Refractory products | ('000 Tonnes) | N.A | N.A | 79.50 | 79.50 | 24.15 | 28.33 |
| Sugar | ('000 Tonnes) | N.A | N.A | 22.50** | 22.50** | 202.95 | 108.10 |
| Multilayer Ceramic Chip Capacitors | (Lakh Nos.) | N.A | N.A | 1,200.00 | 1,200.00 | 44.52 | 29.49 |
| Chip Resistors | (Lakh Nos.) | N.A | N.A | 1,000.00 | 1,000.00 | 0.52 | 0.10 |
| Refractories etc. | ('000 Tonnes) | N.A | N.A | N.A | N.A | 48.71 | 42.02 |
| Power | ( Million Units) | N.A | N.A | 113.52*** | 113.52*** | 355.77 | 275.19 |
| Industrial Alcohol | ('000 KL) | 80.00 | 80.00 | 80.00**** | 80.00**** | 5.72 | 6.56 |

*As certified by the management
**Sugarcane crushed in Tonnes per day
***MW per hour
****Capacity in KL per day
Difference in quantitative tally is on account of captive consumption/ shortage/excess/damages etc.

### F) CIF Value of Imports

(Rs. in Million)

| Particulars | 2009-10 | 2008-09 |
|---|---|---|
| Raw materials | 1,548.19 | 562.81 |
| Components & spare parts | 1,576.05 | 2,852.89 |
| Capital goods | 360.00 | 1,168.22 |

### 11. Expenditure in foreign currency (Accrual basis):

(Rs. in Million)

| Particulars | 2009-10 | 2008-09 |
|---|---|---|
| Professional Fees, Consultation Fee and Interest | 110.63 | 84.57 |
| Others | 15.54 | 18.11 |
| **Total** | 126.17 | 102.68 |

### 12. Earnings in foreign currency (Accrual basis):

(Rs. in Million)

| Particulars | 2009-10 | 2008-09 |
|---|---|---|
| Export of goods at FOB value | 124.65 | 52.84 |
| Total | 124.65 | 52.84 |

### 13. Details regarding imported and indigenous materials consumed during the year:

| | Imported | | Indigenous | | Value of total consumption |
|---|---|---|---|---|---|
| | Value (Rs. in million) | Percentage to total consumption | Value (Rs. in million) | Percentage to total consumption | (Rs. in million) |
| Raw Materials | 1,876.26<br>(161.60) | 24.81<br>(4.72) | 5,685.21<br>(3,260.52) | 75.19<br>(95.28) | 7,561.47<br>(3,422.12) |
| Stores, Spares Parts and Components | 74.16<br>(55.36) | 15.32<br>(8.77) | 409.78<br>(575.75) | 84.68<br>(91.23) | 483.94<br>(631.11) |

# Schedules to the Accounts Contd.

**14. Gratuity and Other Post Employment Benefit Plans**

**Gratuity**

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The Scheme is funded with an insurance company in the form of a qualifying insurance policy.

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

**Profit and Loss Account**

Net employee benefit expense (recognised in Personnel Expenses)

(Rs. in Million)

| | Gratuity (Funded) | |
|---|---|---|
| **Particulars** | **2009-10** | **2008-09** |
| Current Service Cost | **20.29** | 17.41 |
| Interest Cost | **12.87** | 12.00 |
| Expected return on plan assets | **(14.11)** | (10.78) |
| Net Actuarial (Gain)/ Loss | **(7.05)** | (9.36) |
| Past Service cost | **-** | - |
| **Total Expense** | **12.00** | 9.27 |
| Actual return on planned assets | **32.05** | 11.85 |

**Balance Sheet**

(Rs. in Million)

| | Gratuity (Funded) | |
|---|---|---|
| **Particulars** | **2009-10** | **2008-09** |
| Present value of obligation as at year-end | **192.81** | 160.93 |
| Fair value of plan assets as at year-end | **214.65** | 150.18 |
| Less : Unrecognised past service cost | **-** | - |
| Funded status {( Surplus/(Deficit)} | **21.84** | (10.75) |
| **Net Asset/(Liability) as at year end** | **21.84** | (10.75) |

**Changes in the present value of the defined benefit obligation are as follows:**

(Rs. in Million)

| | Gratuity (Funded) | |
|---|---|---|
| **Particulars** | **2009-10** | **2008-09** |
| Opening defined benefit obligation | **160.93** | 149.97 |
| Interest cost | **12.87** | 12.00 |
| Current service cost | **20.29** | 17.41 |
| Benefits paid out of funds | **(12.17)** | (10.16) |
| Benefits paid by Company | **-** | - |
| Actuarial (gains)/ losses on obligation | **10.89** | (8.29) |
| **Closing defined benefit obligation** | **192.81** | 160.93 |

**Changes in the fair value of plan assets are as follows:**

(Rs. in Million)

| | Gratuity (Funded) | |
|---|---|---|
| **Particulars** | **2009-10** | **2008-09** |
| Opening fair value of plan assets | **150.18** | 115.36 |
| Expected return | **14.11** | 10.78 |
| Contribution by employer | **44.59** | 33.13 |
| Benefits paid | **(12.17)** | (10.16) |
| Actuarial gains/ (losses) on obligation | **17.94** | 1.07 |
| **Closing fair value of plan assets** | **214.65** | 150.18 |

# Schedules to the Accounts Contd.

The Company expects to contribute Rs. 15.58 million to gratuity in 2010-11.

**The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:**

| | Gratuity (Funded) | |
|---|---|---|
| **Particulars** | **2009-10** | **2008-09** |
| Qualifying Insurance Policy | **100%** | 100% |

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

**The principal assumptions used in determining gratuity for the Company's plans are shown below:**

| | Gratuity (Funded) | |
|---|---|---|
| **Particulars** | **2009-10** | **2008-09** |
| Discount Rate | **8.00%** | 8.00% |
| Expected rate of return on assets | **9.40%** | 9.35% |
| Mortality Table | **LIC (1994-96) duly modified** | LIC (1994-96) duly modified |
| Salary Escalation | **7.00%** | 7.00% |

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

**Amounts for the current and previous four years in respect of gratuity are as follows:**

(Rs. in Million)

| | Gratuity | | | | |
|---|---|---|---|---|---|
| | **2009-10** | **2008-09** | **2007-08** | **2006-07** | **2005-06** |
| Defined benefit obligation | **192.81** | 160.93 | 149.97 | 117.87 | 129.94 |
| Plan assets | **214.65** | 150.18 | 115.36 | 136.85 | 119.27 |
| Surplus/ (deficit) | **21.84** | (10.75) | (34.61) | 18.98 | (10.67) |
| Experience adjustment on plan assets | **18.01** | 0.67 | - | - | - |
| Experience adjustment on plan liabilities | **(10.89)** | 8.29 | - | - | - |

**Provident and other funds**

**Contribution to Defined Contribution Plans:**

(Rs. in Million)

| **Particulars** | **2009-10** | **2008-09** |
|---|---|---|
| Pension Fund/Superannuation funds | **51.96** | 42.97 |

**Provident Fund**

The Guidance note issued by Accounting Standard Board (ASB) on implementing AS 15, Employee Benefit (Revised 2005) states that provident funds set up by the employers, which require interest shortfall to be met by the employer, needs to be treated as defined benefit plan. The fund does not have any existing deficit or interest shortfall. In regard to any future obligation arising due to interest shortfall (i.e. government interest to be paid on provident fund scheme exceeds rate of interest earned on investment), pending the issuance of Guidance Note from the actuarial society of India, the Company's actuary has expressed his inability to reliably measure the same.

**15. Segment Information**

**Primary Segment: Business Segment**

The Company's operating businesses are organized and managed separately according to the nature of products manufactured and services provided. The four identified reportable segments are Own Manufactured Cements, Own Manufactured Sugar, Power and Others.

The **"Own Manufactured Cement and Sugar Segment"** includes manufacture and marketing of Cement and Sugar.

The **"Power Segment"** includes generation and sale of Power. Power is also used for captive consumption by the Company

The **'Others' segment'** includes Magnesite , Distillery, Travel, Electronics and refractories activities of the Company.

# Schedules to the Accounts Contd.

During the year, management has decided to demerge operations of cement business (cement segment), captive power plants at cement units (power segment), refractory business and certain other businesses (Others segment). The disclosure of discontinuing business is given in Note 19.

The company caters mainly to the needs of the domestic market. The export turnover is not significant in the context of total turnover. As such there are no reportable Geographical Segments.

**Segment Information**

The following table presents segment revenues, results, assets & liabilities in accordance with AS-17 as on 31.3.2010 for both continuing and discontinuing operations.

(Rs. in Million)

| Segment | Cement | Sugar | Power | Others | Total |
|---|---|---|---|---|---|
| **Particulars** | | | | | |
| **Revenue** | | | | | |
| **Gross Revenue** | **15,823.05** | **5,588.35** | **1,778.81** | **1,506.15** | **24,696.36** |
| | (14,711.33) | (3,253.02) | (1,157.64) | (1,310.51) | (20,432.50) |
| **Less: Inter/ Intra Segment Revenue** | **218.88** | **279.32** | **759.36** | **-** | **1,257.56** |
| | (-) | (67.63) | (642.74) | (-) | (710.37) |
| **Less: Excise Duty** | **1,606.40** | **221.39** | **-** | **68.44** | **1,896.23** |
| | (1,879.46) | (216.68) | (-) | (90.19) | (2,186.33) |
| **Total Revenue** | **13,997.77** | **5,087.64** | **1,019.45** | **1,437.71** | **21,542.57** |
| | (12,831.87) | (2,968.71) | (514.90) | (1,220.32) | (17,535.80) |
| **Results** | | | | | |
| **Segment result** | **2,588.84** | **112.79** | **800.34** | **151.83** | **3,653.80** |
| | (3,924.86) | (-122.97) | (411.53) | (150.51) | (4,363.93) |
| **Less: Interest and Financial Charges** | | | | | **1,755.90** |
| | | | | | (1,469.50) |
| **Add: Other unallocable income net of** | | | | | **142.93** |
| **unallocable expenditure** | | | | | (-295.06) |
| **Profit before tax** | | | | | **2,040.83** |
| | | | | | (2,599.37) |
| **Tax expense** | | | | | **670.96** |
| | | | | | (1,013.14) |
| **Profit after tax** | | | | | **1,369.87** |
| | | | | | 1,586.23 |
| **Assets** | **23,849.05** | **9,010.68** | **3,643.90** | **2,464.90** | **38,968.53** |
| | (17,697.48) | (6,791.85) | (3,368.45) | (2,923.33) | (30,781.11) |
| **Non Segments Assets** | | | | | **11,064,.52** |
| | | | | | (13,962.30) |
| **Total Assets** | | | | | **50,033.05** |
| | | | | | (44,743.41) |
| **Liabilities** | **3,272.01** | **688.55** | **408.82** | **397.62** | **4,767.00** |
| | (3,196.07) | (2,539.34) | (3.92) | (463.04) | (6,202.37) |
| **Non Segments liabilities** | | | | | **31,489.67** |
| | | | | | (25,859.04) |
| **Total Liabilities** | | | | | **36,256.67** |
| | | | | | (32,061.41) |
| **Depreciation** | **880.74** | **201.41** | **244.56** | **81.89** | **1,408.60** |
| | (511.85) | (202.41) | (191.90) | (71.50) | (977.66) |
| **Capital Expenditure** | **7,460.97** | **98.24** | **14.53** | **16.91** | **7,590.65** |
| | (6,698.71) | (151.51) | (595.82) | (33.12) | (7,479.16) |

# Schedules to the Accounts Contd.

**16.** During the year, the Company has incurred some expenditure related to acquisition/construction of fixed assets and therefore accounted for the same under Capital work in progress. Details of the expenses capitalised and carried forward as capital work in progress are given below:

(Rs. in Million)

| Particulars | 2009-10 | 2008-09 |
|---|---|---|
| **Carried forward as part of Capital Work in Progress** | **774.14** | 127.75 |
| **Expenditure incurred during the year** | | |
| **Personnel Expenses** | | |
| Salaries & Wages | **92.55** | 134.38 |
| Contribution to Provident Fund and Other Fund | **0.78** | 5.51 |
| Workmen and Staff Welfare expenses | **27.08** | 8.72 |
| **Operating and Other Expenses** | | |
| Power and Fuel | **17.87** | 158.19 |
| Consumption of Stores and spares | **31.21** | 28.75 |
| Repairs and maintenance | | |
| Plant and Machinery | **-** | 2.98 |
| Others | **-** | 0.90 |
| Rent | **0.63** | 4.26 |
| Rates and Taxes | **10.79** | 2.77 |
| Insurance | **3.83** | 9.22 |
| Travelling | **1.53** | 8.13 |
| Advertisement and Publicity | **-** | 0.08 |
| Freight and Forwarding charges | **-** | 2.87 |
| Charity and donation | **1.68** | 1.34 |
| Miscellaneous Expenses | **273.06** | 251.81 |
| **Financial Expenses** | | |
| Interest on borrowing from banks | **314.73** | 796.21 |
| Bank charges | **2.86** | 35.32 |
| **Trial Run Expenditure** | | |
| Raw Material Consumed | **193.02** | 13.69 |
| Depreciation | **0.86** | 16.60 |
| **Total Expenditure during the year** | **972.48** | 1481.73 |
| **Income earned during the year:** | | |
| Less: Sales during trial run (net) | **126.90** | 11.55 |
| Increase/(Decrease) in Stock | **64.77** | 137.62 |
| Miscellaneous Receipts | **1.02** | 0.50 |
| **Total Expenditure (net of income) during the year** | **779.79** | 1332.06 |
| **Grand Total** | **1553.93** | 1459.81 |
| **Capitalised in fixed assets** | **1,375.48** | 685.67 |
| **Carried forward as part of Capital Work in Progress** | **178.45** | 774.14 |

**17. Related Party Disclosure as required by Accounting Standard-18.**

a) List of related parties along with nature and volume of transactions is given below:

**Subsidiaries of the Company**

Kanika Investment Limited, Ishita Properties Limited, D.I. Properties Limited, Geetee Estates Limited, Avnija Properties Limited, Shri Rangam Properties Limited, Hemshila Properties Limited, Himshikhar Investment Limited, Dalmia Minerals & Properties Limited, Shree Radha Krishna Broker & Holdings Limited, Dalmia Power Limited (formerly known as Seeta Estates & Brokers Limited), Dalmia Solar Power Limited (formerly known as Shri Rangam Brokers & Holdings Limited), Arjuna Brokers & Minerals Limited, Dalmia Bharat Enterprises Limited (formerly known as Sri Kesava Mines & Minerals Limited), DCB Power Ventures Limited (formerly known as Sri Madhava Minerals & Properties Limited), Sri Shanmugha Mines & Minerals Limited, Sri Swaminatha Mines & Minerals Limited, Sri Subramanya Mines & Minerals Limited, Sri Trivikrama Mines and Properties Limited, Sri Dhandauthapani Mines and Minerals Limited, Sri Madhusudana Mines and Properties Limited and Dalmia Sugar Ventures Limited

# Schedules to the Accounts Contd.

**Subsidiaries and step down subsidiaries of Avnija Properties Limited**

Dalmia Cement Ventures Limited, Golden Hills Resort Private Limited and Rajputana Properties Private Limited

**Step down Subsidiaries of Dalmia Minerals & Properties Limited**

Cosmos Cements Limited and Sutnga Mines Private Limited

**Associate of the Company**

OCL India Limited

**Joint Ventures**

Khappa Coal Company Private Limited

**Key Management Personnel of the Company**

Shri J.H.Dalmia Vice-Chairman, Shri Y.H.Dalmia Vice-Chairman , Shri Gautam Dalmia - Managing Director , Shri Puneet Dalmia Managing Director, and Shri T. Venkatesan Whole time Director.

**Relatives of Key Management Personnel**

Shri V.H. Dalmia (Brother of Vice-Chairman), Shri J.H.Dalmia (HUF), Smt. Kavita Dalmia (Wife of Vice- Chairman) Shri Y.H.Dalmia (HUF), Smt. Bela Dalmia (Wife of Vice-Chairman), Shri Gautam Dalmia (Son of Vice-Chairman), Shri Gautam Dalmia (HUF), Smt. Anupama Dalmia (Wife of Managing Director) , Shri Puneet Dalmia (Son of Vice-Chairman), Smt. Avantika Dalmia (Wife of Managing Director), Kumari Shrutipriya Dalmia (Daughter of Vice-Chairman), Kumari Sukeshi Dalmia (Daughter of Managing Director ), Kumari Vaidehi Dalmia (Daughter of Managing Director), Kumari Sumana Dalmia Daughter of Managing Director), Kumari Avanee Dalmia (Daughter of Managing Director), Mst. Priyang Dalmia (Son of Managing Director) Shri M.H.Dalmia,(Brother of Vice-Chairman) Smt. Abha Dalmia (Wife of Brother of Vice-Chairman) , Shri R.H.Dalmia (Brother of Vice-Chairman) and Smt. Kala Venkatesan ( Wife of Whole Time Director).

**Enterprises controlled by the Key Management Personnel of the Company**

Rama Investment Company Private Limited, Puneet Trading & Investment Company Private Limited, Kavita Trading & Investment Company Private Limited, Sita Investment Company Limited, Mayuka Investment Limited, Ankita Pratisthan Limited, Himgiri Commercial Limited, Valley Agro Industries Limited, Shri Nataraj Ceramic and Chemical Industries Limited, Shri Chamundeswari Minerals Limited, Shree Nirman Limited, Keshav Power Private Limited, Avanee and Ashni Securities Private Limited, ZipAhead.Com Limited, Alirox Abrasives Limited, Sukeshi Trust, Vaidehi Trust, Sumana Trust, Shrutipriya Dalmia Trust, Priyang Trust, Avanee Trust and Raghu Hari Dalmia Parivar Trust.

The following transactions were carried out with the related parties in the ordinary course of business:

(Rs. in Million)

| Nature of Transaction | Subsidiary Companies | Step down Subsidiary | Associate | Joint Venture | Key Manage -ment Personnel | Relatives of Key Management Personnel | Key Management Personnel controlled enterprises | Total |
|---|---|---|---|---|---|---|---|---|
| Sale of goods and services | -<br>(-) | -<br>(-) | **46.89**<br>(35.99) | -<br>(-) | -<br>(-) | -<br>(-) | **48.00**<br>(14.50) | **94.89**<br>(50.49) |
| Reimbursement of expenses | **0.32**<br>(-) | **42.24**<br>(152.65) | **0.25**<br>(3.57) | **0.31**<br>(-) | -<br>(-) | -<br>(-) | **7.15**<br>(0.32) | **50.27**<br>(156.54) |
| Purchase of goods and services | -<br>(-) | -<br>(-) | **0.02**<br>(-) | -<br>(-) | -<br>(-) | -<br>(-) | **629.64**<br>(444.72) | **629.66**<br>(444.72) |
| Rent payment | **0.58**<br>(0.58) | -<br>(-) | -<br>(-) | -<br>(-) | -<br>(-) | -<br>(1.38) | -<br>(-) | **0.58**<br>(1.96) |
| Rent Receipt (including Lease Rent) | -<br>(-) | -<br>(-) | -<br>(-) | -<br>(-) | -<br>(-) | -<br>(-) | **22.11**<br>(22.07) | **22.11**<br>(22.07) |
| Fixed Deposit received | -<br>(-) | -<br>(-) | -<br>(-) | -<br>(-) | **1.75**<br>(-) | **244.00**<br>(-) | -<br>(-) | **245.75**<br>(-) |
| Refund of Security deposit | -<br>(-) | -<br>(-) | -<br>(-) | -<br>(-) | -<br>(-) | -<br>(-) | **66.60**<br>(66.60) | **66.60**<br>(66.60) |
| Loans and Advances given | **754.21**<br>(273.94) | **70.81**<br>(3.00) | -<br>(-) | **40.40**<br>(-) | -<br>(-) | -<br>(-) | -<br>(-) | **865.42**<br>(276.94) |
| Loans and advances received back | **858.80**<br>(23.98) | **697.66**<br>(3.00) | **3.54**<br>(-) | -<br>(-) | -<br>(-) | -<br>(-) | **0.78**<br>(-) | **1,560.78**<br>(26.98) |
| Sale of Assets | -<br>(-) | **0.01**<br>(935.92) | -<br>(-) | -<br>(-) | -<br>(-) | -<br>(-) | -<br>(-) | **0.01**<br>(935.92) |
| Purchase of Fixed Assets | **235.47**<br>(20.01) | -<br>(-) | -<br>(-) | -<br>(-) | -<br>(-) | -<br>(-) | -<br>(-) | **235.47**<br>(20.01) |

# Schedules to the Accounts Contd.

(Rs. in Million)

| Nature of Transaction | Subsidiary Companies | Step down Subsidiary | Associate | Joint Venture | Key Manage -ment Personnel | Relatives of Key Management Personnel | Key Management Personnel controlled enterprises | Total |
|---|---|---|---|---|---|---|---|---|
| Purchase of Investments | **655.30**<br>(-) | -<br>(-) | -<br>(-) | **18.36**<br>(-) | **1,772.49**<br>(-) | -<br>(-) | -<br>(-) | **2,446.15**<br>(-) |
| Interest paid on Fixed Deposit | -<br>(-) | -<br>(-) | -<br>(-) | -<br>(-) | **0.06**<br>(-) | **3.38**<br>(-) | -<br>(-) | **3.44**<br>(-) |
| Salary and Perquisites | -<br>(-) | -<br>(-) | -<br>(-) | -<br>(-) | **118.29**<br>(101.00) | **0.39**<br>(0.32) | -<br>(-) | **118.68**<br>(101.32) |

b) Balances outstanding at year end:

(Rs. in Million)

| Nature of Transaction | Subsidiary Companies | Step down Subsidiary | Associate | Joint Venture | Key Manage -ment Personnel/ Promoters | Relatives of Key Management Personnel/ Promoters | Key Management Personnel/ Promoters controlled enterprises | Total |
|---|---|---|---|---|---|---|---|---|
| Security deposit received | -<br>(-) | -<br>(-) | -<br>(-) | -<br>(-) | -<br>(-) | -<br>(-) | **333.60**<br>(400.20) | **333.60**<br>(400.20) |
| Loans receivable | **392.37**<br>(496.66) | -<br>(-) | -<br>(-) | -<br>(-) | -<br>(-) | -<br>(-) | -<br>(-) | **392.37**<br>(496.66) |
| Amounts receivable | -<br>(-) | **28.13**<br>(612.73) | **1.61**<br>(8.23) | **40.40**<br>(-) | -<br>(-) | -<br>(-) | **1.98**<br>(-) | **72.12**<br>(620.96) |
| Amounts payable | **44.97**<br>(-) | -<br>(-) | -<br>(-) | -<br>(-) | **81.75**<br>(70.00) | **244.00**<br>(-) | -<br>(9.12) | **370.72**<br>(79.12) |

**18. Information in respect of Joint venture Khappa Coal Company Private Limited**

(Rs. in Million)

| Sr.No. | Particulars | 2009-10 | 2008-09 |
|---|---|---|---|
| 1 | Proportion of Ownership Interest (Refer Note) | **36.73%** | - |
| 2 | Country of Incorporation or Registration | **India** | - |
| 3 | Accounting Period ended | **31.03.2010** | - |
| 4 | Assets | **58.46** | - |
| 5 | Liabilities | **40.46** | - |
| 6 | Income | **-** | - |
| 7 | Expenses | **-** | - |
| 8 | Contingent Liabilities | **14.32** | - |
| 9 | Capital Commitments | **-** | - |
| 10 | Capital work in progress details | **46.96** | |

Note: The above details represent Company's 36.73% share in the Joint Ventures.

**19. Discontinuing operation**

The Directors of Company at its meeting held on March 18, 2010, considered and approved a proposal to demerge the cement business, refractory business, thermal power business and certain other businesses (collectively the "Demerged Undertakings") into Dalmia Bharat Enterprises Limited ("DBEL") in terms of a Scheme of Arrangement under Section 391-394 of the Companies Act, 1956 and other applicable laws (the "Scheme"). DBEL is presently wholly owned subsidiary of the Company.

The Company has filed the Scheme of Arrangement under sections 391 to 394 of the companies Act, 1956 before the High court of Madras and hopes to complete the demerger by the end of the calendar year.

As part of the Scheme, DBEL will further demerge the cement business to Avnija Properties Ltd ("Avnija") and thermal power business to DCB Power Ventures Ltd ("DPVL"). Post implementation of the Scheme as above, DPVL's shareholding will be held upto 74% by Dalmia Power Ltd ("DPL") while the balance 26% will be held by Avnija. Avnija and DPL will become wholly owned subsidiaries of DBEL. DBEL will be listed on NSE, BSE and Madras Stock Exchange with the same shareholding pattern as of the Company. The shareholders of the Company will receive one additional share in DBEL for every share held in the Company.

# Schedules to the Accounts Contd.

The purpose of the demerger is to develop potential for further growth and diversification to have better synergy and optimization of resources as well as to facilitate fund raising and development of the respective businesses. Further, the demerger would facilitate the running of Cement Undertaking, which is one of the core businesses of the group, with a greater and focused approach to concentrate and focus on its operations to its greater advantage.

The carrying amounts of the total assets and liabilities to be demerged as at 31 March, 2010 are as follows. (Comparative information for demerged divisions in 2008-09 is included in accordance with the Accounting Standard on Discontinuing Operations).

(Rs. in Million)

| | 2009-10 | | | 2008-09 | | |
|---|---|---|---|---|---|---|
| | Cement | Power | Others | Cement | Power | Others |
| Total assets | 28,866.35 | 2,400.10 | 5,065.39 | 25,984.96 | 1,664.50 | 5,855.10 |
| Total liabilities | 25,923.74 | 594.99 | 352.13 | 21,461.24 | 429.05 | 396.34 |
| Net assets | 2,942.61 | 1,805.11 | 4,713.26 | 4,523.72 | 1,235.45 | 5,458.76 |
| The net cash flows attributable to the demerged divisions are as follows: | | | | | | |
| Operating | 4170.38 | 256.16 | (17.80) | 2,519.23 | (19.02) | 76.74 |
| Investing | (3,585.32) | (747.95) | 1.07 | (7,470.94) | (1,217.18) | - |
| Financing | (1,441.86) | - | (0.07) | 9,473.59 | - | (0.06) |
| Net cash inflows / (outflows) | (856.80) | (491.79) | (16.80) | 4,521.88 | (1,236.20) | 76.68 |
| The amounts of revenue and expenses in respect of ordinary activities attributable to the discontinuing operation: | | | | | | |
| Sales revenue | 13,997.77 | 662.98 | 864.92 | 12,831.87 | 248.89 | 669.27 |
| Operating Costs | 11,378.07 | 438.29 | 727.77 | 8,859.05 | 265.95 | 1,313.00 |
| Profit / (loss) from operating activities | 2,619.70 | 224.69 | 137.15 | 3,972.82 | (17.06) | (643.73) |
| Finance costs | 1,126.02 | - | 4.69 | 458.52 | - | 1.98 |
| Profit / (loss) before tax | 1,493.68 | 224.69 | 132.46 | 3,514.30 | (17.06) | (645.71) |
| Tax expense | 531.30 | (17.30) | 67.30 | 1,238.46 | (90.46) | (34.82) |
| Profit after Tax | 962.38 | 241.99 | 65.16 | 2,275.84 | 73.40 | (610.89) |

20. Profit/Loss on sale of Investments does not include any profit/loss on sale of long term investments.

21. Details of loans and advances to associates, parties in which Directors are interested and Investments by the Loanee in the shares of the Company (as required by clause 32 of listing agreement)

(Rs. in Million)

| Particulars | Outstanding amount as at | | Maximum amount outstanding during financial year | |
|---|---|---|---|---|
| | 2009-10 | 2008-09 | 2009-10 | 2008-09 |
| Loans and Advances to Associates - OCL India Limited | 1.61 | 8.23 | 8.60 | 8.59 |

22. During the year the Company, has acquired its stake in OCL India Limited, an associate of the Company, from 21.71% to 45.37% through bulk deal. It has bought 13.46 million shares, or 23.66% additional stake, in OCL India Limited at Rs 131.66 per share.

23. Figures less than Rs. Five thousand which are required to be shown separately have been shown at actual in double brackets.

24. Previous Year Comparatives

Figures in brackets pertain to previous year. Previous year's figures have been regrouped where necessary to conform to this year's classification.

As per our report of even date

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

**per Manoj Gupta**
Partner
Membership No.: 83906

Place : Gurgaon
Date : May 26, 2010

For **S.S. Kothari Mehta & Co.**
Firm Registration No. 000756N
Chartered Accountants

**per Arun K. Tulsian**
Partner
Membership No.: 89907

Place : New Delhi
Date : May 26, 2010

For and on behalf of Board of Directors
of Dalmia Cement (Bharat) Limited

**K V Mohan**
Company Secretary

**Vipin Agarwal**
Executive Director (Finance)

**Gautam Dalmia**
Managing Director

**Puneet Dalmia**
Managing Director

Place : New Delhi
Date : May 26, 2010

# Balance Sheet Abstract and Company's General Business Profile

**Information pursuant to Part IV of Schedule VI to the Companies Act 1956:**
**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I. Registration Details:**

Registration No. 00640 State Code 18

Balance Sheet Date 31.03.2010

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

Public Issue: NIL
Rights Issue: NIL
Bonus Issue: NIL
Private Placement: NIL

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

Total Liabilities: 45171673
Total Assets: 45171673

**Sources of Funds:**

Paid up Capital: 161879
Reserves and Surplus: 13614509
Secured Loans: 27402009
Unsecured Loans: 1102136

**Application of Funds:**

Net Fixed Assets: 28317478
Investments: 8009787
Net Current Assets (considering deferred tax liability): 5953268
Miscellaneous Expenditure: NIL
Accumulated Losses: NIL

**IV. Performance of the Company (Amount in Rs. Thousands)**

Turnover: 21542569
Total Expenditure: 19501740
Profit Before tax: 2040829
Profit after tax: 1369862
Earning per Share: 16.92
Dividend Rate: 100%

**V Generic names of three principal products/ services of Company (As per monetary terms)**

Product: CEMENT | REFRACTORY
Item Code (ITC Code): 252329 | 690220

Product: SUGAR
Item Code (ITC Code): 170111

For and on behalf of Board of Directors
of Dalmia Cement (Bharat) Limited

**K V Mohan**
Company Secretary

**Vipin Agarwal**
Executive Director (Finance)

**Gautam Dalmia**
Managing Director

**Puneet Dalmia**
Managing Director

Place : New Delhi
Date : May 26, 2010

# Cash Flow Statement for the year ended 31st March, 2010

(Rs. in Million)

| Particulars | 2009-10 | 2008-09 |
|---|---|---|
| A. Cash Flow From Operating Activities | | |
| Net profit before tax | **2,040.83** | 2,599.37 |
| Adjustments: | | |
| Depreciation (net) | **1,322.19** | 890.00 |
| Unrealised Exchange Gains | **(48.69)** | - |
| Provision for doubtful debts/advances | **90.95** | 0.61 |
| Provision for damaged stock | **7.00** | - |
| Dividend income | **(41.44)** | (47.91) |
| Interest (net) | **1,639.20** | 1,401.77 |
| (Profit)/Loss on sale of investments | **(71.78)** | 850.30 |
| (Profit)/Loss on sale of fixed assets | **(1.08)** | (6.91) |
| Operating profit before working capital changes | **4,937.18** | 5,687.23 |
| Adjustments for working capital changes : | | |
| Inventories | **(1,764.91)** | (393.10) |
| Trade and other receivables | **1,198.07** | (1,343.93) |
| Trade Payables | **(1,444.82)** | 956.77 |
| Cash generated from operations | **2,925.52** | 4,906.97 |
| Direct taxes paid | **(333.56)** | (369.47) |
| Net Cash from operating activities | **2,591.96** | 4,537.50 |
| B. Cash Flow From Investing Activities | | |
| Purchase of fixed assets | **(2,756.96)** | (8,683.41) |
| Sale of fixed assets | **26.48** | 54.82 |
| Purchase of investments | **(20,762.10)** | (9,241.46) |
| Investment in Subsidiaries | **(655.30)** | - |
| Investment in Associates | **(1,772.49)** | - |
| Investment in Joint Venture | **(18.37)** | - |
| Sale of investment | **21,945.06** | 7,854.02 |
| Interest received | **24.32** | 24.24 |
| Dividend received | **41.44** | 47.91 |
| Net Cash used in investing activities | **(3,927.92)** | (9,943.88) |
| C. Cash Flow From Financing Activities | | |
| Proceeds from Secured Loans | **6,599.82** | 8,519.05 |
| Proceeds from Unsecured Loans | **(1,701.04)** | (969.95) |
| Fixed Deposit from Public | **271.43** | 0.17 |
| Proceeds from issue of shares | **-** | 2.27 |
| Dividend paid | **(242.82)** | (202.21) |
| Interest paid | **(1,988.88)** | (2,231.73) |
| Corporate dividend tax | **(41.28)** | (34.37) |
| **Net cash from/ (used in) financing activities** | **2,897.23** | 3,083.23 |

# Cash Flow Statement for the year ended 31st March, 2010

(Rs. in Million)

| Particulars | 2009-10 | 2008-09 |
|---|---|---|
| Net increase in cash and cash equivalents (A)+(B)+(C) | **1,561.27** | (323.15) |
| Cash and cash equivalents (opening balance) | **547.22** | 870.37 |
| Cash and cash equivalents (closing balance) | **2,108.49** | 547.22 |
| Change in cash & cash equivalents | **1,561.27** | (323.15) |

Note:

1) Closing cash cash equivalents include amounts earmarked for specific purposes Rs 24.75 million (previous year Rs. 22.30 million).
2) Cash and cash equivalents components are as per Schedule 10 of the Balance Sheet.
3) Previous year figures have been regrouped/restated wherever necessary.

As per our report of even date

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

**per Manoj Gupta**
Partner
Membership No.: 83906

Place : Gurgaon
Date : May 26, 2010

For **S.S. Kothari Mehta & Co.**
Firm Registration No. 000756N
Chartered Accountants

**per Arun K. Tulsian**
Partner
Membership No.: 89907

Place : New Delhi
Date : May 26, 2010

For and on behalf of Board of Directors
of Dalmia Cement (Bharat) Limited

**K V Mohan**
Company Secretary

**Vipin Agarwal**
Executive Director (Finance)

**Gautam Dalmia**
Managing Director

**Puneet Dalmia**
Managing Director

Place : New Delhi
Date : May 26, 2010

# Auditors' Report

**S.R.Batliboi & Co.**
Chartered Accountants
Golf View Corporate Tower B
Sector 42, Sector Road,
Gurgaon-122 002, Haryana.

**S.S. Kothari Mehta & Co.**
Chartered Accountants
146-149, Tribhuvan Complex,
Ishwar Nagar, N.Delhi-110065

## Auditors' Report on the Consolidated Financial Statements of Dalmia Cement (Bharat) Limited and its Subsidiaries

To

The Board of Directors of Dalmia Cement (Bharat) Limited

We have audited the attached consolidated Balance Sheet of Dalmia Cement (Bharat) Limited ('the Company') and its subsidiaries and joint venture (collectively referred to as "the Dalmia Group"), as at March 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 Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding subsidiaries, joint venture and associate. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We did not audit the financial statements of certain subsidiaries and joint venture, whose financial statements reflect total assets of Rs. 3,827.52 million as at March 31, 2010 (previous year Rs. 2744.48 million), total revenue of Rs. 9.41 million (previous year Rs. 27.91 million) and cash flows amounting to Rs. (-) 264.11 million (previous year Rs. -1127.90 million) for the year then ended. We did not audit the financial statements of the associate in which the share of profit of the Dalmia Group is Rs. 447.12 million) (previous year Rs.251.28 million). These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.

We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of 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 Venture, notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended), and on the basis of the separate audited financial statements of the subsidiaries, associate and joint venture included in the Consolidated Financial Statements.

Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, joint venture and associate, 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 March 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 & Co.**
**Firm registration number: 301003E**
**Chartered Accountants**

**per Manoj Gupta**
Partner
Membership No.:83906
Place : Gurgaon
Date : May 26, 2010

**For S.S. Kothari Mehta & Co.**
**Firm registration number: 000756N**
**Chartered Accountants**

**per Arun K. Tulsian**
Partner
Membership No.:89907
Place : New Delhi
Date : May 26, 2010

# Consolidated Balance Sheet of Dalmia Cement (Bharat) Limited as at March 31, 2010

(Rs. in Million)

| | Schedule | As at 31.3.2010 | As at 31.3.2009 |
|---|---|---|---|
| **SOURCES OF FUNDS** | | | |
| **Shareholders' Funds** | | | |
| Share Capital | 1 | **161.88** | 161.88 |
| Reserves and Surplus | 2 | **14,097.62** | 12,600.91 |
| | | **14,259.50** | 12,762.79 |
| **Loan Funds** | | | |
| Secured Loans | 3 | **27,852.01** | 20,850.88 |
| Unsecured Loans | 4 | **1,102.14** | 2,531.75 |
| | | **2,954.15** | 23,382.63 |
| Preference capital held by others | | **7.00** | 7.00 |
| Deferred Tax Liability (Net) | 5 | **2,891.14** | 2,287.00 |
| **Total** | | **46,111.79** | 38,439.42 |
| **APPLICATION OF FUNDS** | | | |
| **Fixed Assets** | 6 | | |
| Gross Block | | **34,586.96** | 27,248.16 |
| Less : Accumulated depreciation | | **7,896.07** | 6,500.34 |
| Net Block | | **26,690.89** | 20,747.82 |
| Capital work-in-progress | | **3,845.52** | 8,043.53 |
| | | **30,536.41** | 28,791.35 |
| **Investments** | 7 | **7,247.97** | 5,636.43 |
| **Current Assets, Loans and Advances** | | | |
| Inventories | 8 | **7,067.00** | 5,309.09 |
| Sundry Debtors | 9 | **2,138.20** | 2,140.46 |
| Cash and Bank balances | 10 | **2,202.79** | 924.93 |
| Loans and Advances | 11 | **1,988.76** | 2,342.26 |
| **(A)** | | **13,396.75** | 10,716.74 |
| **Less: Current Liabilities and Provisions** | | | |
| Current Liabilities | 12 | **4,922.91** | 6,460.63 |
| Provisions | 13 | **146.43** | 244.47 |
| **(B)** | | **5,069.34** | 6,705.10 |
| **Net Current Assets (A-B)** | | **8,327.41** | 4,011.64 |
| **Total** | | **46,111.79** | 38,439.42 |
| **Notes to Accounts** | **20** | | |

The Schedules referred to above and the Notes to Accounts form an integral part of the Balance Sheet.

As per our report of even date

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

**per Manoj Gupta**
Partner
Membership No.: 83906

Place : Gurgaon
Date : May 26, 2010

For **S.S. Kothari Mehta & Co.**
Firm Registration No. 000756N
Chartered Accountants

**per Arun K. Tulsian**
Partner
Membership No.: 89907

Place : New Delhi
Date : May 26, 2010

For and on behalf of Board of Directors
of Dalmia Cement (Bharat) Limited

**K V Mohan**
Company Secretary

**Vipin Agarwal**
Executive Director (Finance)

**Gautam Dalmia**
Managing Director

**Puneet Dalmia**
Managing Director

Place : New Delhi
Date : May 26, 2010

# Consolidated Profit & Loss Account of Dalmia Cement (Bharat) Limited
for the year ended March 31, 2010

(Rs. in Million)

| | Schedule | | 2009-10 | | 2008-09 |
|---|---|---|---|---|---|
| **INCOME** | | | | | |
| Turnover (Gross) | | | **23,438.80** | | 19,722.13 |
| Less: Excise Duty | | | **1,896.23** | | 2,186.33 |
| Turnover (Net) | | | **21,542.57** | | 17,535.80 |
| Other income | 14 | | **486.64** | | (523.69) |
| **Total** | | | **22,029.21** | | 17,012.11 |
| **EXPENDITURE** | | | | | |
| (Increase)/ Decrease in Stocks | 15 | | **(1,672.62)** | | (31.53) |
| Raw Material consumed | | | **7,561.47** | | 3,422.12 |
| Purchase of Trading Goods | | | **136.54** | | 97.30 |
| Personnel expenses | 16 | | **1,142.51** | | 930.89 |
| Operating and other Expenses | 17 | | **9,778.71** | | 8,070.12 |
| Depreciation / Amortization | 6 | 1,406.25 | | 960.10 | |
| Less : Transferred from Revaluation Reserve | | 86.41 | | 87.66 | |
| Net Depreciation / Amortization | | | **1,319.84** | | 872.44 |
| Financial expenses | 18 | | **1,756.59** | | 1,469.56 |
| **Total** | | | **20,023.04** | | 14,830.90 |
| **Profit before tax** | | | **2,006.17** | | 2,181.21 |
| Current tax {Including of MAT credit entitlement | | | | | |
| Rs. 319.06 Million (availment Rs. 48.70 Million)} | | | **54.54** | | 344.43 |
| Deferred tax charge | | | **604.14** | | 656.82 |
| Prior year tax charge | | | **22.41** | | - |
| Fringe benefit tax | | | **-** | | 19.50 |
| **Total Tax Expenses** | | | **681.09** | | 1,020.75 |
| **Profit after tax before Share of Profit in Associates** | | | **1,325.08** | | 1,160.46 |
| **Add: Share of Profit in Associates** | | | **447.12** | | 251.28 |
| **Profit after tax** | | | **1,772.20** | | 1,411.74 |
| Balance Brought Forward from Previous Year | | | **7,140.78** | | 6,342.82 |
| Add: Transfer from Debenture Redemption Reserve | | | **125.00** | | - |
| **Profit available for appropriation** | | | **9,037.98** | | 7,754.56 |
| **Appropriations** | | | | | |
| General Reserve | | | **200.00** | | 200.00 |
| Reserve Fund | | | **2.38** | | 0.51 |
| Debenture Redemption Reserve | | | **129.17** | | 129.17 |
| Dividend | | | | | |
| Interim Dividend | | | **80.94** | | 80.94 |
| Proposed Dividend | | | **80.94** | | 161.88 |
| Dividend Distribution tax theron | | | **27.20** | | 41.28 |
| **Balance Carried To Balance Sheet** | | | **8,517.35** | | 7,140.78 |
| **Earning per share** | 19 | | | | |
| Basic and Diluted Earnings Per Share (In Rs.) | | | **21.90** | | 17.45 |
| [Nominal Value of Share Rs.2 ( Rs.2 ) each ] | | | | | |
| **Notes to Accounts** | 20 | | | | |

The Schedules referred to above and the Notes to Accounts form an integral part of the Profit and Loss Account.

As per our report of even date

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

For **S.S. Kothari Mehta & Co.**
Firm Registration No. 000756N
Chartered Accountants

For and on behalf of Board of Directors
of Dalmia Cement (Bharat) Limited

**per Manoj Gupta**
Partner
Membership No.: 83906

**per Arun K. Tulsian**
Partner
Membership No.: 89907

**K V Mohan**
Company
Secretary

**Vipin Agarwal**
Executive Director
(Finance)

**Gautam Dalmia**
Managing
Director

**Puneet Dalmia**
Managing
Director

Place : Gurgaon
Date : May 26, 2010

Place : New Delhi
Date : May 26, 2010

Place : New Delhi
Date : May 26, 2010

# Schedules to the Accounts

(Rs. in Million)

| | As at 31.3.2010 | As at 31.3.2009 |
|---|---|---|
| **Schedule 1 : Share Capital** | | |
| Authorised : | | |
| 11,47,26,820 (11,47,26,820) Ordinary Shares of Rs. 2 each | **229.45** | 229.45 |
| 8,52,73,180 (8,52,73,180) Unclassified Shares of Rs. 2 each | **170.55** | 170.55 |
| | **400.00** | **400.00** |
| Issued, Subscribed and Paid Up : | | |
| 8,09,39,303 (8,09,39,303) Ordinary Shares of Rs. 2 each | **161.88** | 161.88 |
| fully paid up | | |
| | **161.88** | **161.88** |

Note:

Of the above :

(i) 66,51,410 (66,51,410) Shares were allotted as fully paid-up pursuant to arrangements/scheme of conversion, without payments being received in cash; and

(ii) 2,76,31,245 (2,76,31,245) Shares were allotted as fully paid-up by way of Bonus Shares by capitalisation of Reserves.

(Rs. in Million)

| | April 1, 2009 | Additions during the year | Deductions during the year | March 31, 2010 |
|---|---|---|---|---|
| **Schedule 2 : Reserves and Surplus** | | | | |
| Capital Reserve | 30.35<br>(18.14) | -<br>(12.21) | -<br>(-) | **30.35**<br>(30.35) |
| Revaluation Reserve | 625.53<br>(722.96) | -<br>(-) | 86.98<br>(97.43) | **538.55**<br>(625.53) |
| Realised Revaluation Reserve | 0.79<br>(0.61) | 0.57<br>(0.18) | 1.36<br>(-) | **-**<br>(0.79) |
| Share Premium Account | 1,996.77<br>(1,994.69) | -<br>(2.08) | -<br>(-) | **1,996.77**<br>(1,996.77) |
| General Reserve | 2,192.69<br>(1,989.27) | 201.36<br>(203.42) | -<br>(-) | **2,394.05**<br>(2,192.69) |
| Reserve Fund | 3.58<br>(3.07) | 2.38<br>(0.51) | -<br>(-) | **5.96**<br>(3.58) |
| Debenture Redemption Reserve | 610.42<br>(481.25) | 129.17<br>(129.17) | 125.00<br>(-) | **614.59**<br>(610.42) |
| Surplus in Profit and Loss Account | 7,140.78<br>(6,342.82) | | | **8,517.35**<br>(7,140.78) |
| | 12,600.91<br>(11,552.81) | | | **14,097.62**<br>(12,600.91) |

(Rs. in Million)

| | As at 31.3.2010 | As at 31.3.2009 |
|---|---|---|
| **Schedule 3: Secured Loans** | | |
| **A. Redeemable Non-Convertible Debentures** | **3,933.33** | 4,233.33 |
| **B. Term Loans:** | | |
| i. From Banks | **19,356.34** | 13,834.83 |
| ii. From Others | **2,376.43** | 913.77 |
| **C. Working Capital Loans** | **2,185.91** | 1,868.95 |
| | **27,852.01** | 20,850.88 |

# Schedules to the Accounts Contd.

1) Debentures referred to in A above to the extent of:

   i) Series IXA Rs. Nil (Rs. 166.67 million) are secured by a first pari-passu charge on the movable and immovable properties of Cement unit at Dalmiapuram, Magnesite unit and Jamnagar property.

   ii) Series IXB Rs. 133.33 million (Rs. 266.66 million) are secured by a first pari-passu charge on the movable and immovable properties of Cement unit at Dalmiapuram, Magnesite unit and Jamnagar property & redeemable on 27th August 2010.

   iii) Series XA & XB Rs. 800.00 million (Rs. 800.00 million) are secured by a first pari-passu charge on whole of the movable and immovable properties (except book debts) of Cement unit at Dalmiapuram, Magnesite unit and Jamnagar property & redeemable in three yearly instalments in the ratio of 30:30:40 commencing from 17th Decemeber 2012

   iv) Series XI Rs. 500.00 million (Rs. 500.00 million) are secured by a first pari-passu charge on all the movable and immovable properties of Cement unit at Dalmiapuram and Magnesite unit (except stock and book debts) and Jamnagar property & redeemable in three yearly instalments in the ratio of 30:30:40 commencing from 15th May 2013.

   v) Series XI A Rs. 500.00 million (Rs. 500.00 milliion) are secured by a first pari-passu charge on all the movable and immovable properties of Cement Unit at Dalmiapuram and Magnesite unit (except stock and book debts) and Jamnagar property & redeemable in three yearly instalments in the ratio of 30:30:40 commencing from 15th October 2013.

   vi) Series XII Rs. 1000.00 million (Rs. 1000.00 million) are secured by mortgage and charge on first pari-passu basis on all the immovable and movable assets excluding current assets both present and future of the Company's Sugar unit at Jawaharpur and Nigohi & redeemable in three yearly equal instalments commencing from 30th September 2014.

   vii) Series XIII Rs. 1000.00 milliion (Rs. 1000.00 million ) are secured by a first pari-passu charge on the Immovable properties of Cement unit at Dalmiapuram and Jamnagar property & redeemable in three yearly equal instalments commencing from 8th May 2014.

2) Term Loans From Banks referred to in B (i) in above to the extent of

   i) Rs. Nil (Rs. 1724.78 million ) are secured by hypothecation of all the movable fixed assets of Cement unit at Dalmiapuram and Magnesite units and mortgage on immovable properties of Cement unit at Dalmiapuram on pari-passu basis.

   ii) Rs. 10410.00 million (Rs 8210.00 million) are secured by exclusive first charge on land and building and hypothecation of all the fixed assets of Cement units at Cuddapah and Ariyalur excluding assets charged to working capital lenders and Vertical roller mills & other machineries and equipments for projects at Cuddapah & Ariyalur acquired under foreign currency loan.

   iii) Rs. 2000.00 million (Rs. 2700.00 million) are secured by first pari passu charge on land and building and hypothecation of plant and machinery of sugar and co-generation units at Jawaharpur and Nigohi, distillery at Jawaharpur and co-generation unit at Ramgarh.

   iv) Rs. 700.98 million (Rs. 891.57 million) are secured by way of exclusive charge on Vertical roller mills & other machineries and equipments for projects at Cuddapah & Ariyalur acquired through this loan. The Loan has been availed in foreign currency.

   v) Rs 295.26 million ( Rs 308.10 million) is secured by residual charge on the movable and immovable fixed assets of the Sugar units.

   vi) Rs. 0.10 million ( Rs. 0.38 million) is secured by hypothecation of vehicles.

   vii) Rs 2000.00 million (Rs. Nil) is secured by subsequent and subservient charge on movable fixed assets of all cement units of the company.

   viii) Rs. 1500.00 million (Rs. Nil) is secured by a subservient charge on the assets of Cement division.

   ix) Rs. 2000.00 million (Rs. Nil) is secured by subservient charge on entire fixed assets excluding vehicles of Sugar units at Jawaharpur and Nigohi and subservient charge on Plant & Machinery at Ramgarh Sugar Unit.

   x) Rs. 450.00 million (Rs. Nil) is secured by first mortgage and charge on all the immoveable properties of Dalmia Cement Ventures Limited both present and future and first charge by way of hypothecation of all the movables of Dalmia Cement Ventures Limited including movable Plant and Machinery, Machinery spares, tools and accessories, fixtures, vehicles, mechanical and electrical equipments,mining machinery and all other movable assets, except book debts, present and future; subject to prior charges created and /or to be created on the stocks of raw materials, semi-finished and finished goods, consumeable stores, book debts/receivables and such other movables as may be agreed to by the Senior Lenders and other current assets for securing the borrowings for working capital requirements, in the ordinary course of business.

3) Term Loan from others referred to in B (ii) above to the extent of:

   i) Rs 883.81 million (Rs. 321.08 million) are secured by second exclusive charge on movable and immovable properties of the sugar unit at Ramgarh.

   ii) Rs. 1492.62 million (Rs. 592.69million )are secured by a first pari-passu charge on the movable and immovable properties of Cement unit at Dalmiapuram.

4) Working capital loans:

   i) Includes external commercial borrowing amounting Rs. 1893.50 million ( Rs.1831.13 million) which is secured by SBLC issued by working capital lenders.

   ii) Balance loans amounting Rs.292.41 million (Rs.37.82 million) are secured by hypothecation of inventories and other assets in favour of the participating banks ranking pari-passu on inter-se-basis.

# Schedules to the Accounts Contd.

(Rs. in Million)

| | As at 31.3.2010 | As at 31.3.2009 |
|---|---|---|
| **Schedule 4 : Unsecured Loans** | | |
| A: **Fixed Deposits** * | **302.06** | 31.36 |
| Add : interest accrued and due on above | **2.84** | 2.11 |
| | **304.90** | 33.47 |
| B: **Commercial paper (Short-term)** | **-** | 1,000.00 |
| [Maximum amount raised at any time during the year Rs.Nil ( Rs 1200 Million )] | | |
| C: **Short-term Loans from Banks** | **-** | 700.00 |
| D: **Other loans** | | |
| From others | **797.24** | 798.28 |
| * Includes from Directors Rs.1.75 Million (Rs. Nil Million) | **1,102.14** | 2,531.75 |

(Rs. in Million)

| | As at 31.3.2010 | As at 31.3.2009 |
|---|---|---|
| **Schedule 5 : Deferred Tax** | | |
| Deferred Tax assets/ liabilities are attributable to the following items | | |
| **Liabilities** | | |
| Depreciation | **3,074.14** | 2,316.12 |
| **Assets** | | |
| Voluntary retirement expenses | **4.74** | 9.45 |
| Expenses allowable for tax purposes when paid | **89.16** | 19.67 |
| Unabsorbed depreciation | **89.10** | - |
| | **183.00** | 29.12 |
| **Net** | **2,891.14** | 2,287.00 |

**Schedule 6 : Fixed assets**

(Rs. in Million)

| Description | GROSS BLOCK | | | | DEPRECIATION | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|
| | As at 31.03.2009 | Additions | Deductions | As at 31.03.2010 | For the Year @ | Upto 31.03.2010 | As at 31.03.2010 | As at 31.03.2009 |
| **Tangible Assets:** | | | | | | | | |
| **Owned Assets** | | | | | | | | |
| Land | 2,008.99 | 97.63 | 0.58 | **2,106.04** | **-** | **-** | **2,106.04** | 2,008.99 |
| Land (Leasehold) | 23.16 | 0.13 | - | **23.29** | **11.14** | **12.00** | **11.29** | 22.30 |
| Buildings | 2,239.40 | 336.19 | 1.61 | **2,573.98** | **84.72** | **716.44** | **1,857.54** | 1,607.44 |
| Plant and Machinery | 21,935.68 | 6,894.04 | 31.82 | **28,797.90** | **1,234.40** | **6,785.25** | **22,012.65** | 16,375.07 |
| Railway sidings | 49.42 | 0.42 | - | **49.84** | **2.27** | **14.46** | **35.38** | 37.22 |
| Vehicles | 59.26 | 14.57 | 4.46 | **69.37** | **7.45** | **33.54** | **35.83** | 29.95 |
| Furniture and Fixtures | 83.77 | 19.53 | 0.12 | **103.18** | **7.15** | **50.13** | **53.05** | 40.78 |
| Other Assets | 123.24 | 13.24 | 0.07 | **136.41** | **15.28** | **79.83** | **56.58** | 58.66 |
| **Owned assets leased out** | | | | | | | | |
| Building | 27.68 | | | **27.68** | **2.02** | **10.68** | **17.00** | 19.02 |
| Plant & Machinery | 601.53 | | | **601.53** | **36.92** | **182.82** | **418.71** | 455.63 |
| **Intangible Assets:** | | | | | | | | |
| Software Licences | 40.81 | 1.71 | | **42.52** | **7.65** | **10.92** | **31.60** | 37.54 |
| Goodwill | 55.22 | | | **55.22** | **-** | **-** | **55.22** | 55.22 |
| | 27,248.16 | 7,377.46 | 38.66 | **34,586.96** | **1,409.00** | **7,896.07** | **26,690.89** | 20,747.82 |
| Previous year | 19,377.47 | 8,012.07 | 141.38 | 27,248.16 | 978.03 | 6,500.34 | 20,747.82 | |
| **Capital work-in-progress**[5] | | | | | | | **3,845.52** | 8,043.53 |

Notes:

1 Land includes certain lands under acquisition, the proceedings for which are presently stayed by the Order of the appropriate High Courts. Further, the Company has entered into agreements for purchase of 2068.06 acres (2043.81 acres) of Land , out of which Land measuring 631.88 acres ( Nil ) has been registered in the name of the Company and for the balance registration is pending.

2 There are no registered title deeds for the Company's flats/accommodation in multistoreyed buildings in Nationa Capital Territory of Delhi.

3 Revaluation of the fixed assets was done in 1983, 1985, 1989 and 2002 on the basis of a valuation certificate issued by a Chartered Engineer taking replacement cost as per RBI indices for Plant and Machinery as guidelines in respect of Railway siding and Plant and Machinery, on the basis of cost of construction of building in respect of building and on the basis of latest market rates and guidelines rate fixed by Government of Tamilnadu in respect of Land.

Gross Block includes Rs.2195.88 million added due to revaluation. It comprises in land Rs.130.56 million, Buildings Rs.423.45 million, Railway Siding Rs.2.20 million, Plant and Machinery Rs.1639.67 million

Net Block includes Rs.538.55 million added due to revaluation. It comprises in Land Rs.130.56 million, Buildings Rs.136.48 Million, Railway Siding Rs.2.03 Million, Plant and Machinery Rs.269.48 million

4 @ includes depreciation charged to other heads Rs. 2.75 Million (17.93 Million)

5 Including capital advances and Pre-operative expenditure pending allocation

# Schedules to the Accounts Contd.

(Rs. in Million)

| | As at 31.3.2010 | As at 31.3.2009 |
|---|---|---|
| **Schedule 7 : Investments** | | |
| **Govt and other Trust Securities** | | |
| **Unquoted** | | |
| National Saving Certificate | **0.02** | 0.02 |
| **Shares** | | |
| **Trade Investments** | | |
| **Equity Shares** | | |
| **Quoted** | **0.03** | 0.03 |
| **Unquoted** | **0.01** | 0.01 |
| **Preference Shares** | | |
| Unquoted | **-** | 700.00 |
| **Non-Trade Investments** | | |
| **Equity Shares** | | |
| Quoted | **6.83** | 12.47 |
| Unquoted | **89.07** | 89.07 |
| **In Associates** | | |
| OCL India Ltd* (Quoted) | **4,624.49** | 2,435.76 |
| **Fully paid-up Shares of Co-operative Societies** | **0.01** | 0.01 |
| **Units of Mutual Fund (Quoted)** | | |
| Debt based schemes | **636.91** | 641.10 |
| Equity based schemes | **0.59** | 0.59 |
| Balanced schemes | **14.44** | 9.88 |
| **Venture Capital Fund (Unquoted)** | | |
| 1,188 (1,100) Units of Rs. 1,00,000/- each fully paid up in Urban Infrastructure Opportunities Fund | **120.56** | 110.00 |
| Nil ( 440) Units of Rs. 1,00,000/- each partly paid up in Urban Infrastructure Opportunities Fund | **-** | 10.56 |
| **Other Investments** | | |
| **Equity Shares** | | |
| Quoted | **805.01** | 1,626.93 |
| Unquoted | **950.00** | - |
| | **7,247.97** | 5,636.43 |
| Quoted (including Mutual Funds): | | |
| Book Value | **6,088.30** | 4,726.76 |
| Market Value | **4,090.04** | 2,011.82 |
| Book Value of Unquoted Investments | **1,159.67** | 909.67 |

**Notes:**

There is no investment in companies under the same management.
All investments are "Long Term" except "other investments"
* The carrying amount of investment includes goodwill of Rs. 1112.78 million (1195.49 million) arising on acquisition.

(Rs. in Million)

| | As at 31.3.2010 | As at 31.3.2009 |
|---|---|---|
| **Schedule 8 : Inventories** | | |
| **(As taken, valued and certified by the Management)** | | |
| **Stores, Spares etc** | | |
| On hand | **1,061.74** | 877.65 |
| In transit | **314.67** | 389.89 |
| **Loose tools** | **0.58** | 0.66 |
| **Raw Materials** | | |
| On hand | **451.84** | 245.73 |
| In transit | **188.29** | 410.90 |
| **Work in Progress** | **569.44** | 429.74 |
| **Finished Goods** | **4,487.44** | 2,954.52 |
| | **7,074.00** | 5,309.09 |
| Less Provision for Damaged Stock | **7.00** | - |
| | **7,067.00** | 5,309.09 |

# Schedules to the Accounts Contd.

(Rs. in Million)

| | As at 31.3.2010 | | As at 31.3.2009 | |
|---|---|---|---|---|
| **Schedule 9: Sundry Debtors** | | | | |
| **a) Debts over six months** | | | | |
| Considered good | | | | |
| Secured | | 105.15 | | 18.67 |
| Unsecured | | 68.25 | | 86.19 |
| Considered doubtful | 87.76 | | 15.74 | |
| Less: Provision for Bad and Doubtful Debts | 87.76 | - | 15.74 | - |
| **b) Others** | | | | |
| Considered good | | | | |
| Secured | | 788.50 | | 861.97 |
| Unsecured | | 1,176.30 | | 1,173.63 |
| | | 2,138.20 | | 2,140.46 |

(Rs. in Million)

| | As at 31.3.2010 | As at 31.3.2009 |
|---|---|---|
| **Schedule 10 : Cash and Bank Balances** | | |
| Cash on hand | 14.14 | 3.61 |
| Cheques in Hand | 46.89 | 2.74 |
| Balances with Scheduled Banks : | | |
| - On current accounts | 1,104.75 | 390.92 |
| - On cash credit accounts | 750.79 | 0.12 |
| - On unpaid dividend accounts | 24.75 | 22.30 |
| - On deposit accounts | 260.04 | 504.19 |
| Balance with other Banks : | | |
| - On current accounts* | 1.43 | 1.05 |
| | 2,202.79 | 924.93 |
| *Balances with | | |
| Avadh Gramin Bank | 0.06 | 0.04 |
| Zila Sahakari Bank Limited | 0.81 | 0.54 |
| Lucknow Kshetriya Gramin Bank | 0.51 | 0.35 |
| Baroda Paschimi Uttar Pradesh Gramin Bank | 0.05 | 0.12 |
| **Maximum balance during the year with** | | |
| Avadh Gramin Bank | 1.63 | 3.51 |
| Zila Sahakari Bank Limited | 7.36 | 15.94 |
| Lucknow Kshetriya Gramin Bank | 1.59 | 18.65 |
| Baroda Paschimi Uttar Pradesh Gramin Bank | 34.10 | 106.21 |

(Rs. in Million)

| | As at 31.3.2010 | As at 31.3.2009 |
|---|---|---|
| **Schedule 11: Loans and Advances** | | |
| **(Considered good unless otherwise stated)** | | |
| Loans | | |
| Secured | | |
| Employees * | 0.01 | 2.35 |
| Unsecured | | |
| Employees * | 9.15 | 7.25 |
| Others | 75.82 | 19.75 |
| Advances recoverable in cash or in kind or for value to be received (Unsecured) | | |
| Considered good | 767.03 | 400.42 |
| Considered doubtful | 20.84 | 1.92 |
| Advance income tax {net of provisions Rs.1164.11 Million (Rs.1139.00 Million)} | 127.04 | 174.08 |
| MAT Credit entiltlement | 457.58 | 148.30 |
| Deposit and Balances with Government Departments and Other Authorities | 552.13 | 1,590.11 |
| | 2,009.60 | 2,344.18 |
| Less: Provision for Doubtful Loan and advances | 20.84 | 1.92 |
| | 1,988.76 | 2,342.26 |

# Schedules to the Accounts Contd.

(Rs. in Million)

| | Outstanding Balance As at 31.3.2010 | Outstanding Balance As at 31.3-2009 | Maximum Balance As at 31.3.2010 | Maximum Balance As at 31.3.2009 |
|---|---|---|---|---|
| * Includes | | | | |
| Due from officers of the Company | 7.62 | 4.13 | 8.30 | 7.81 |

(Rs. in Million)

| | As at 31.3.2010 | As at 31.3.2009 |
|---|---|---|
| **Schedule 12 : Current Liabilities** | | |
| Sundry Creditors | | |
| - Micro and Small Enterprises | - | - |
| - Others | 4,116.09 | 5,907.47 |
| Advances from customers | 289.53 | 101.18 |
| Directors' Commission payable | 83.00 | 73.00 |
| Unclaimed Dividend * | 24.75 | 22.30 |
| Matured Fixed Deposit and interest theron *- | - | 1.99 |
| Other liabilities | 303.19 | 257.78 |
| Interest accrued but not due on Loans | 106.35 | 96.91 |
| | 4,922.91 | 6,460.63 |

*Amount payable to Investor Education and Protection Fund is Nil

(Rs. in Million)

| | As at 31.3.2010 | As at 31.3.2009 |
|---|---|---|
| **Schedule 13 : Provisions** | | |
| Proposed dividend on equity shares | 80.94 | 161.88 |
| Pension and other Staff benefits | 51.99 | 55.00 |
| Dividend Distribution Tax | 13.44 | 27.52 |
| Others | 0.06 | 0.07 |
| | 146.43 | 244.47 |

(Rs. in Million)

| | 31.3.2010 | | 31.3.2009 |
|---|---|---|---|
| **Schedule 14: Other Income** | | | |
| **Income from Travel Agency business** | | 14.55 | 14.56 |
| [Tax deducted at source Rs. 0 .94 million (Rs. 1.14 million)] | | | |
| **Interest** | | | |
| - Bank deposits {Tax deducted at source Rs.1.36 million (Rs.7.19 million)} | | 19.04 | 40.42 |
| Others {Tax deducted at source Rs 0.99 million( Rs. 0.18 million)} | | 6.74 | 3.68 |
| Export benefits received | | 1.93 | 4.05 |
| Income From Carbon Credit | | 12.37 | 0.61 |
| Profit on sale of fixed assets (net) | | 1.08 | 9.19 |
| **Dividend** | | | |
| - Investments Non-trade | | 8.42 | 19.38 |
| - Investments trade | | 2.30 | 33.39 |
| Profit on sale of Investments | 187.42 | | 35.59 |
| Less : Loss on sale of investments | 109.86 | | 882.65 |
| | | 77.56 | (847.06) |
| Miscellaneous Receipts | | 342.65 | 198.09 |
| | | 486.64 | (523.69) |

# Schedules to the Accounts Contd.

(Rs. in Million)

| | 31.3.2010 | 31.3.2009 |
|---|---|---|
| **Schedule 15 : (Increase) / Decrease in Stocks** | | |
| Finished Goods | | |
| - Closing stock | 4,487.44 | 2,954.52 |
| - Opening stock | 2,954.52 | 3,155.29 |
| | (1,532.92) | 200.77 |
| Work-in-Process | | |
| - Closing stock | 569.44 | 429.74 |
| - Opening stock | 429.74 | 197.44 |
| | (139.70) | (232.30) |
| | (1,672.62) | (31.53) |

(Rs. in Million)

| | 31.3.2010 | 31.3.2009 |
|---|---|---|
| **Schedule 16 : Personnel expenses** | | |
| Salaries and Wages | 973.75 | 783.50 |
| {after allocating Rs. 240.18 Million (Rs.213.03 Million) | | |
| to other accounts} | | |
| Payment under Voluntary Retirement Scheme | 0.46 | 3.73 |
| Contribution to Provident fund and Other Funds | 70.24 | 67.32 |
| Bonus | 2.03 | 7.50 |
| Workmen and Staff Welfare expenses | 96.03 | 68.84 |
| | 1,142.51 | 930.89 |

(Rs. in Million)

| | 31.3.2010 | 31.3.2009 |
|---|---|---|
| **Schedule 17 : Operating and Other Expenses** | | |
| Power and Fuel | 4,371.55 | 4,105.70 |
| Processing charges | 194.86 | 141.75 |
| Packing Materials | 748.37 | 611.17 |
| Consumption of Stores and Spares Parts | 82.06 | 65.59 |
| {after allocating Rs. 401.88 Million | | |
| (Rs.565.52 Million) to other accounts } | | |
| Excise duty variation on opening/closing stock | 122.78 | (58.38) |
| Repairs and Maintenance : | | |
| - Plant & Machinery | 612.19 | 546.33 |
| - Buildings | 85.89 | 52.85 |
| - Others | 11.13 | 16.87 |
| Rent | 32.48 | 22.14 |
| Rates and Taxes | 41.39 | 21.96 |
| Insurance | 20.41 | 17.66 |
| Travelling | 72.56 | 68.25 |
| Advertisement and Publicity | 75.36 | 46.28 |
| Freight and Forwarding Charges | 2,099.61 | 1,332.30 |
| Commission paid to Other Selling Agents | 58.38 | 43.34 |
| Rebate, Discount and Allowances | 23.75 | 5.55 |
| Director's sitting fees | 1.05 | 0.90 |
| Non-Executive Directors Commission | 3.00 | 3.00 |
| Charity and Donation | 24.73 | 31.29 |
| Assets written off | - | 2.28 |
| Provision for doubtful debts / advances | 90.95 | 0.61 |
| Bad Debts written off | 0.16 | 0.21 |
| Miscellaneous expenses | 1,006.05 | 992.47 |
| | 9,778.71 | 8,070.12 |

# Schedules to the Accounts Contd.

(Rs. in Million)

| | 31.3.2010 | 31.3.2009 |
|---|---|---|
| **Schedule 18 : Financial Expenses** | | |
| Interest | | |
| - On term loans and debentures | **1,463.81** | 1,068.80 |
| - On borrowing from banks | **83.45** | 140.34 |
| - Others | **116.26** | 216.87 |
| Bank Charges | **93.07** | 43.55 |
| | **1,756.59** | 1,469.56 |

| | 31.3.2010 | 31.3.2009 |
|---|---|---|
| **Schedule 19 : Earning Per Share** | | |
| Net profit for calculation of basic and diluted EPS (Rs. in Million) | **1,772.20** | 1,411.74 |
| Total number of equity shares outstanding at the end of the year | **80,939,303** | 80,939,303 |
| Weighted average number of equity shares in calculating basic and diluted EPS | **80,939,303** | 80,907,853 |
| **Basic and Diluted EPS (Rs.)** | **21.90** | 17.45 |

## Schedule 20 - Significant Accounting Policies and Notes to Accounts

### A. Significant Accounting Policies

**1. Basis of preparation**

The Consolidated Financial Statements (CFS) have been prepared to comply in all material respects with the Accounting Standard notified by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which revaluation is carried out. The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year.

The CFS relate to Dalmia Cement (Bharat) Limited (hereinafter referred as the "Company") and its Subsidiaries, Associate and Joint Venture (hereinafter referred as the "Group").

**2. Principles of Consolidation**

In the preparation of these Consolidated Financial Statements, investment in Subsidiaries, Associate and Joint Venture have been accounted for in accordance with Accounting Standard (AS) 21, Consolidated Financial Statements, Accounting Standard (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard (AS) 27, Financial Reporting of Interests in Joint Ventures. The Consolidated Financial Statements have been prepared on the following basis.

a) Subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating all significant intra-group balances and intra-group transactions and also unrealised profits or losses, except where cost cannot be recovered.

b) Minorities' interest in net profit of consolidated subsidiaries for the year is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets is identified and presented in the Consolidated Balance Sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual obligation on the minorities, the same is accounted for by the holding company.

c) Interests in the assets, liabilities, income and expenses of the joint venture are consolidated using proportionate consolidation method. Intra group balances, transactions and unrealised profits/ losses are eliminated to the extent of Company's proportionate share.

d) The difference of the cost to the Company of its investment in subsidiaries and joint venture over its proportionate share in the equity of the investee company as at the date of acquisition of stake is recognized in the financial statements as Goodwill or Capital Reserve, as the case may be.

e) Investment in entities in which the Group has significant influence but not controlling interest, are reported according to the equity method i.e. the investment is initially recorded at cost adjusted thereafter for post acquisition change in the Company's share of net assets of the associates. The consolidated profit and loss account includes the Company's share of the result of the operations of the associate.

Unrealised profits and losses resulting from transactions between the investor (or its consolidated subsidiaries) and the associate have been eliminated to the extent of the investor's interest in the associate. Unrealised losses have not been eliminated if and to the extent the cost of the transferred asset cannot be recovered.

f) Goodwill/capital reserve arising on the acquisition of an associate by an investor is included in the carrying amount of investment in the associate and is disclosed separately.

g) 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. Differences in accounting policies have been disclosed separately.

# Schedules to the Accounts Contd.

h) The difference between the proceeds from disposal of investment in subsidiary and the carrying amount of its assets less liabilities as of the date of disposal is recognized in the consolidated statement of Profit & Loss Account as the profit or loss on disposal of investment in subsidiary.

The accounts of all the Group Companies are drawn up to the same reporting date as the parent entity (i.e. financial year ended March 31, 2010)

**3. Use of Estimate**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between the actual result and estimates are recognised in the period in which the results are known/ materialized.

**4. Fixed Assets**

Fixed assets are stated at cost (or revalued amounts, as the case may be), less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Intangible assets are recognised on the basis of recognition criteria as set out in the relevant Accounting Standard.

**5. Depreciation/Amortisation**

Depreciation is provided on fixed assets over the useful lives of the assets estimated by the management, which are equivalent to the rates prescribed in Schedule XIV to the Companies Act, 1956. The following methods of depreciation are used for fixed assets:

| | |
|---|---|
| "Plant and machinery" at Salem and Dalmiapuram excluding earth moving machinery) and on all fixed assets at Kadappa, Ariyalur, Ballabhgarh, Wind Farm Unit, Bangalore Works and Dalmia Chini Mills (Sugar Units) | Straight Line Method |
| Leasehold Land | Amortised over the period of lease, i.e 30 - 99 years |
| Revalued assets | Depreciation on amount added on revaluation of fixed assets is transferred from Revaluation Reserve. |
| Computer Software | Amortised over a period of 3-5 years on a Straight line basis. |
| Remaining Fixed Assets | Written Down Value Method |

**6. Impairment of Assets**

The carrying amount 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 recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the 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 at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

Previously recoginsed impairment losses are reversed to the extent the recoverable amount exceeds the carrying amount.

**7. Goodwill on Consolidation**

Goodwill represents the difference between the Group's share in the net worth of the investee companies and the cost of acquisition at the date of investment. For this purpose, the Groups' share of equity in the investee companies is determined on the basis of the latest financial statements of the respective companies available as on the date of acquisition, after making necessary adjustments for material events between the date of such financial statements and the date of acquisition.

**8. 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**

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.

**9. Government grants and subsidies**

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

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.

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.

**10. Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**11. Segment reporting**

**Identification of segments**

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

**Inter segment Transfers**

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices.

**Allocation of common costs**

Common allocable costs are allocated to each segment on reasonable basis.

**Unallocated items**

Includes general corporate income and expense items which are not allocable to any business segment.

**Segment Policies**

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

**12. Employee Benefits**

a. Employee benefits in the form of the Group's contribution to provident fund, pension fund, superannuation fund and ESI are considered as defined contribution plan and charged to the profit and loss account of the year when the contributions to the respective funds are due. There are no other obligations other than the contributions payable to the respective funds.

b. Retirement benefits in the form of gratuity and provident fund contribution to Dalmia Cement Provident Fund Trust are defined benefit plans. Gratuity is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Contributions to Dalmia Cement Provident Fund Trust are charged to the profit and loss account of the year when the contributions to the fund is due. Shortfall in the funds, if any, is adequately provided for by the Company.

c. Leave encashment including compensated absences are provided for based on actuarial valuation at the year end. The actuarial valuation is done as per projected unit credit method.

d. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

e. Payments made under the Voluntary Retirement Scheme are charged to the Profit and Loss account immediately.

**13. Inventories**

a. Finished goods are valued at lower of cost or net realisable value. In case of Dead Burnt Magnesite Dust Stocks to the extent these are considered saleable, valuation is done at raw materials cost plus packing charges or net realizable value, whichever is lower. By-products are valued at net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis.

b. Work in progress is valued at lower of cost or net realisable value. Cost is determined on a weighted average basis.

c. Stores, Spares and Raw Materials are valued at lower of cost or net realisable value. However materials & other items of inventories held for use in the production are not written 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 weighted average basis.

   Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

**14. Investments**

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined for each category separately. Long-term investments are carried at cost on individual investment basis. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments in case of long term investments.

**15. Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

**Sale of goods**

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Excise Duty deducted from turnover (gross) are the amount that is included in the amount of turnover (gross) and not the entire amount of liability that arose during the year. Sale is net of trade discount and sales tax.

**Dividends**

Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date.

**Insurance Claim**

Claims lodged with the insurance companies are accounted on accrual basis to the extent these are measurable and ultimate collection is reasonably certain.

# Schedules to the Accounts Contd.

**16. Foreign Currency Transactions**

**(i) Initial Recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**(ii) Conversion**

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; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

**(iii) Exchange Differences**

Exchange differences arising on a monetary item that, in substance, form part of the Group's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognised as income or as expenses.

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of Group at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

**(iv) Forward Exchange Contracts not intended for trading or speculation purposes**

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

**17. Income Taxes**

Tax expense comprises of current and deferred. Current income 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 and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Group re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Group 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.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Group reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Group will pay normal Income Tax during the specified period.

**18. Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split, and reverse share split (consolidation of shares).

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.

**19. Provisions**

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, 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 required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are shown by way of note in the Notes to Accounts in respect of obligations where based on the evidence available, their existence at the Balance Sheet date is considered not probable. Contingent assets are neither recognized in the accounts nor disclosed.

**20. Cash and Cash Equivalents**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand.

# Schedules to the Accounts Contd.

**The Group comprises of the following entities:**

1. The subsidiaries, associates and joint ventures considered in the consolidated financial statements are:

| Name of the Company | Country of incorporation | Percentage of Owner Ship held as at March 31,2010 | Percentage of Owner Ship held as at March 31,2009 |
|---|---|---|---|
| **Subsidiaries** | | | |
| Kanika Investment Limited (KIL) | India | **100%** | 100% |
| Ishita Properties Limited (IPL) | India | **100%** | 100% |
| Hemshila Properties Limited (HPL) | India | **100%** | 100% |
| Avnija Properties Limited (APL) | India | **100%** | 100% |
| Geetee Estates Limited (GEL) | India | **100%** | 100% |
| D.I. Properties Limited (DIPL) | India | **100%** | 100% |
| Shri Rangam Properties Limited (SRPL) | India | **100%** | 100% |
| Himshikhar Investment Limited (HIL) | India | **100%** | 100% |
| Dalmia Power Limited ( DPL) (formerly known as Seeta Estates & Brokers Limited (SEBL)) | India | **100%** | 100% |
| Dalmia Solar Power Limited (DSPL)(formerly known as Shri Rangam Brokers & Holding Limited (SRBHL)) | India | **100%** | 100% |
| Shri Radha Krishna Brokers & Holdings Limited (SRKBHL) | India | **100%** | 100% |
| Dalmia Minerals & Properties Limited (DMPL) | India | **100%** | 100% |
| Arjuna Brokers & Minerals Limited (ABML) | India | **100%** | 100% |
| Dalmia Bharat Enterprises Limited (DBEL) (formerly known as Sri Kesava Mines & Minerals Limited (SKMML)) | India | **100%** | 100% |
| DCB Power Venture Limited (DCBPVL) (formerly known as Sri Madhava Minerals & Properties Limited (SMMPL)) | India | **100%** | 100% |
| Sri Shanmugha Mines & Minerals Limited (SHMML) | India | **100%** | 100% |
| Sri Swaminatha Mines & Minerals Limited (SWMML) | India | **100%** | 100% |
| Sri Subramanya Mines & Minerals Limited (SUMML) | India | **100%** | 100% |
| Sri Trivikrama Mines & Properties Limited (STMPL) | India | **100%** | 100% |
| Sri Dhandauthapani Mines & Minerals Limited (SDMML) | India | **100%** | 100% |
| Sri Madhusudana Mines & Properties Limited (MMPL) | India | **100%** | 100% |
| Dalmia Sugar Ventures Limited (DSVL) | India | **100%** | 100% |
| **Subsidiaries and step down subsidiaries of** | | | |
| **Avnija Properties Limited** | | | |
| Dalmia Cement Ventures Limited (DCVL) (subsidiary of Avnija Properties Limited) | India | **100%** | 100% |
| Golden Hills Resorts Private Limited (GHRPL) (subsidiary of Dalmia Cement Ventures Limited) | India | **100%** | 100% |
| Rajputana Properties Private Limited (RPPL) (subsidiary of Dalmia Cement Ventures Limited) | India | **100%** | 100% |
| **Step subsidiaries of Dalmia Minerals & Properties Limited** | | | |
| Cosmos Cements Limited (CCL) | India | **100%** | 100% |
| Sutnga Mines Private Limited (SMPL) | India | **100%** | 100% |
| **Associates** | | | |
| OCL India Limited (OCL) (Refer Note 1 below) | India | **45.37%** | 21.71% |
| **Joint Ventures** | | | |
| Khappa Coal Company Private Limited (KCCPL) | | | |
| (Joint venture agreement dated February 13th 2009) | | | |
| (Refer Note 2 below) | India | **36.73%** | - |

**Note:**

1. During the year the Company, has increased its stake in OCL India Limited, an associate of the Company, from 21.71% to 45.37% through bulk deal. It has bought 13.46 million shares, or 23.66% additional stake, in OCL India Limited at Rs 131.66 per share.
2. During the Year DCBL has acquired 36.73% ownership interest in KCCPL through purchase of shares on April 27, 2009 (3,673 shares) and November 24, 2009 (1,832,827) respectively. KCCPL is a jointly controlled entity with Sunflag Iron & Steel Company Limited as the other venture. The above shares are purchased at par value.

# Schedules to the Accounts Contd.

**Notes to Accounts**

**1. Contingent liabilities (not provided for) in respect of:**

**Parent company**

(Rs. in Million)

| S.No. | Particulars | 2009-10 | 2008-09 |
|---|---|---|---|
| a) | Claims against the Company not acknowledged as debts | **386.69** | 200.69 |
| b) | Guarantees/Counter Guarantees given to banks on account of loans given by the banks to Bodies Corporate | **14.70** | 240.00 |
| c) | Demand raised by Income tax authorities in dispute | **111.16** | 76.90 |
| d) | Demand raised by custom, excise, entry tax, service tax and sales tax authorities in dispute | **729.29** | 582.95 |
| e) | Other money for which the Company is contingently liable | **11.93** | 2.98 |
| f) | Uncalled Liability on Partly Paid up Units | **-** | 42.24 |

**Subsidiaries**

(Rs. in Million)

| S.No. | Particulars | 2009-10 | 2008-09 |
|---|---|---|---|
| a) | Show cause/ demand/ notices from Income Tax authorities being disputed by the Company - (KIL) | **-** | 0.10 |
| b) | Other money for which the Company is contingently liable - Foreign Letter of credit - (DCVL) | **-** | 1 ,607.13 |
| c) | Bank Guarantee issued (SMPL) | **0.94** | - |

**Joint Venture**

(Rs. in Million)

| S.No. | Particulars | 2009-10 | 2008-09 |
|---|---|---|---|
| a) | Bank Guarantee issued to Ministry of Coal | 14.32 | - |

Based on favourable decisions in similar cases, legal opinion taken by the Group, discussions with the solicitors etc, the Group believes that there is a fair chance of favourable decisions in respect of the items listed above and hence no provision is considered necessary against the same.

**2. Capital Commitment**

(Rs. in Million)

| Particulars | 2009-10 | 2008-09 |
|---|---|---|
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | | |
| **In respect of parent** | **120.78** | 1131.43 |
| **In respect of Subsidiaries** | **69.61** | 8,265.75 |

**3. Loans falling due for repayment within one year:**

(Rs. in Million)

| Particulars | 2009-10 | 2008-09 |
|---|---|---|
| Secured | **3,037.83** | 2,983.60 |
| Unsecured | **126.77** | 1,711.01 |

**4. Remuneration paid to auditors (included in Miscellaneous Expenses) :**

(Rs. in Million)

| Particulars | 2009-10 | 2008-09 |
|---|---|---|
| a) Statutory Auditor | | |
| i) Audit Fee | **3.39** | 1.69 |
| ii) For Tax Audit and Other services | **0.71** | 1.03 |
| iii) For Expenses | **0.53** | 0.78 |
| b) Cost Auditor | | |
| i) Audit Fee | **0.16** | 0.15 |
| ii) For Expenses | **0.02** | 0.02 |

# Schedules to the Accounts Contd.

5. In the opinion of the Board and to the best of their knowledge and belief, the value on realisation of loans, advances and current assets in the ordinary course of business will not be less than the amount at which they are stated in the Balance Sheet.

6. Goodwill in the Balance Sheet as per the details given below represents goodwill of GHRPL, RPPL, IPL, and APL. Such Goodwill has been tested for impairment using the cash flow projections that are based on most recent financials budgets/ forecasts approved by management and accordingly, no amortisation has been made during the year.

(Rs. in Million)

| Particulars | 2009-10 | 2008-09 |
|---|---|---|
| **Subsidiaries** | | |
| Golden Hills Resorts Private Limited | **39.57** | 39.57 |
| Rajputana Properties Private Limited | **2.42** | 2.42 |
| Ishita Properties Limited | **7.23** | 7.23 |
| Avnija Properties Limited | **6.00** | 6.00 |
| **Total** | **55.22** | 55.22 |

7. **Operating Lease**

**Assets taken on lease**

Office premises are obtained on operating lease. The lease term is for 3 years. There is no escalation clause in the lease agreement.

(Rs. in Million)

| Particulars | 2009-10 | 2008-09 |
|---|---|---|
| Lease payments for the year | **32.48** | 22.14 |
| **Total** | **32.48** | 22.14 |

**Assets given on lease**

The Group has leased out building, plant and machinery etc on operating lease. The lease term is for 10 years and thereafter not renewable. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements. Contingent rent recognized in the Profit & Loss Account for the year was Rs.Nil ( Rs.Nil ).

(Rs. in Million)

| Particulars | 2009-10 | 2008-09 |
|---|---|---|
| There are no uncollectible minimum lease payments receivables at the balance sheet date. (Previous year Nil) | | |
| Future minimum lease Receipts | | |
| Not later than one year | **22.05** | 22.05 |
| Later than one year and not later than five years | **87.28** | 88.20 |
| Later than five years | **-** | 21.13 |
| **Total** | **109.33** | 131.38 |

8. Particulars of Derivative instruments and Unhedged foreign Currency Exposure as at the Balance Sheet date:

**Derivative Instruments**

Forward contract outstanding as at Balance Sheet date:

| Particulars | Currency | Additions Foreign currency | Amount (Rs. in million) | Purpose |
|---|---|---|---|---|
| Buy | Euro | 820,657<br>(-) | 57.92<br>(-) | To hedge the import creditors for Spare Parts Purchased |
| Buy | Euro | -<br>(534,288) | -<br>(34.16) | To hedge the import creditors for purchase of items related to capital expenditure |
| **Total** | **Euro** | **820,657**<br>(534,288) | **57.92**<br>(34.16) | |
| Buy | USD | 41,313,626<br>(37,223,816) | 1,932.17<br>(1,882.48) | To hedge the principal and interest on buyer's credit for coal, raw sugar and capital items purchased |
| Buy | USD | -<br>(105,000) | -<br>(5.16) | To hedge the import creditors for purchase of items related to capital expenditure |

# Schedules to the Accounts Contd.

| Particulars | Currency | Additions Foreign currency | Amount (Rs. in million) | Purpose |
|---|---|---|---|---|
| Buy | USD | 3,338,398<br>(8,030,356) | 153.99<br>(405.73) | To hedge the import creditors for Coal and raw sugar purchased |
| Buy | USD | 1,234,487<br>(-) | 57.70<br>(-) | To hedge the principal and interest for External Commercial borrowing |
| **Total** | **USD** | **45,886,511**<br>(45,359,172) | **2,143.86**<br>(2,293.37) | |
| Buy | JPY | 2,357,380<br>(-) | 1.20<br>(-) | To hedge the import creditors for Spare Parts Purchased |
| **Total** | **JPY** | **2,357,380**<br>(-) | **1.20**<br>(-) | |

**Particulars of unhedged foreign currency exposure:**

| Particulars | Amount in Foreign currency | Amount (Rs. in million) |
|---|---|---|
| Foreign currency loans | USD 14,499,234<br>(USD17,760,000)<br>(Closing rate 1 USD = Rs. 44.895 (50.640)) | 650.94<br>(899.44) |
| Purchase of capital goods | -<br>(JPY 2,750,000 , Closing rate 1 JPY = Rs. 0.518) | -<br>(1.42) |
| Purchase of capital goods | -<br>(CHF 21,461 , Closing rate 1 CHF = Rs. 45.085) | -<br>(0.97) |
| Purchase of capital goods | -<br>(AUD 18,193 , Closing rate 1 \AUD = Rs. 35.367) | -<br>(0.64) |

**9. Restructuring**

The Board of Directors of Dalmia Cement (Bharat) Ltd at its meeting held on March 18, 2010, considered and approved a proposal to demerge the cement business, refractory business, thermal power business and certain other businesses (collectively the "Demerged Undertakings") into Dalmia Bharat Enterprises Limited ("DBEL") in terms of a Scheme of Arrangement under Section 391-394 of the Companies Act, 1956 and other applicable laws (the "Scheme"). DBEL is presently wholly owned subsidiary of the Company.

The Company has filed the Scheme of Arrangement under sections 391 to 394 of the companies Act, 1956 before the High court of Madras.

As part of the Scheme, DBEL will further demerge the cement business to Avnija Properties Ltd ("Avnija") and thermal power business to DCB Power Ventures Ltd ("DPVL"). Post implementation of the Scheme as above, DPVL's shareholding will be held upto 74% by Dalmia Power Ltd ("DPL") while the balance 26% will be held by Avnija. Avnija and DPL will become wholly owned subsidiaries of DBEL. DBEL will be listed on NSE, BSE and Madras Stock Exchange with the same shareholding pattern as of the Company. The shareholders of the Company will receive one additional share in DBEL for every share held in the Company.

**10. Gratuity and Other Post Employment Benefit Plans**

**Gratuity**

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The Scheme is funded with an insurance company in the form of a qualifying insurance policy.

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

# Schedules to the Accounts Contd.

**Profit and Loss Account**

Net employee benefit expense (recognised in Personnel expenses)

(Rs. in Million)

| Particulars | Gratuity (Funded) | |
|---|---|---|
| | **2009-10** | 2008-09 |
| Current Service Cost | **20.29** | 17.41 |
| Interest Cost | **12.87** | 12.00 |
| Expected return on plan assets | **(14.11)** | (10.78) |
| Net Actuarial (Gain)/ Loss | **(7.05)** | (9.36) |
| Past Service cost | **-** | - |
| **Total Expense** | **12.00** | 9.27 |
| Actual return on planned assets | **32.05** | 11.85 |

**Balance Sheet**

(Rs. in Million)

| Particulars | Gratuity (Funded) | |
|---|---|---|
| | **2009-10** | 2008-09 |
| Present value of obligation as at year-end | **192.81** | 160.93 |
| Fair value of plan assets as at year-end | **214.65** | 150.18 |
| Less : Unrecognised past service cost | | |
| Funded status {( Surplus/(Deficit)} | **21.84** | (10.75) |
| Net Asset/(Liability) as at year end | **21.84** | (10.75) |

**Changes in the present value of the defined benefit obligation are as follows:**

(Rs. in Million)

| Particulars | Gratuity (Funded) | |
|---|---|---|
| | **2009-10** | 2008-09 |
| Opening defined benefit obligation | **160.93** | 149.97 |
| Interest cost | **12.87** | 12.00 |
| Current service cost | **20.29** | 17.41 |
| Benefits paid out of funds | **(12.17)** | (10.16) |
| Benefits paid by Company | **-** | - |
| Actuarial (gains)/ losses on obligation | **10.89** | (8.29) |
| Closing defined benefit obligation | **192.81** | 160.93 |

**Changes in the fair value of plan assets are as follows:**

(Rs. in Million)

| Particulars | Gratuity (Funded) | |
|---|---|---|
| | **2009-10** | 2008-09 |
| Opening fair value of plan assets | **150.18** | 115.36 |
| Expected return | **14.11** | 10.78 |
| Contribution by employer | **44.59** | 33.13 |
| Benefits paid | **(12.17)** | (10.16) |
| Actuarial gains/ (losses) on obligation | **17.94** | 1.07 |
| Closing fair value of plan assets | **214.65** | 150.18 |

The Company expects to contribute Rs. 15.58 million to gratuity in 2010-11.

# Schedules to the Accounts Contd.

**The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:**

| Particulars | Gratuity (Funded) | |
|---|---|---|
| | 2009-10 | 2008-09 |
| Qualifying Insurance Policy | 100% | 100% |

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

**The principal assumptions used in determining gratuity for the Company's plans are shown below:**

| Particulars | Gratuity (Funded) | |
|---|---|---|
| | 2009-10 | 2008-09 |
| Discount Rate | 8.00% | 8.00% |
| Expected rate of return on assets | 9.40% | 9.35% |
| Mortality Table | LIC (1994-96) duly modified | LIC (1994-96) duly modified |
| Salary Escalation | 7.00% | 7.00% |

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

**Amounts for the current and previous four years in respect of gratuity are as follows:**

(Rs. in Million)

| Particulars | Gratuity | | | | |
|---|---|---|---|---|---|
| | 2009-10 | 2008-09 | 2007-08 | 2006-07 | 2005-06 |
| Defined benefit obligation | **192.81** | 160.93 | 149.97 | 117.87 | 129.94 |
| Plan assets | **214.65** | 150.18 | 115.36 | 136.85 | 119.27 |
| Surplus/ (deficit) | **21.84** | (10.75) | (34.61) | 18.98 | (10.67) |
| Experience adjustment on plan assets | **18.01** | 0.67 | - | - | - |
| Experience adjustment on plan liabilities | **(10.89)** | 8.29 | - | - | - |

**Provident and other funds**

**Contribution to Defined Contribution Plans:**

(Rs. in Million)

| Particulars | 2009-10 | 2008-09 |
|---|---|---|
| Pension Fund/Superannuation funds | 51.96 | 42.97 |

**Provident Fund**

The Guidance note issued by Accounting Standard Board (ASB) on implementing AS 15, Employee Benefit (Revised 2005) states that provident funds set up by the employers, which require interest shortfall to be met by the employer, needs to be treated as defined benefit plan. The fund does not have any existing deficit or interest shortfall. In regard to any future obligation arising due to interest shortfall (i.e. government interest to be paid on provident fund scheme exceeds rate of interest earned on investment), pending the issuance of Guidance Note from the actuarial society of India, the Company's actuary has expressed his inability to reliably measure the same.

**11. Segment Information**

Primary Segment: Business Segment

The Group's operating businesses are organized and managed separately according to the nature of products manufactured and services provided. The four identified reportable segments are Own Manufactured Cements, Own Manufactured Sugar, Power and Others.

The **"Own Manufactured Cement and Sugar Segment"** includes manufacture and marketing of Cement and Sugar.

The **"Power Segment"** includes generation and sale of Power. Power is also used for captive consumption by the Group The 'Others' segment' includes Magnesite , Distillery, Travel, Electronics and refractory's activities of the Group.

The Group caters mainly to the needs of the domestic market. The export turnover is not significant in the context of total turnover. As such there are no reportable Geographical Segments.

# Schedules to the Accounts Contd.

**Segment Information**

The following table presents segment revenues, results, assets & liabilities in accordance with AS-17 as on 31.3.2010.

(Rs. in Million)

| Segment<br>Particulars | Cement | Sugar | Power | Others | Total |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| Gross Revenue | **15,823.05** | **5,588.35** | **1,778.81** | **1,506.15** | **24,696.36** |
| | (14,711.33) | (3,253.02) | (1,157.64) | (1,310.51) | (20,432.50) |
| Less: Inter/ Intra Segment Revenue | **218.88** | **279.32** | **759.36** | **-** | **1,257.56** |
| | (-) | (67.63) | (642.74) | (-) | (710.37) |
| Less: Excise Duty | **1,606.40** | **221.39** | **-** | **68.44** | **1,896.23** |
| | (1,879.46) | (216.68) | (-) | (90.19) | (2,186.33) |
| **Total Revenue** | **13,997.77** | **5,087.64** | **1,019.45** | **1,437.71** | **21,542.57** |
| | (12,831.87) | (2,968.71) | (514.90) | (1,220.32) | (17,535.80) |
| **Results** | | | | | |
| **Segment result** | **2,588.84** | **112.79** | **800.34** | **148.74** | **3,650.71** |
| | (3,924.86) | (-122.97) | (411.53) | (176.01) | (4,389.43) |
| Less: Interest and Financial charges | | | | | **1,756.59** |
| | | | | | (1,469.56) |
| Add: Other unallocable income net of | | | | | |
| unallocable expenditure | | | | | **112.05** |
| | | | | | (-738.66) |
| Net Profit | | | | | **2,006.17** |
| | | | | | (2,181.21) |
| Tax expense | | | | | **681.09** |
| | | | | | (1,020.75) |
| Share of profit in Associate | | | | | **447.12** |
| | | | | | (251.28) |
| Profit after tax | | | | | **1,772.20** |
| | | | | | (1,411.74) |
| **Assets** | **23,849.05** | **9,010.68** | **3,643.90** | **2,999.39** | **39,503.02** |
| | (17,697.48) | (6,791.85) | (3,368.45) | (3,284.40) | (31,142.18) |
| Non Segments assets | | | | | **11,678.11** |
| | | | | | (14,002.34) |
| **Total Assets** | | | | | **51,181.13** |
| | | | | | (45,144.52) |
| Liabilities | **3,272.01** | **688.55** | **408.82** | **605.58** | **4,974.96** |
| | (3,196.07) | (2,539.34) | (3.92) | (770.16) | (6,509.49) |
| Non Segments liabilities | | | | | **31,946.67** |
| | | | | | (25,872.24) |
| **Total Liabilities** | | | | | **36,921.63** |
| | | | | | 32,381.73) |
| **Depreciation** | **880.74** | **201.41** | **244.56** | **82.29** | **1,409.00** |
| | (511.85) | (202.41) | (191.90) | (71.87) | (978.03) |
| **Capital Expenditure** | **7,225.50** | **98.24** | **14.53** | **39.19** | **7,377.46** |
| | (6,698.71) | (151.51) | (595.82) | (566.03) | (8,012.07) |

Note: Revenue in respect of captive power consumption produced from co-generation plant has been arrived at based on the rates at which the same would have been purchased from State Electricity Board.

# Schedules to the Accounts Contd.

**12.** During the year, the Group has incurred some expenditure related to acquisition/construction of fixed assets and therefore accounted for the same under Capital work in progress. Details of the expenses capitalised and carried forward as capital work in progress are given below:

**Parent company**

(Rs. in Million)

| Particulars | 2009-10 | 2008-09 |
|---|---|---|
| **Carried forward as part of Capital Work in Progress** | **774.14** | 127.75 |
| **Expenditure incurred during the year** | | |
| **Personnel Expenses** | | |
| Salaries & Wages | **92.55** | 134.38 |
| Contribution to Provident Fund and Other Fund | **0.78** | 5.51 |
| Workmen and Staff Welfare expenses | **27.08** | 8.72 |
| **Operating and Other Expenses** | | |
| Power and Fuel | **17.87** | 158.19 |
| Consumption of Stores and spares | **31.21** | 28.75 |
| Repairs and maintenance | | |
| Plant and Machinery | **-** | 2.98 |
| Others | **-** | 0.90 |
| Rent | **0.63** | 4.26 |
| Rates and Taxes | **10.79** | 2.77 |
| Insurance | **3.83** | 9.22 |
| Travelling | **1.53** | 8.13 |
| Advertisement and Publicity | **-** | 0.08 |
| Freight and Forwarding charges | **-** | 2.87 |
| Charity and donation | **1.68** | 1.34 |
| Miscellaneous Expenses | **273.06** | 251.81 |
| **Financial Expenses** | | |
| Interest on borrowing from banks | **314.73** | 796.21 |
| Bank charges | **2.86** | 35.32 |
| **Trial Run Expenditure** | | |
| Raw Material Consumed | **193.02** | 13.69 |
| Depreciation | **0.86** | 16.60 |
| **Total Expenditure during the year** | **972.48** | 1481.73 |
| **Income earned during the year:** | | |
| Less: Sales during trial run (net) | **126.90** | 11.55 |
| Increase/(Decrease) in Stock | **64.77** | 137.62 |
| Miscellaneous Receipts | **1.02** | 0.50 |
| **Total Expenditure (net of income) during the year** | **779.79** | 1,332.06 |
| **Grand Total** | **1,553.93** | 1,459.81 |
| **Capitalised in fixed assets** | **1,375.48** | 685.67 |
| **Carried forward as part of Capital Work in Progress** | **178.45** | 774.14 |

# Schedules to the Accounts Contd.

**Subsidiaries**

(Rs. in Million)

| Particulars | 2009-10 | 2008-09 |
|---|---|---|
| **Carried forward as part of Capital Work in Progress** | **265.19** | 103.69 |
| **Expenditure incurred during the year** | | |
| **Personnel Expenses** | | |
| Salaries and Wages | **0.20** | 78.76 |
| Contribution to Provident and Other Funds | **-** | 0.23 |
| **Operating and other Expenses** | | |
| Repair and maintenance | | |
| Others | **0.22** | 0.41 |
| Rent | **0.15** | 3.31 |
| Rates and Taxes | **24.57** | 0.48 |
| Insurance | **0.01** | 3.36 |
| Travelling | **3.98** | 15.14 |
| Advertisement and Publicity | **-** | 0.27 |
| Miscellaneous Expenses | **58.83** | 74.49 |
| **Financial Expenses** | | |
| Interest | | |
| On Borrowing from Banks | **11.59** | - |
| Bank Charges | **163.80** | 35.34 |
| **Depreciation /Amortization** | **0.23** | 0.23 |
| **Total Expenditure during the year** | **263.58** | 212.02 |
| **Income earned during the year:** | | |
| Profit on sale of Investments | **1.13** | 6.38 |
| Interest on Fixed Deposits | **11.12** | 44.14 |
| **Total Expenditure (net of income) during the year** | **251.33** | 161.50 |
| **Grand Total** | **516.52** | 265.19 |
| Capitalised in fixed assets | **-** | - |
| **Carried forward as part of Capital Work in Progress** | **516.52** | 265.19 |

**Joint Venture**

(Rs. in Million)

| Particulars | 2009-10 | 2008-09 |
|---|---|---|
| **Carried forward as part of Capital Work in Progress** | **-** | - |
| **Personnel Expenses** | | |
| Salaries and Wages | **0.10** | - |
| Workmen and Staff Welfare expenses | **0.02** | - |
| **Operating and other Expenses** | | |
| Travelling | **0.02** | - |
| Miscellaneous Expenses | **46.36** | - |
| **Financial Expenses** | | |
| Bank Charges | **0.45** | - |
| **Depreciation /Amortization** | **0.01** | - |
| **Total Expenditure during the year** | **46.96** | - |
| **Carried forward as part of Capital Work in Progress** | **46.96** | - |

# Schedules to the Accounts Contd.

**13.** Related Party Disclosure as required by Accounting Standard-18.

a) List of related parties along with nature and volume of transactions is given below:

**Associate of the Company**

OCL India Limited

**Key Management Personnel of the Company**

Shri J.H.Dalmia- Vice-Chairman, Shri Y.H.Dalmia - Vice-Chairman , Shri Gautam Dalmia - Managing Director , Shri Puneet Dalmia - Managing Director, and Shri T. Venkatesan - Whole time Director.

**Relatives of Key Management Personnel**

Shri V.H. Dalmia (Brother of Vice-Chairman), Shri J.H.Dalmia (HUF), Smt. Kavita Dalmia (Wife of Vice-Chairman) Shri Y.H.Dalmia (HUF), Smt. Bela Dalmia (Wife of Vice-Chairman), Shri Gautam Dalmia (Son of Vice-Chairman), Shri Gautam Dalmia (HUF), Smt. Anupama Dalmia (Wife of Managing Director) , Shri Puneet Dalmia (Son of Vice-Chairman), Smt. Avantika Dalmia (Wife of Managing Director), Kumari Shrutipriya Dalmia (Daughter of Vice-Chairman), Kumari Sukeshi Dalmia (Daughter of Managing Director), Kumari Vaidehi Dalmia (Daughter of Managing Director), Kumari Sumana Dalmia (Daughter of Managing Director), Kumari Avanee Dalmia (Daughter of Managing Director), Mst. Priyang Dalmia (Son of Managing Director) Shri M.H.Dalmia,(Brother of Vice-Chairman) Smt. Abha Dalmia (Wife of Brother of Vice-Chairman) , Shri R.H.Dalmia (Brother of Vice-Chairman) and Smt. Kala Venkatesan ( Wife of Whole Time Director).

**Enterprises controlled by the Key Management Personnel of the Company**

Rama Investment Company Private Limited, Puneet Trading & Investment Company Private Limited, Kavita Trading & Investment Company Private Limited, Sita Investment Company Limited, Mayuka Investment Limited, Ankita Pratisthan Limited, Himgiri Commercial Limited, Valley Agro Industries Limited, Shri Nataraj Ceramic and Chemical Industries Limited, Shri Chamundeswari Minerals Limited, Shree Nirman Limited, Keshav Power Private Limited, Avanee and Ashni Securities Private Limited, ZipAhead.Com Limited, Alirox Abrasives Limited, Sukeshi Trust, Vaidehi Trust, Sumana Trust, Shrutipriya Dalmia Trust, Priyang Trust, Avanee Trust and Raghu Hari Dalmia Parivar Trust.

b) The following transactions were carried out with the related parties in the ordinary course of business:

(Rs. in Million)

| Nature of Transaction | Associate | Key Management Personnel | Relatives of Key Management Personnel | Key Management Personnel controlled enterprise Particulars | Total |
|---|---|---|---|---|---|
| Sale of goods and services | **46.89**<br>(35.99) | **-**<br>(-) | **-**<br>(-) | **48.00**<br>(14.50) | **94.89**<br>(50.49) |
| Reimbursement of expenses | **0.25**<br>(3.57) | **-**<br>(-) | **-**<br>(-) | **7.15**<br>(0.32) | **7.40**<br>(3.89) |
| Purchase of goods and services | **0.02**<br>(-) | **-**<br>(-) | **-**<br>(-) | **629.64**<br>(444.72) | **629.66**<br>(444.72) |
| Rent payment | **-**<br>(-) | **-**<br>(-) | **-**<br>(1.38) | **-**<br>(-) | **-**<br>(1.38) |
| Rent Receipt (including Lease Rent) | **-**<br>(-) | **-**<br>(-) | **-**<br>(-) | **22.11**<br>(22.07) | **22.11**<br>(22.07) |
| Fixed Deposit received | **-**<br>(-) | **1.75**<br>(-) | **244.00**<br>(-) | **-**<br>(-) | **245.75**<br>(-) |
| Refund of Security deposit | **-**<br>(-) | **-**<br>(-) | **-**<br>(-) | **66.60**<br>66.60 | **66.60**<br>66.60 |
| Loans and advances received back | **3.54**<br>(-) | **-**<br>(-) | **-**<br>(-) | **0.78**<br>(-) | **4.32**<br>(-) |
| Purchase of Investments | **-**<br>(-) | **1,772.49**<br>(-) | **-**<br>(-) | **-**<br>(-) | **1,772.49**<br>(-) |
| Interest paid on Fixed Deposit | **-**<br>(-) | **0.06**<br>(-) | **3.38**<br>(-) | **-**<br>(-) | **3.44**<br>(-) |
| Salary and Perquisites | **-**<br>(-) | **118.29**<br>(101.00) | **0.39**<br>(0.32) | **-**<br>(-) | **118.68**<br>(101.32) |

c) Balances outstanding at year end:

(Rs. in Million)

| Nature of Transaction | Associate | Key Management Personnel Promoter | Relatives of Key Management Personnel Personnel Promoter | Key Management Personnel Promoter controlled enterprise | Total |
|---|---|---|---|---|---|
| Security deposit received | -<br>(-) | -<br>(-) | -<br>(-) | **333.60**<br>(400.20) | **333.60**<br>(400.20) |
| Amounts receivable | **1.61**<br>(8.23 | -<br>- | -<br>- | **1.98**<br>- | **3.59**<br>(8.23 |
| Amounts payable | -<br>(-) | **81.75**<br>(70.00) | **244.00**<br>(-) | -<br>(9.12) | **325.75**<br>(79.12) |

**14.** Details of the Group's share in Joint Ventures included in the Consolidated Financial Statement are as follows:

**Joint Venture**

(Rs. in Million)

| Particulars | 2009-10 | 2008-09 |
|---|---|---|
| **SOURCES OF FUNDS** | | |
| Shareholders Fund | - | - |
| Reserves & Surplus (Post Acquisition) | - | - |
| **Loan Funds** | | |
| Secured Loans | - | - |
| Unsecured Loans | - | - |
| **Total** - | - | |
| **APPLICATION OF ASSETS** | | |
| **Fixed Assets** | | |
| Gross Block | **0.14** | - |
| Less: Accumulated Depreciation | **0.01** | - |
| **Net block** | **0.13** | - |
| Capital Work in Progress ( including capital advance) | **46.96** | - |
| **Current Assets, Loans & Advances** | | |
| Inventories | - | - |
| Sundry Debtors | - | - |
| Cash & Bank Balances | **11.15** | - |
| Other Current Assets | **0.22** | - |
| Loans & Advances | - | - |
| **Less: Current liabilities & Provisions** | | |
| Current Liabilities | **0.05** | - |
| Net Current Assets | **11.32** | - |
| Profit and Loss account | **0.37** | - |
| **Total** | **58.78** | |

# Schedules to the Accounts Contd.

**15.** Details of loans and advances to associates, parties in which Directors are interested and Investments by the Loanee in the shares of the Company (as required by clause 32 of listing agreement)

**Joint Venture**

(Rs. in Million)

| Particulars | Outstanding amount as at | | Maximum amount outstanding during financial year | |
|---|---|---|---|---|
| | 2009-10 | 2008-09 | 2009-10 | 2008-09 |
| Loans and Advances to Associates<br>- OCL India Limted | 1.61 | 8.23 | 8.60 | 8.59 |

**16.** Figures less than Rs. Five thousand which are required to be shown separately have been shown at actual in double brackets.

**17.** Previous Year Comparatives

Figures in brackets pertain to previous year. Previous year's figures have been regrouped where necessary to conform to this year's classification.

As per our report of even date

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

**per Manoj Gupta**
Partner
Membership No.: 83906

Place : Gurgaon
Date : May 26, 2010

For **S.S. Kothari Mehta & Co.**
Firm Registration No. 000756N
Chartered Accountants

**per Arun K. Tulsian**
Partner
Membership No.: 89907

Place : New Delhi
Date : May 26, 2010

For and on behalf of Board of Directors
of Dalmia Cement (Bharat) Limited

**K V Mohan**
Company Secretary

**Vipin Agarwal**
Executive Director (Finance)

**Gautam Dalmia**
Managing Director

**Puneet Dalmia**
Managing Director

Place : New Delhi
Date : May 26, 2010

# Consolidated Cash Flow Statement

## of Dalmia Cement (Bharat) Limited for the year ended March 31, 2010

(Rs. in Million)

| Particulars | 2009-10 | 2008-09 |
|---|---|---|
| **A. Cash Flow From Operating Activities** | | |
| Net profit before tax | **2,006.17** | 2,181.21 |
| Adjustments: | | |
| Depreciation (net) | **1,322.59** | 890.37 |
| Unrealised Exchange Gains | **(48.69)** | - |
| Provision for doubtful debts/advances | **90.95** | 0.61 |
| Provision for damaged stock | **7.00** | - |
| Dividend income | **(10.72)** | (52.77) |
| Interest (net) | **1,637.74** | 1,381.91 |
| Share of Profit in Associates | **447.12** | 251.28 |
| Miscellaneous Expenditure Written off/ incurred | **-** | 0.28 |
| (Profit)/Loss on sale of investments | **(77.56)** | 847.06 |
| (Profit)/Loss on sale of fixed assets | **(1.08)** | (6.91) |
| Operating profit before working capital changes | **5,373.52** | 5,493.04 |
| Adjustments for working capital changes : | | |
| Inventories | **(1,764.91)** | (393.10) |
| Trade and other receivables | **527.05** | (783.12) |
| Trade Payables | **(1,550.18)** | 1,265.04 |
| Cash generated from operations | **2,585.48** | 5,581.86 |
| Direct taxes paid | **(339.19)** | (385.70) |
| **Net Cash from operating activities** | **2,246.29** | 5,196.16 |
| **B. Cash Flow From Investing Activities** | | |
| Purchase of fixed assets | **(2,833.06)** | (10,178.39) |
| Sale of fixed assets | **26.47** | 71.39 |
| Purchase of investments | **(23,569.08)** | (10,216.31) |
| Sale of investment | **22,035.10** | 8,543.89 |
| Interest received | **25.78** | 44.10 |
| Dividend received | **10.72** | 52.77 |
| **Net Cash used in investing activities** | **(4,304.07)** | (11,682.55) |
| **C. Cash Flow From Financing Activities** | | |
| Proceeds from Secured Loans | **7,049.82** | 8,519.05 |
| Proceeds from Unsecured Loans | **(1,701.04)** | (969.95) |
| Fixed Deposit from Public | **271.43** | 0.17 |
| Proceeds from issue of shares | **-** | 2.27 |
| Change in Minority interest | **-** | (44.99) |
| Dividend paid | **(242.82)** | (202.21) |
| Interest paid | **(2,000.47)** | (2,231.73) |
| Corporate dividend tax | **(41.28)** | (34.37) |
| **Net cash from financing activities** | **3,335.64** | 5,038.24 |
| Net increase in cash and cash equivalents (A)+(B)+(C) | **1,277.86** | (1,448.15) |
| Cash and cash equivalents (opening balance) | **924.93** | 2,373.08 |
| Cash and cash equivalents (closing balance) | **2,202.79** | 924.93 |
| Change in cash & cash equivalents | **1,277.86** | (1,448.15) |

Note :
1) Closing cash cash equivalents include amounts earmarked for specific purposes Rs 24.75 million (previous year Rs. 22.30 million).
2) Cash and cash equivalents components are as per Schedule 10 of the Balance Sheet.
3) Previous year figures have been regrouped/restated wherever necessary.

As per our report of even date

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

For **S.S. Kothari Mehta & Co.**
Firm Registration No. 000756N
Chartered Accountants

For and on behalf of Board of Directors
of Dalmia Cement (Bharat) Limited

**per Manoj Gupta**
Partner
Membership No.: 83906

**per Arun K. Tulsian**
Partner
Membership No.: 89907

**K V Mohan**
Company Secretary

**Vipin Agarwal**
Executive Director (Finance)

**Gautam Dalmia**
Managing Director

**Puneet Dalmia**
Managing Director

Place : Gurgaon
Date : May 26, 2010

Place : New Delhi
Date : May 26, 2010

Place : New Delhi
Date : May 26, 2010

# Statement Attached to Balance Sheet

## as at 31st March, 2010 Pursuant to Section 212 of the Companies Act, 1956

| | Kanika Investment Limited | Ishita Properties Limited | Avnija Properties Limited | Hemshila Properties Limited | Geetee Estates Limited |
|---|---|---|---|---|---|
| 1. Financial year ending | 31-03-2010 | 31-03-2010 | 31-03-2010 | 31-03-2010 | 31-03-2010 |
| 2. Date from which it became a subsidiary | 6-Aug-79 | 25-Sep-95 | 4-Jul-96 | 4-Jul-96 | 4-Jul-96 |
| 3. Holding Company's interest in the share capital | 100% | 100% | 100% | 100% | 100% |
| 4. The net aggregate amount of the subsidiary's profits less losses, so far as it concerns the members of the Holding Company and is not dealt with in the Holding Company's accounts: | | | | | |
| (a) For the year ended 31-03-2010 (Rs) | 9,558,790 | 114,165 | (2,804,755) | 2,681,730 | 3,604,936 |
| (b) For the previous financial years since it became Company's subsidiary (Rs) | 10,864,085 | 2,404,043 | 45,226,086 | 312,029 | 4,317 |
| 5. The net aggregate amount of the subsidiary's profits less losses, so far these profits are dealt with in the Holding Company's accounts: | | | | | |
| (a) For the year ended 31-03-2010 (Rs) | Nil | Nil | Nil | Nil | Nil |
| (b) For the previous financial years since it became Company's subsidiary (Rs) | 936,651 | Nil | Nil | Nil | Nil |

| | D. I. Properties Limited | Shri Rangam Properties Limited | Himshikhar Investment Limited | Arjuna Brokers& Minerals Limited | Dalmia Minerals & Properties Limited |
|---|---|---|---|---|---|
| 1. Financial year ending | 31-03-2010 | 31-03-2010 | 31-03-2010 | 31-03-2010 | 31-03-2010 |
| 2. Date from which it became a subsidiary | 4-Jul-96 | 10-Jan-97 | 10-Jan-97 | 30-Aug-05 | 30-Aug-05 |
| 3. Holding Company's interest in the share capital | 100% | 100% | 100% | 100% | 100% |
| 4. The net aggregate amount of the subsidiary's profits less losses, so far as it concerns the members of the Holding Company and is not dealt with in the Holding Company's accounts: | | | | | |
| (a) For the year ended 31-03-2010 (Rs) | 2,708,039 | 4,820,869 | 2,271,441 | (10,033) | (10,088) |
| (b) For the previous financial years since it became Company's subsidiary (Rs) | 307,904 | 193,242 | 6,280,545 | (58,772) | (73,367) |
| 5. The net aggregate amount of the subsidiary's profits less losses, so far these profits are dealt with in the Holding Company's accounts: | | | | | |
| (a) For the year ended 31-03-2010 (Rs) | Nil | Nil | Nil | Nil | Nil |
| (b) For the previous financial years since it became Company's subsidiary (Rs) | Nil | Nil | Nil | Nil | Nil |

# Statement Attached to Balance Sheet

## as at 31st March, 2010 Pursuant to Section 212 of the Companies Act, 1956

| | Dalmia Solar Power Limited (Formerly Shri Rangam Brokers & Holdings Ltd) | Shri Radha Krishna Brokers & Holdings Limited | Dalmia Power Limited (Formerly Seeta Estates & Brokers Ltd) | Dalmia Bharat Enterprises Limited" (Formerly Sri. Kesava Mines & Minerals Ltd) | Sri Shanmugha Mines & Minerals Limited" |
|---|---|---|---|---|---|
| 1. Financial year ending | 31-03-2010 | 31-03-2010 | 31-03-2010 | 31-03-2010 | 31-03-2010 |
| 2. Date from which it became a subsidiary | 30-Aug-05 | 30-Aug-05 | 30-Aug-05 | 10-Feb-06 | 10-Feb-06 |
| 3. Holding Company's interest in the share capital | 100% | 100% | 100% | 100% | 100% |
| 4. The net aggregate amount of the subsidiary's profits less losses, so far as it concerns the members of the Holding Company and is not dealt with in the Holding Company's accounts: | | | | | |
| (a) For the year ended 31-03-2010 (Rs) | (127,638) | 410,131 | (803,806) | 997,718 | (9,333) |
| (b) For the previous financial years since it became Company's subsidiary (Rs) | (58,197) | (58,772) | (48,681) | (17,085) | (60,252) |
| 5. The net aggregate amount of the subsidiary's profits less losses, so far these profits are dealt with in the Holding Company's accounts: | | | | | |
| (a) For the year ended 31-03-2010 (Rs) | Nil | Nil | Nil | Nil | Nil |
| (b) For the previous financial years since it became Company's subsidiary (Rs) | Nil | Nil | Nil | Nil | Nil |

| | Sri Subramanya Mines & Minerals Limited | Sri Swaminatha Mines & Minerals Limited | DCB Power Ventures Limited (Formerly Sri Madhava Minerals & Properities Ltd) | Sri Trivikrama Mines & Properties Limited | Sri Madhu-sudana Mines & Properties Limited" |
|---|---|---|---|---|---|
| 1. Financial year ending | 31-03-2010 | 31-03-2010 | 31-03-2010 | 31-03-2010 | 31-03-2010 |
| 2. Date from which it became a subsidiary | 10-Feb-06 | 10-Feb-06 | 10-Feb-06 | 26-Sep-06 | 4-Oct-06 |
| 3. Holding Company's interest in the share capital | 100% | 100% | 100% | 100% | 100% |
| 4. The net aggregate amount of the subsidiary's profits less losses, so far as it concerns the members of the Holding Company and is not dealt with in the Holding Company's accounts: | | | | | |
| (a) For the year ended 31-03-2010 (Rs) | 396,285 | 1,619,777 | 7,876,028 | 1,194,513 | 2,330,606 |
| (b) For the previous financial years since it became Company's subsidiary (Rs) | (60,002) | (60,002) | (60,352) | (24,570) | (58,902) |
| 5. The net aggregate amount of the subsidiary's profits less losses, so far these profits are dealt with in the Holding Company's accounts: | | | | | |
| (a) For the year ended 31-03-2010 (Rs) | Nil | Nil | Nil | Nil | Nil |
| (b) For the previous financial years since it became Company's subsidiary (Rs) | Nil | Nil | Nil | Nil | Nil |

# Statement Attached to Balance Sheet

## as at 31st March, 2010 Pursuant to Section 212 of the Companies Act, 1956

| | Sri Dhandauthapani Mines & Minerals Limited | Dalmia Sugar Ventures Limited | Dalmia Cement Ventures Limited | Cosmos Cements Limited | Sutnga Mines Private Limited |
|---|---|---|---|---|---|
| 1. Financial year ending | 31-03-2010 | 31-03-2010 | 31-03-2010 | 31-03-2010 | 31-03-2010 |
| 2. Date from which it became a subsidiary | 4-Oct-06 | 13-Aug-07 | 10-Dec-07 | 2-May-08 | 2-May-08 |
| 3. Holding Company's interest in the share capital | 100% | 100% | 100% | 100% | 100% |
| 4. The net aggregate amount of the subsidiary's profits less losses, so far as it concerns the members of the Holding Company and is not dealt with in the Holding Company's accounts: | | | | | |
| (a) For the year ended 31-03-2010 (Rs) | 905,365 | (53,529) | 21,426 | (13,208) | 377,344 |
| (b) For the previous financial years since it became Company's subsidiary (Rs) | (25,504) | (209,175) | Nil | (1,253,391) | (16,739) |
| 5. The net aggregate amount of the subsidiary's profits less losses, so far these profits are dealt with in the Holding Company's accounts: | | | | | |
| (a) For the year ended 31-03-2010 (Rs) | Nil | Nil | Nil | Nil | Nil |
| (b) For the previous financial years since it became Company's subsidiary (Rs) | Nil | Nil | Nil | Nil | Nil |

| | Golden Hills Resort Private Limited | Rajputana Properties Private Limited |
|---|---|---|
| 1. Financial year ending | 31-03-2010 | 31-03-2010 |
| 2. Date from which it became a subsidiary | 29-Sep-08 | 29-Sep-08 |
| 3. Holding Company's interest in the share capital | 100% | 100% |
| 4. The net aggregate amount of the subsidiary's profits less losses, so far as it concerns the members of the Holding Company and is not dealt with in the Holding Company's accounts: | | |
| (a) For the year ended 31-03-2010 (Rs) | Nil | Nil |
| (b) For the previous financial years since it became Company's subsidiary (Rs) | Nil | Nil |
| 5. The net aggregate amount of the subsidiary's profits less losses, so far these profits are dealt with in the Holding Company's accounts: | | |
| (a) For the year ended 31-03-2010 (Rs) | Nil | Nil |
| (b) For the previous financial years since it became Company's subsidiary (Rs) | Nil | Nil |

For and on behalf of Board of Directors
of Dalmia Cement (Bharat) Limited

**K V Mohan**
Company Secretary

**Vipin Agarwal**
Executive Director (Finance)

**Gautam Dalmia**
Managing Director

**Puneet Dalmia**
Managing Director

Place : New Delhi
Date : May 26, 2010

# Statement Attached to Balance Sheet
## as at 31st March, 2010 Pursuant to Section 212 of the Companies Act, 1956

### Details of Subsidiary Companies

(Rs. in Lakhs)

| Name of Subsidiary Company | Arjuna Brokers & Minerals Ltd | D.I. Properties Ltd | Dalmia Sugar Ventures Ltd | Geetee Estates Ltd. | Hemshila Properties Ltd Hemshila Properties Ltd | Himshikhar Investment Ltd | Ishita Properties Ltd | Kanika Investment Ltd | Dalmia Power Ltd (Formerly Seeta Estates & Brokers Ltd) | Shri Radha Krishna Brokers & Holdings Ltd | Dalmia Solar Power Ltd (Formerly Shri Rangam Brokers & Holdings Ltd) | Shri Rangam Properties Ltd | Sri Dhandau-thapani Mines & Minerals Ltd | Dalmia Bharat Enterprises Ltd. (Formerly Sri. Kesava Mines & Minerals Ltd ) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Capital | 5.00 | 25.00 | 5.00 | 5.00 | 25.00 | 45.00 | 5.00 | 42.00 | 50.00 | 5.00 | 5.00 | 25.00 | 5.00 | 5.00 |
| Reserves | (0.69) | 30.16 | (2.62) | 36.09 | 29.94 | 485.52 | 77.63 | 394.23 | (8.53) | 3.51 | (1.86) | 50.14 | 8.80 | 9.8 |
| Total Assets | 22.90 | 60.52 | 102.08 | 48.29 | 60.23 | 559.14 | 571.63 | 462.85 | 56.20 | 9.40 | 317.99 | 84.50 | 18.31 | 16.89 |
| Total Liabilities | 18.59 | 5.36 | 99.70 | 7.20 | 5.29 | 28.62 | 489.00 | 26.62 | 14.73 | 0.89 | 314.85 | 9.36 | 4.51 | 2.08 |
| Investments | - | - | - | - | 42.29 | 488.48 | 516.11 | 268.94 | 37.00 | - | - | 50.56 | - | - |
| Turnover/ Total Income | - | 32.68 | 0.09 | 43.45 | 32.11 | 28.55 | 5.76 | 118.07 | 4.51 | 5.02 | 5.09 | 57.65 | 13.57 | 23.19 |
| Profit/ (Loss) Before Taxation | (0.10) | 32.39 | (0.54) | 43.20 | 31.98 | 28.07 | 1.53 | 114.50 | (8.04) | 4.92 | (1.28) | 57.52 | 13.49 | 11.96 |
| Provision for Taxation | - | 5.31 | - | 7.15 | 5.16 | 5.36 | 0.49 | 18.91 | - | 0.82 | - | 9.31 | 4.44 | 1.98 |
| Profit/ (Loss) After Taxation | (0.10) | 27.08 | (0.54) | 36.05 | 26.82 | 22.71 | 1.04 | 95.59 | (8.04) | 4.10 | (1.28) | 48.21 | 9.05 | 9.98 |
| Proposed Dividend | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

| Name of Subsidiary Company | DCB Power Ventures Limited (Formerly Sri Madhava Minerals & Properities Ltd) | Sri Madhus-dana Mines & Properties Ltd | Sri Shanm-ugha Mines & Minerals Ltd | Sri Subram-anya Mines & Minerals Ltd | Sri Swamin-atha Mines & Minerals Ltd | Sri Trivikrama Mines & Properties Ltd | Dalmia Minerals & Properties Ltd | Cosmos Cements Ltd | Sutnga Mines Private Ltd | Avnija Properties Ltd | Dalmia Cement Ventures Ltd | Golden Hills Resort Private Ltd | Rajputana Properties Private Ltd |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Capital | 50.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 1,400.00 | 200.00 | 21,500.00 | 16,171.10 | 94.00 | 1.00 |
| Reserves | 78.16 | 22.72 | (0.69) | 3.36 | 15.60 | 11.70 | (0.83) | (21.21) | 0.69 | 424.21 | 70.14 | 6.92 | (0.14) |
| Total Assets | 141.46 | 35.73 | 11.67 | 10.29 | 23.88 | 35.32 | 2,896.29 | 2,983.54 | 202.71 | 22,260.47 | 29,210.79 | 110.25 | 48.91 |
| Total Liabilities | 13.30 | 8.01 | 7.36 | 1.93 | 3.28 | 18.62 | 2,892.12 | 1,604.75 | 2.02 | 336.26 | 12,969.55 | 9.33 | 48.05 |
| Investments | - | - | - | - | - | - | 1,250.18 | - | - | 16,310.87 | 5,720.58 | - | - |
| Turnover/ Total Income | 81.63 | 31.34 | - | 5.92 | 19.51 | 17.89 | - | 0.36 | 6.39 | 60.47 | 19.21 | - | - |
| Profit/ (Loss) Before Taxation | 80.00 | 31.27 | (0.09) | 5.82 | 19.42 | 17.82 | (0.10) | (0.13) | 5.35 | (15.16) | 6.15 | - | - |
| Provision for Taxation | 1.24 | 7.96 | - | 1.86 | 3.22 | 5.87 | - | - | 1.58 | 12.92 | 5.94 | - | - |
| Profit/ (Loss) After Taxation | 78.76 | 23.31 | (0.09) | 3.96 | 16.20 | 11.95 | (0.10) | (0.13) | 3.77 | (28.08) | 0.21 | - | - |
| Proposed Dividend | - | - | - | - | - | - | - | - | - | - | - | - | - |

# Notes

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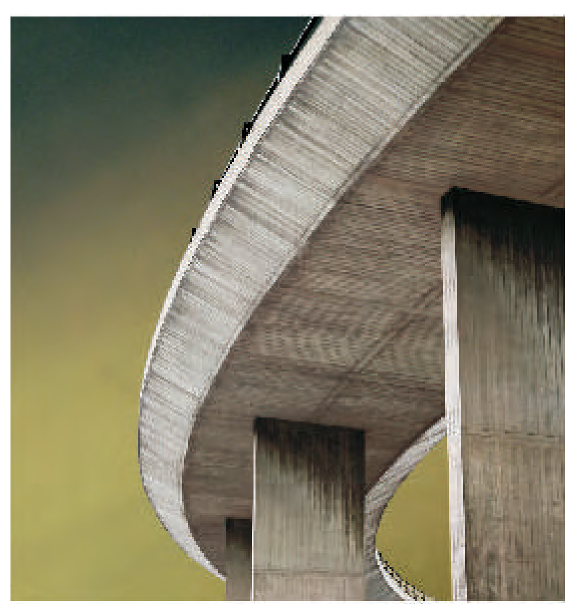

**Dalmia Cement (Bharat) Limited**

**Corporate Office:**
11th & 12th Floor, Hansalaya Building
15 Barakhamba Road, New Delhi - 110001

**Registered Office:**
Dalmiapuram - 621 651
District: Tiruchirapalli, Tamil Nadu