Annual
Report
2012

# HEIDELBERGCEMENT INDIA Ltd.

inspiring to build

mycem cement | for better building

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

**Non Executive Chairman**

Mr. P.G. Mankad

**Non Executive Directors**

Dr. Bernd Scheifele

Dr. Lorenz Naeger

Dr. Albert Scheuer

Mr. S. Krishna Kumar

Mr. Pradeep V. Bhide

Mr. Daniel R. Fritz

**CEO & Managing Director**

Mr. Ashish Guha

**Wholetime Director**

Mr. Sushil Kumar Tiwari

**Chief Financial Officer**

Mr. Anil Sharma

**Dy. Head Legal & Company Secretary**

Mr. Rajesh Relan

**Registered Office**

9th Floor, Infinity Tower C
DLF Cyber City, Phase-II
Gurgaon, Haryana-122002

**Auditors**

M/s. S.R. Batliboi & Co.,
Chartered Accountants

**Registrars & Share Transfer Agents**

M/s. Integrated Enterprises (India) Limited
30, Ramana Residency, 4th Cross,
Sampige Road, Malleswaram,
Bangalore - 560 003

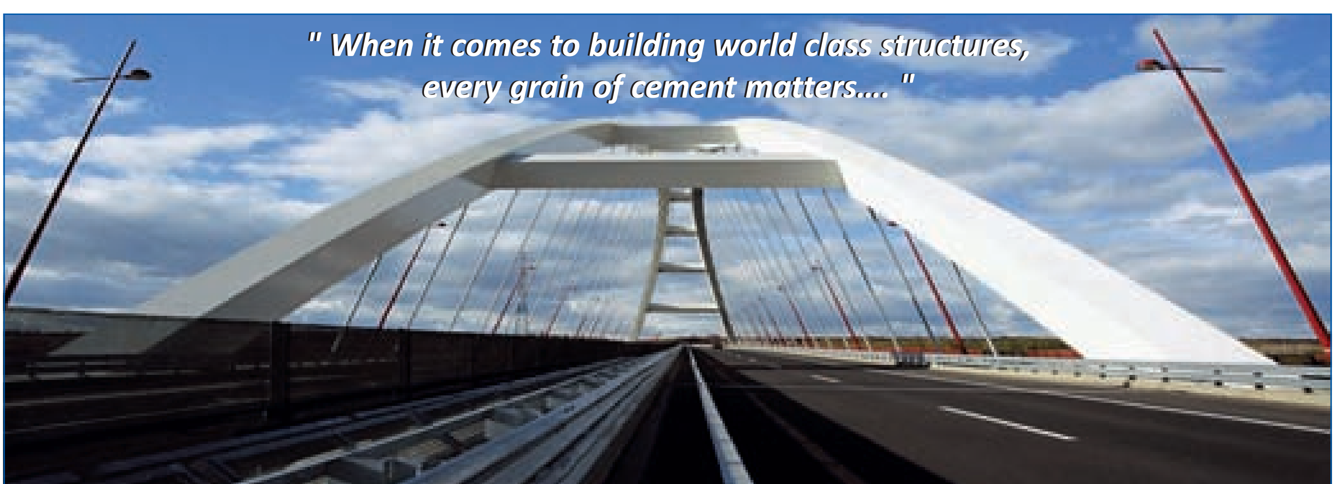
## CONTENTS

# About HeidelbergCement Group

In more than 40 countries, the name HeidelbergCement stands for competence and quality in building materials. HeidelbergCement Group has come a long way, having laid the foundation of its first cement Plant in Heidelberg, Germany, in 1873 to one of the largest building materials' manufacturers worldwide. We are the global market leader in aggregates and hold leading positions in cement, concrete and other downstream activities. More than 54,000 employees worldwide are involved in our core activities at 2500 locations, making sure that our slogan "for better building" is brought to life day after day. Producing reliable building materials that you can rely on, we stand committed to building a better world for generations to come...


**HeidelbergCement Group entered India six years ago with ambitions of establishing a formidable presence across the country.**

HeidelbergCement India Limited is a subsidiary of Cementrum I B.V., a company incorporated under the laws of Netherlands, which is controlled by HeidelbergCement AG, headquartered at Germany. The Company has presence in Central, Western and Southern India manned by a workforce committed to deliver high quality products to its discerning customers. Our employees are aware that durability and quality of its products and services hold the key to our customers' hearts.



# Notice to Members

NOTICE is hereby given that the 54th Annual General Meeting of the Members of the Company will be held at 9.30 A.M. on Thursday, the 16th May 2013 at Epicentre, Apparel House, Sector 44, Institutional Area, Gurgaon, Haryana to transact the following business: -

1. To receive, consider and adopt the Audited Accounts of the Company consisting of the Balance Sheet as at 31st December 2012 and the Profit and Loss Account for the financial year ended on that date including notes thereto together with the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Dr. Bernd Scheifele who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Dr. Lorenz Naeger who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. S. Krishna Kumar who retires by rotation and being eligible, offers himself for re-appointment.
5. To consider and if thought fit to pass, with or without modification(s) the following as an Ordinary Resolution:

   "RESOLVED that M/s. S.R. Batliboi & Associates, Chartered Accountants (Firm Registration No.: 101049W) be and are hereby appointed as Auditors of the Company in place of retiring Auditors, M/s. S.R. Batliboi & Co., Chartered Accountants, who have expressed their unwillingness to continue as Auditors, to hold office from the conclusion of the 54th Annual General Meeting until the conclusion of the next Annual General Meeting on such remuneration as may be agreed upon between the Board of Directors and the Auditors, in addition to reimbursement of service tax and all out of pocket expenses in connection with Audit of the accounts of the Company."
6. To consider and if thought fit to pass, with or without modification(s) the following as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act 1956 (including any statutory modification or re-enactment thereof for the time being in force), the Articles of Association of the Company, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter called "the Board" which term shall be deemed to include any Committee, which the Board may hereinafter constitute to exercise its powers including the powers conferred by this resolution and with the power to delegate such authority to any person or persons) for borrowing from time to time, as it may think fit, any sum or sums of money (including non-fund based facilities) not exceeding Rs. 20,000 million (Rupees Twenty Thousand million) on such security and on such terms and conditions as the Board may deem fit including the borrowings in foreign currency equivalent to Rs. 20,000 million (Rupees Twenty Thousand million) through External Commercial Borrowings (ECBs) in accordance with the provisions of Foreign Exchange Management Act, 1999 from any one or more Banks, Financial Institutions and other persons, firms, bodies corporate and other eligible lenders, notwithstanding that the monies to be borrowed, together with the monies already borrowed by the Company (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business), exceed the aggregate, for the time being, of the paid up capital of the Company and its free reserves, (that is to say, reserves not set apart for any specific purpose).

   RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board and/or its duly constituted Committee be and are hereby authorised to arrange or fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, security or otherwise as it may think fit, to finalise, settle and execute such documents/ deeds/ writings/ papers/ agreements as may be required and do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper, desirable or expedient and further to settle any question, difficulty or doubt that may arise with regard to borrowing of the funds as aforesaid."

By Order of the Board
Sd/-
Rajesh Relan
Dy. Head Legal &
Company Secretary

Place : Gurgaon
Date : 11th February 2013

**Regd. Office:**
9th Floor, Tower 'C', Infinity Towers,
DLF Cyber City, Phase II,
Gurgaon, Haryana -122002

## NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY HAS TO BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 11th May 2013 to 16th May 2013 (both days inclusive).
4. The share transfer instruments, complete in all respects, should be sent to the Registrars & Share Transfer Agents, M/s. Integrated Enterprises (India) Limited, 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore - 560003 well in advance so as to reach the Registrars & Share Transfer Agents prior to the book closure.
5. Members who continue to hold the shares in physical form are requested to inform any change in their address, bank particulars, Email-Id, Nominee etc., to the Registrars & Share Transfer Agents. Members holding shares in dematerialized form are requested to approach their Depository Participant for change of address, bank particulars, Email-Id, Nominee etc.
6. Members are requested to note that in case of transfers, deletion of name of deceased shareholder, transmission and transposition of names in respect of shares held in physical form, submission of photocopy of PAN Card of the transferee(s), surviving holder(s), legal heir(s) and joint holder(s) respectively, along with necessary documents at the time of lodgement of request for transfer/ transmission/transposition, is mandatory.
7. Under the provisions of Section 109A and 109B of the Companies Act, 1956, shareholder(s) is/are entitled to nominate in the prescribed manner, a person to whom his/her/their shares in the Company, shall vest after his/her/their lifetime. Members who are holding shares in physical form and are interested in availing the nomination facility are requested to write to the Company/RTA.
8. (a). Members attending the meeting are requested to complete the enclosed attendance slip and submit the same at the entrance of the meeting hall. Attendance at the Annual General Meeting shall not be allowed without production of the attendance slip duly signed.

   (b). Members are requested to bring their copies of the Annual Report as additional copies of the same will not be distributed at the meeting.

## Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 / Code for Corporate Governance

### Item No. 2:

Brief resume of Dr. Bernd Scheifele, who is proposed to be re-appointed as Director, is given below:

Dr. Bernd Scheifele, aged 54 years completed his Masters and Doctorate in Law from the Universities of Freiburg (Germany), Dijon (France) and Illinois (USA). Dr. Scheifele has more than 26 years of rich and varied experience. He is Chairman of the Managing Board of group's flagship company, HeidelbergCement AG since 1st February 2005.

Dr. Scheifele is a Director/Member of Managing Board of the following Companies:-

Castle Cement Ltd., Verlagsgruppe Georg von Holtzbrinck GmbH, HeidelbergCement AG, PT Indocement Tunggal Prakarsa Tbk, RECEM S.A., Hanson Ltd. UK, Hanson Pioneer Espana S.L., HeidelbergCement Holding S.a.r.l. and HeidelbergCement Netherlands Holding B.V.

Dr. Scheifele does not hold any Equity Shares in the Company.

Except Dr. Scheifele, none of the other Directors may be deemed to be concerned or interested in the proposed Resolution. The Board of Directors recommends the re-appointment of Dr. Scheifele, by the members.

### Item No. 3:

Brief resume of Dr. Lorenz Naeger, who is proposed to be re-appointed as Director, is given below:

Dr. Lorenz Naeger, aged 52 years, holds a degree and doctorate in Business Administration from Regensburg and Mannheim (Germany) and Swansea (U.K.) besides qualification as Tax Advisor. Dr. Naeger has over 26 years of rich experience as a corporate executive. Since 1st October 2004, he is a member of the Managing Board of HeidelbergCement AG in charge of Finance, Group Accounting, Controlling, Taxes, Insurance & Corporate Risk Management and IT.

Dr. Naeger is a Director/Member of Managing Board of the following Companies:-

Castle Cement Limited, ENCI Holding N.V., Hanson Limited, Hanson Pioneer Espana, S.L., HeidelbergCement AG, HeidelbergCement Canada Holding Limited, HeidelbergCement Holding S.a.r.l., HeidelbergCement International Holding Gmbh, HeidelbergCement Netherlands Holding B.V., HeidelbergCement UK Holding Limited, HeidelbergCement UK Holding II Limited, Lehigh B.V., Lehigh Hanson Inc., Lehigh Hanson Materials Limited, Lehigh UK Limited, Palatina Insurance Limited, PHOENIX Pharmahandel GmbH & Co. KG., PT Indocement Tunggal Prakarsa Tbk, Recem S.A., S.A. Cimenteries CBR, MVV Energie AG.

Dr. Naeger does not hold any Equity Shares in the Company. Except Dr. Naeger, none of the other Directors may be deemed to be concerned or interested in the proposed Resolution. The Board of Directors recommends the re-appointment of Dr. Naeger, by the members.

**Item No. 4:**

Brief resume of Mr. S. Krishna Kumar, who is proposed to be re-appointed as Director, is given below:

Mr. S. Krishna Kumar, aged 67 years, a former member of the Indian Administrative Service, holds a Masters degree in physics from Bangalore University and in Public Administration from the Harvard University. He has specialized in areas of public policy and in the governance in sectors like agriculture, public finance, infrastructure and migration. Mr. Kumar was the first secretary in Ministry of Overseas Indian Affairs of the Government of India. In that capacity he re-oriented the focus of migration management and launched a number of new initiatives. He has also concluded a number of infrastructure projects in Karnataka, including the prestigious Bangalore International Airport and the Hassan-Mangalore broad gauge rail line. Between 1992 and 1998, he has worked as an International consultant for the IMF in Sri Lanka and for the World Bank in Mauritius.

He has involved himself with the Public Affairs Centre, Bangalore and the Centre for Development Studies, Thiruvananthapuram as a resource person and is special advisor in India to International Organization for Migration, Geneva.

He is Chairman of the Audit Committee of the Company.

Mr. Kumar does not hold any Equity Shares in the Company.

Except Mr. Kumar, none of the other directors may be deemed to be concerned or interested in the proposed resolution. The Board of Directors recommends the re-appointment of Mr. S. Krishna Kumar, by the members.

**Item No. 5:**

At the 53rd Annual General Meeting (AGM) of the Company held on 25th April 2012, M/s. S.R. Batliboi & Co., Chartered Accountants, were re-appointed as Auditors of the Company from the conclusion of the said AGM until the conclusion of the next AGM.

M/s. S.R. Batliboi & Co., have expressed unwillingness to be re-appointed as Auditors of the Company. It is proposed to appoint M/s. S.R. Batliboi & Associates (who have confirmed that their appointment would be within the limits laid down under section 224(1B) of the Companies Act, 1956) as the auditors in place of the retiring auditors, M/s. S.R. Batliboi & Co., Chartered Accountants. The members may note that both the firms are part of Ernst & Young. The Board of Directors of the Company at its meeting held on 11th February 2013 has recommended the appointment of M/s. S.R. Batliboi & Associates, Chartered Accountants, as the Auditors of the Company to hold office from the conclusion of the 54th AGM until the conclusion of the next AGM.

None of the Directors of the Company may be deemed to be concerned or interested in the proposed resolution. The resolution is recommended for approval of the members.

**Item No. 6:**

Pursuant to the provisions of Section 293(1)(d) of the Companies Act 1956, the Board of Directors of a Company, cannot except with the consent of the Company in general meeting borrow moneys, apart from temporary loans obtained from the Company's bankers in ordinary course of business, in excess of the aggregate of the paid up capital and its free reserves that is to say reserves not set apart for any specific purpose.

The members of the Company had on 11th May 2010 accorded their consent to the Company, by way of passing an Ordinary Resolution through Postal Ballot pursuant to section 192A of the Companies Act, 1956, to borrow any sum or sums of money not exceeding Rs. 12,000 million.

The expansion project at Jhansi Unit in U.P. has been successfully completed and the trial runs at the new plants at Narsingarh and Imlai in Damoh (M.P.) have started and commercial production is expected to commence shortly. The Company will continue to explore the opportunities for expansion in future through brownfield and greenfield expansion projects. Consequently, there may be a need to borrow funds for such expansion projects. The Board, therefore, through an enabling Resolution, proposes to enhance the Company's borrowing limits under Section 293(1)(d) of the Companies Act, 1956 from the present Rs.12,000 million to Rs.20,000 million.

Since, the proposed borrowing limit exceeds the Company's Paid-up Share Capital and Free Reserves (excluding temporary loans obtained from the Company's bankers and financial institutions etc. in the ordinary course of business), the enabling Resolution at Item No.6 of the Notice is being proposed for Members' approval. The Directors of your Company accordingly recommend the resolution for the approval of the members.

None of the Directors of the Company is, in any way, concerned or interested in the aforesaid resolution.

By Order of the Board
Sd/-
Rajesh Relan
Dy. Head Legal &
Company Secretary

Place : Gurgaon
Date : 11th February 2013

**Regd. Office:**
9th Floor, Tower 'C', Infinity Towers,
DLF Cyber City, Phase II,
Gurgaon, Haryana -122002

# Directors' Report

## TO THE MEMBERS,

The Directors of your Company are pleased to present the 54th Annual Report together with the audited accounts of the Company for the year ended 31st December 2012.

## THE YEAR IN RETROSPECT

The year under review was a challenging year; the Indian economy continued to face serious domestic as well as external challenges. The decline in the growth rate of the Gross Domestic Product (GDP), as also in industrial activity and investments, continued. Apart from overall growth slippage, inflation remained a major concern leading to higher input costs, putting pressure on margins.

Economic slowdown and a declining GDP trend, especially deceleration in infrastructure investments and projects adversely impacted the cement industry. In this backdrop, the Indian Cement sector grew by 6.9%.

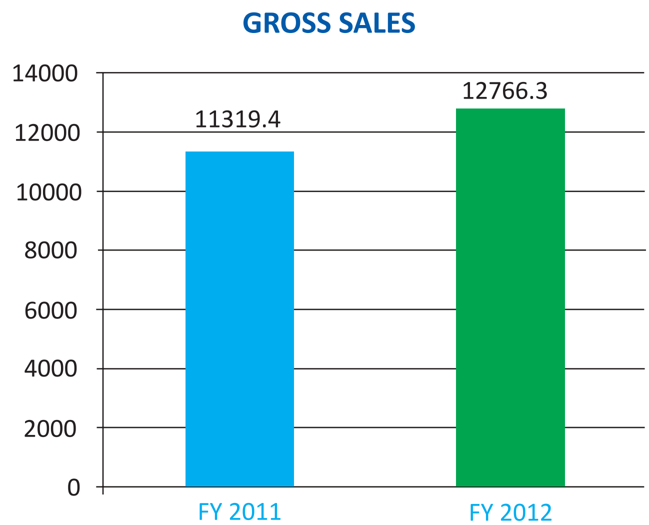
By the time the year 2012 drew to a close, the country's overall installed cement manufacturing capacity had risen to about 330 million tonnes in terms of industry estimates. Effective capacity utilization is estimated to have remained in the range of about 75% to 80%.

The Indian Cement Industry, during the year, witnessed once again a continuation of last two years' trends, where the first half of the year was buoyant and the latter half sluggish, both in terms of demand and prices. Demand was weak in the second half primarily on account of lower infrastructure spending and slowdown in the realty sector due to high interest rates.

## A GLANCE AT THE FINANCIAL PERFORMANCE

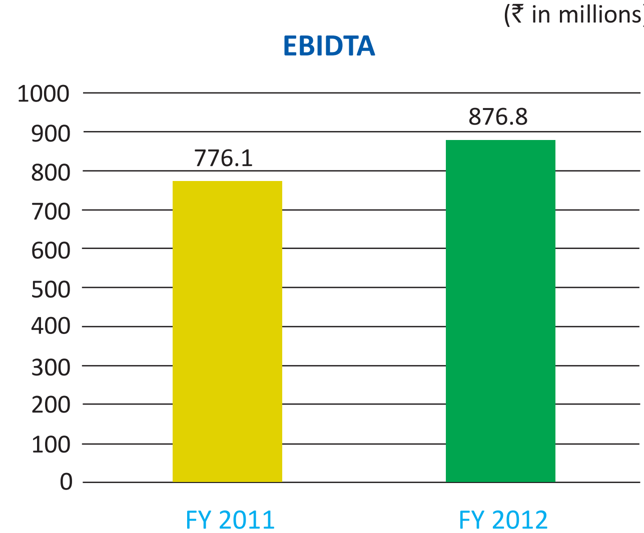
Despite the challenges, your Company registered an upswing in its turnover during the year. Gross revenues from operations for the year ended 31st December, 2012 were up by 12.8%, at MINR 12766.3, compared to gross revenues for the previous year, at MINR 11319.4.

(₹ in millions)




Despite an unabated rise in costs, EBITDA (Earnings before interest, tax, depreciation and amortisation) grew by 13% (MINR 876.8 against MINR 776.1 for the previous year) on account of better realizations and operational efficiencies. Net profit stood at MINR 308.4 against net profit of the previous year (MINR 291.7) registering a growth of 5.7%.

(₹ in millions)



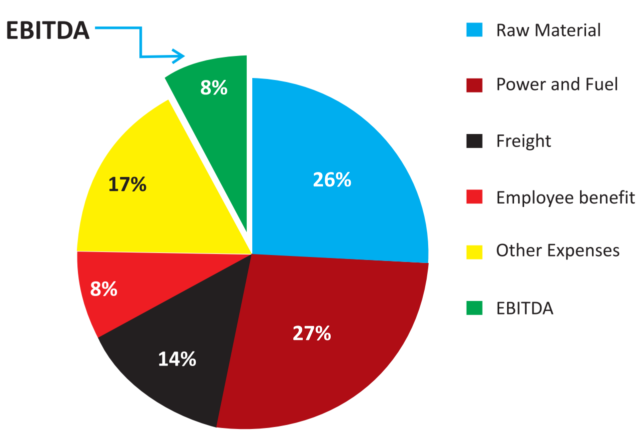
A snapshot of your Company's financial performance for the year ended 31st December 2012 vis-à-vis performance for the previous year ended 31st December, 2011 is as under:-

(₹ in Millions)

| Particulars | Year ended 31st December 2012 | Year ended 31st December 2011 |
|---|---|---|
| Revenue from Operations (Gross) | **12766.3** | 11319.4 |
| Revenue from Operations (Net of Excise Duty) | **11039.5** | 9879.6 |
| Other Income | **104.7** | 118.4 |
| Total Revenue | **11144.2** | 9998.0 |
| Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) | **876.8** | 776.1 |
| Finance Costs | **(105.3)** | (38.5) |
| Net Depreciation and Amortization | **(314.9)** | (314.0) |
| Profit before tax | **456.6** | 423.6 |
| Total Tax Expense | **148.2** | 131.9 |
| Net Profit for the year | **308.4** | 291.7 |

EBITDA margins were close to 8% of total revenue. A graphic presentation of EBITDA and Costs as a percentage to the total revenues during the year under review is given below:

**EBITDA and Costs as a Percentage to Total Revenue**

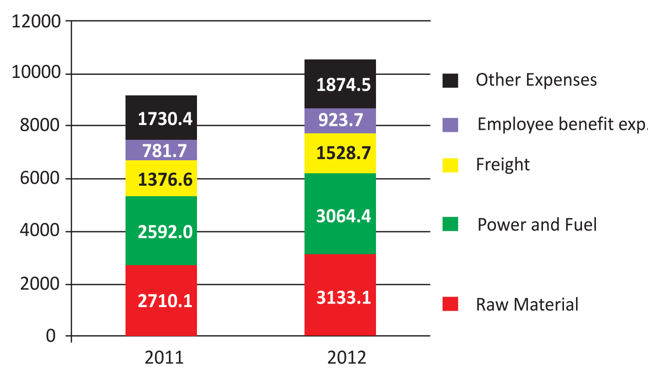



## REVIEW OF OPERATIONS

On the operations front, cost challenges continued to be a cause of concern, particularly power, freight and raw material. Due to depreciation of the Rupee, imported gypsum became dearer. Through stringent quality checks, your Company has been able to meet its requirement of gypsum through indigenous sources with higher purity levels. However, availability of Gypsum continued to be a challenge in certain parts of the country.

The year also saw an increase in diesel prices which impacted the Company both directly and indirectly. PP granule prices saw a spurt by about 14% leading to an increase in the price of PP bags. Coal India introduced a new system of coal pricing based on gross calorific value with effect from the start of the year, which was subsequently rolled-back partially. This resulted in an increase in coal prices for cement industry in the range of 10-15%. Overall there was increase of 14.51% in the total cost of production.

**Total Cost of Production (MINR)**




Pet coke prices remained relatively stable due to availability from certain new sources. Pet coke being a more economical fuel than coal, your Company has successfully altered its fuel mix by increasing pet coke consumption levels year on year. In operations also, the consumption parameters have shown definite improvement and we have bettered our incorporation ratios. Our strategy to increase road dispatches, in view of the steep hike in railway freight towards the end of the first quarter of 2012, has yielded results and during the year your Company crossed the initial target of one million tonne road dispatches in Central India.

Consistent good quality of the product has enabled the Company to meet the expectations of its discerning customers and create and sustain the image of its brand "mycem". Brand visibility helped your Company expand its channel network. During 2012 over 600 dealers and about 2,000 retailers were added to the network. To strengthen its bond with channel partners, the Company conducted number of training programs for its dealers.

## BROWNFIELD EXPANSION IN CENTRAL INDIA

Your Company is now poised for growth, strengthening its presence in Central India through implementation of the brownfield expansion project in U.P. and M.P. The expansion project at Jhansi Unit in U.P. has been successfully completed and commercial production from the new plant at Jhansi commenced on 16th January 2013. Trial runs at the new plants at Narsingarh and Imlai in Damoh (M.P.) have started and commercial production is expected to commence shortly.

The expanded capacities of the plants will be as under:-

a. Cement grinding capacity of the plant at Jhansi (U.P.) has increased from 0.8 to 2.7 million tonnes per annum.

b. Clinker manufacturing capacity of the plant at Narsingarh, District Damoh (M.P) will increase from 1.2 to 3.1 million tonnes per annum.

c. Cement grinding capacity of the plant at Imlai, District Damoh (M.P) will increase from 1.0 to 2.0 million tonnes per annum.

Ball Mill at Imlai Plant

A view of Jhansi Plant

Cement loading facility at Imlai Plant

A view of new clinkerisation plant at Narsingarh

One of the key highlights of the project is the construction of around 20 kilometers long Overland Belt Conveyor (OLBC), one of the longest in the Country, for transportation of limestone from the mines at Patharia to the Clinkerisation unit at Narsingarh.

Capital expenditure on the entire expansion project is about MINR 15700 (including interest during the construction period that has been capitalized), which has been funded through a mix of internal accruals, External Commercial Borrowings (ECB) from the promoter group and term loans from Indian Banks. Post expansion, the cement manufacturing capacity of the Company in Central India will increase by 2.9 million tonnes per annum and the total cement manufacturing capacity of the Company will increase to 6 million tonnes per annum.

Vertical Roller Mill (VRM) at Jhansi Plant

## DIVIDEND

With the objective of long term value creation for the shareholders, your Directors have recommended conservation of internal resources in place of dividend distribution.

## FUTURE OUTLOOK

The current year is a year of transformation as well as challenges for the Company; anticipation of growth and earnings on the one hand and challenges posed by intensifying competition and a trying environment on the other.

As you are aware, a declining trend in the GDP and a slowdown in economic activity, especially in the infrastructure investments and projects, have a direct impact on industries like cement. While we may hope that the recent economic reforms initiated so far by the government will bring about a resurgence in the economy, from which the Company will also benefit, we can not overlook the impact of the slowdown and related factors on the performance of the cement industry as a whole and on that of your company specifically.

Going forward, during 2013, based upon an anticipation of significant government spending on infrastructure in the next five years and an improved focus by the Government on the housing and infrastructure sectors, cement demand is expected to achieve a growth rate of about 8% during the current year.

The new manufacturing capacities, will enable the Company to increase its market share in Central India and also increase deliveries in other markets including Bihar, Punjab, Haryana and Uttarakhand. In the current year, our endeavour is to maximize volumes at optimal logistics cost and improve realizations. This would require nurturing existing markets as well as developing new ones. Your Directors are confident that with the help of a committed sales team and strong product quality, the Company will successfully carve a niche for its brand "mycem" in new markets and will continue to improve its brand positioning in the existing ones.

Apart from economies of scale due to enhanced volumes, post expansion, the profitability drivers will include savings in transportation costs and power and fuel consumption and also tax benefits pursuant to MP Industrial Promotion policy.

## BUILDING ON SUSTAINABILITY

Sustainability is a part of our Group's vision statement. "*HeidelbergCement* has activities in 50 countries and its goal of sustainable development is shared by all group areas and business lines. ***We are building on the three pillars of sustainability: economy, ecology and social responsibility...."***

*Dr. Bernd Schiefele,*
*Chairman of Managing Board of HeidelbergCement AG*

## Environmental Sustainability

We seek to contribute to environmental sustainability by incorporating environmental considerations at every stage in business decision making. Towards this goal, during the year under review, the following initiatives were taken:

- Continuous Stack Monitoring System and Continuous Ambient Air Quality Monitoring Stations were installed at all the plants so that the emission data is monitored and directly updated at the websites of the Pollution Control Boards.
- The Company procured Auto Road Sweeper to prevent generation of fugitive emission at Narsingarh and Imlai plants. An Auto Road sweeper is being procured for Jhansi Unit also.
- A number of varieties of saplings were planted by developing Green Belt to improve the environment.
- Trainings on environmental legislations were conducted at all the plants.
- Rehabilitation of the existing Kiln ESP hybrid filters of Line 1 & 2 were done for air pollution control at Narsingarh plant, Damoh (M.P.).
- Clinker wagon loading facility at Imlai grinding unit was upgraded to control fugitive emissions.
- Plastic waste incineration in the kiln at Narsingarh is done on a regular basis.
- Garland drain, retaining wall, settling tank, check dams and De-composition pit constructed at Yerakatte Limestone Mines, Ammasandra (Karnataka).

- Bag filter installed at mill feeding clinker belt conveyor transfer point at Raigad plant (Maharashtra) to control fugitive emissions.

## A Step Towards Green Energy

Confirming HeidelbergCement Group's commitment to sustainability, the Board of Directors has approved the setting up of an eco-efficient Waste Heat Recovery based Power Generation Plant at its Clikerisation unit at Narsingarh, District Damoh (M.P.). The proposed plant envisages production of approximately 12.15 MW of power from available waste heat of pyro-processing system of all three clinkerisation lines at Narsingarh. It will substitute equivalent grid power and thus reduce power cost per ton of clinker, meeting the twin goals of ecological conservation and economic added value.

The project cost is estimated to be in the range of MINR 1450 to MINR 1500 and it is likely to be operational in January 2015.

## Making a Difference Through CSR

Social responsibility is the third pillar of our sustainability vision. The Company continued to engage with the local communities by encouraging their participation in various welfare and development activities, which has served to strengthen our relationships. The Company contributed to the economic and social development of the local communities, in the regions where it has presence, by focusing on healthcare, education and improvement of the surroundings.

Every Plant has a medical centre along with an Ambulance to provide timely medical help and treatment. The Company organized free health check-up camps for the residents of the surrounding villages, which included orthopedic and eye examination for old people. The awareness was also spread about hygiene and health care issues. Family welfare programs were also organized.

In order to tackle the problem of water shortage a check dam was constructed on the river Tillu Jhiriya, which fulfils the daily requirements of the people of Narsingarh village. In the vicinity of some of the Company's plants, villagers were provided treated water from the plants, wherever applicable. The Company also got old wells and ponds in the surrounding areas cleaned, deepened and renovated. Bore wells were also installed at certain places.

Development activities such as construction of rest sheds, community halls, cremation sheds, concreting the floor of a school, passenger facilities at local bus stands in nearby villages were also completed during the year under review. A driving school has been established to impart training to local youth and they are being engaged by transporters and travel agencies. With the help of social clubs, the Company organized training programs for women to enable them to learn stitching and tailoring etc., so that they can fruitfully engage themselves and improve their standard of living.

The schools assisted by your Company continue to provide education of high standard not only to the children of the Company's employees but also to the children from the surrounding villages. Various sports and cultural events were organized at the schools to ensure a holistic development of the students, where children from other schools also participated. Education Centres have been opened with the objective of providing basic education to the wives of labourers.

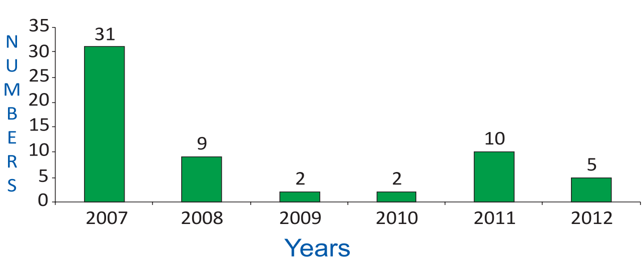
On the occasion of World Environment Day, to spread environmental consciousness amongst people, saplings were planted and cloth bags were distributed to curb the use of plastic bags.

Awareness was spread amongst the villagers regarding the need to protect the environment and ecology.

## OCCUPATIONAL HEALTH & SAFETY

***"There's one figure we want to keep at zero : the accident rate"*** is the motto of the HeidelbergCement Group. In line with this objective, the Company is committed to achieving zero accident and injury frequency rate[1] across all its plants, mines and at projects / construction sites. Appropriate systems have been put in place for the purpose, including guidelines on energy isolation, machine guarding, working at height and project safety in construction. Relentless efforts are made for continual improvement on the basis of past experience and best safety practices, including continuous surveillance by plant safety team to monitor industrial activities in plants and vigil of the HoDs to ensure safe working environment.

Safety trainings on different aspects are conducted which help in developing safe working culture by focusing on behavior and attitude of individuals. Various contests and competitions were organized to motivate employees for creating safe working environment. A system of rewards and penalties has also been put in place and the same is being applied judiciously in the interest of safety. During implementation of the expansion project, substantial time, money and effort was invested to ensure that health & safety remained a focal point and no compromises were allowed. However, despite our best efforts, there were two fatalities during the year 2012. The chart given below shows the number of lost time injuries during the last few years :-




- "Lost Time Injury" means work related injury which causes the absence of an employee for one or more workdays.
- Lost Time Injury incident figures are combined for Operations (1 LTI) and Projects (4 LTI).

[1] Injury Frequency Rate is the No. of Lost Time Injury Accidents per Million Man-hours worked.

The Company stands committed to achieve "Zero Harm" Safety performance. We forego operational benefits and adherence to time schedules if there is any cause of concern relating to safety. Towards this goal, during the year under review the following steps were ensured :-

- Standard Operating Procedures containing step by step procedures and permit system for safe working are in place for all the critical activities and the same were revisited, wherever necessary.
- Risk Assessment for all activities and communication about the risks involved, control measures and safe plan of action is communicated to all involved for safe working.
- Safety is our foremost priority. In order to give utmost importance to Safety, organizational structure has been changed with no reporting lines to Plants.
- Training on different safety aspects is regularly imparted at all locations based on theme of the month.
- Group Safety week was observed at all the plants and project sites during 14th to 20th October 2012. During the week practical safety demonstrations and safety trainings were conducted. Safety Quiz, Poster, Extempore Speech, Slogan competitions were organized to instill a strong safety culture.
- All Heads of Departments take safety rounds to ensure proper implementation of all safety control measures.
- Frequency of the "Safety Committee meeting" has been increased from monthly to weekly.
- Corporate Safety Head conducts reviews of all the plants, mines and other offices at regular intervals and observations / findings are discussed with all concerned for ensuring effective compliance.
- Material handling procedure was revisited. Forklift at Ammasandra plant and new generation hydra crane with in-built safety features was introduced at Imlai plant to ensure safety of human beings.
- As a part of "Access Control", changed the design of workstation of ropeway attendant, motorized gate has been provided at Narsingarh plant.
- Implementation of Lock out Tag Out (Electrical Isolation system) at Ammasandra unit.
- Policy on restriction on "Night Time Highway Driving" introduced to ensure off-the-job safety of employees.
- On Going activities include implementation of Group Safety guidelines, Safety Inspections and ensuring corrective actions, Daily Safety Gate Meetings, Knowledge/ experience sharing by Line Managers, HODs, Plant Head, Unit Head, Safety Head, Safety Person of the month and Screening of a film on Safety.

## AWARDS AND ACCOLADES

During the year, we earned a number of awards and honours from various Ministries and Industry bodies.

The "National Safety Award" was received from the Hon'ble President of India, Mr. Pranab Mukherjee at Vigyan Bhawan, New Delhi on 21st November, 2012. Narsingarh Limestone Mine was declared a winner for "Lowest Injury Frequency Rate" in Metal Mines - Mechanized opencast with manshift < 0.5 lacs at country level for the year 2009.


- During the Mines Environment & Mineral Conservation Week held in Jabalpur Region, the Indian Bureau of Mines awarded our Patharia Limestone Mines in the category of "Fully Mechanized Mines", First Prize in Reclamation & Rehabilitation and Management of Sub-Grade Minerals, Second Prize in Top Soil Management and Publicity and Third Prize in overall Performance for the year 2011-12 .
- Clinkerisation Unit at Narsingarh was awarded 'National Energy Conservation Award - 2012' by the Ministry of Power, Govt. of India.
- Narsingarh Limestone Mine was awarded First prize for "Overall Safety Performance" during Metalliferrous Mines Safety Week celebrations in Jabalpur Region, in Mechanized 'A' Category Mines.
- The Expansion Project at Damoh received the prestigious RoSPA (The Royal Society for the Prevention of Accidents, UK) Award 2012 with the Highest Award GOLD category for the Organization's commitment to improve workplace health and safety.

## CORPORATE GOVERNANCE

***'Securing Success through Ethics, Transparency and Accountability'*** is our Company's Corporate Governance Philosophy. Your Company fully stands by the standards set out by the Securities and Exchange Board of India for Corporate Governance practices.

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section on Corporate Governance, together with a certificate from a Practicing Company Secretary confirming compliance with conditions of Corporate Governance, forms part of this Annual Report.

Pursuant to clause 49 of the Listing Agreement, Management Discussion and Analysis Report is given as an addition to this Report.

A certificate furnished by Mr. Ashish Guha, CEO & Managing Director and Mr. Anil Sharma, Chief Financial Officer in respect of the financial statements and the cash flow statement for the year ended 31st December 2012 is annexed as Annexure 'C'.

## DIRECTORS

Dr. Bernd Scheifele, Dr. Lorenz Naeger and Mr. S. Krishna Kumar, Directors of the Company retire by rotation at the ensuing Annual General Meeting (AGM). The retiring Directors being eligible have offered themselves for re-election by the members at the said AGM.

The Board recommends the re-appointment of the aforesaid Directors.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements of Section 217(2AA) of the Companies Act, 1956, the Directors, to the best of their knowledge and belief and according to the information and explanations obtained by them, confirm & declare that they have taken all reasonable steps, as are required, to ensure that:

(a) The applicable accounting standards have been followed in the preparation of the annual accounts for the year ended 31st December 2012 and no departures have been made there from;

(b) They have selected such accounting policies and applied them consistently and they have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at 31st December, 2012 and of the profit of your Company for the year ended on that date;

(c) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting frauds and other irregularities; and

(d) The annual accounts for the year ended 31st December, 2012 are prepared on a going concern basis.

## AUDITORS

The Auditors' observations in their Report and the relevant notes to the accounts are self-explanatory. The Statutory

Auditors, M/s. S.R. Batliboi & Co., Chartered Accountants, who were appointed at the last Annual General Meeting held on 25th April 2012, have expressed their unwillingness for re-appointment as Statutory Auditors at the ensuing AGM.

Your Directors' recommend the appointment of M/s. S.R. Batliboi & Associates, Chartered Accountants as Statutory Auditors for the ensuing term. The said Auditors have confirmed that their re-appointment, if made, shall be within the limit laid down under Section 224(1B) of the Companies Act, 1956.

## COST AUDIT

Pursuant to the directives of the Ministry of Corporate Affairs, your Company appointed Mr. A. Nagaraja, Cost Accountant as Cost Auditor of the Company under Section 233B of the Companies Act, 1956 for the year 2012. The Cost Audit Report for the year ended 31st December 2012 will be submitted to the Ministry within the stipulated time.

## PARTICULARS OF EMPLOYEES

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended are given in the enclosed statement forming part of this Report as Annexure 'A'.

## ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, forming part of this Report are annexed as Annexure 'B'.

## ACKNOWLEDGEMENTS

We are thankful to various agencies of the Central and State Government(s) for their continued support and co-operation. Your Directors are thankful to all stakeholders including Customers, Bankers, Suppliers, Distributors, Dealers, and Contractors for their continued assistance, co-operation and support. The Directors wish to place on record their sincere appreciation to all employees for their commitment and continued contribution to the Company. The Directors are grateful for the confidence, faith and trust reposed by the shareholders in the Company.

For and on behalf of the Board
Sd/-

Place : Gurgaon
Date : 11th February 2013

P.G. Mankad
Chairman

# Annexure- 'A' to the Directors' Report

**Statement pursuant to Section 217(2A) of Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the financial year ended 31st December, 2012**

**Employed throughout the period under review and were in receipt of remuneration for the year, in aggregate not less than ₹ 60,00,000/-**

| S. No. | Name | Designation/ Nature of Duties | Total Remuneration (₹) | Qualifications | Experience in years | Age in years | Date of Commencement of Employment | Last Employment |
|---|---|---|---|---|---|---|---|---|
| 1 | Mr. Anil Sharma | Chief Financial Officer | 10,388,771 | B.Com, ACA, ACS | 18 | 40 | 18-Mar-02 | Bhaskar Tea & Industries Ltd. |
| 2 | Mr. Jamshed N. Cooper | Director - Sales & Marketing | 18,248,661 | MBA | 35 | 56 | 14-Dec-06 | ACC Limited |
| 3 | Mr. S.K. Tiwari | Wholetime Director | 12,534,254 | Graduation (AMIE)- Electrical & Electonics Communication Engineering | 34 | 56 | 16-Apr-07 | Lafarge India Pvt. Ltd. |
| 4 | Mr. Avinash Joshi | Director - Procurement | 7,764,736 | B.Tech. (Civil) | 30 | 52 | 03-Dec-07 | Lafarge India Pvt. Ltd. |
| 5 | Ms. Poonam Sharma | Director - Human Resources | 8,406,129 | MBA | 25 | 48 | 01-Jun-10 | Carrier Air Conditioning & Refrigeration Ltd. |
| 6 | Mr. Shiva Kant Pandey | Deputy Director-Technical & Unit Head-Damoh & Jhansi | 6,193,371 | B. E. | 27 | 50 | 16-Aug-10 | Ambuja Cement Limited |
| 7 | Mr. Sumeet Bisarya | Senior Vice President-Business Development | 6,301,404 | ACA, MBA | 18 | 47 | 17-Dec-10 | Dalmia Bharat Enterprises Limited |

**Employed for part of the year 2012 and were in receipt of remuneration at the rate of not less than ₹ 5,00,000/- per month in terms of Section 217 (2A) (ii)**

| S. No. | Name | Designation/ Nature of Duties | Total Remuneration (₹) | Qualifications | Experience in years | Age in years | Date of Commencement of Employment | Last Employment |
|---|---|---|---|---|---|---|---|---|
| 1 | Mr. Sudesh Anant Khatawkar^ | Senior Vice President-Marketing | 4,154,331* | B.Com, LL.B. | 32 | 52 | 1-May-99 | Narmada Cement Company Ltd. |

^Relieved on 31st August 2012

* The above amount also includes ex-gratia and leave encashment.

**Notes:**

(i) Remuneration here includes salary, allowances, values of perquisites and Company's contribution towards provident and superannuation funds.

(ii) In addition to the above remuneration, employees are entitled to gratuity in accordance with the Company's Rules.

(iii) All the employees have adequate experience to discharge the responsibilities assigned to them.

# Annexure- 'B' to the Directors' Report

**STATEMENT PURSUANT TO SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988**

## A. CONSERVATION OF ENERGY

**a). Energy conservation and efficiency measures taken during the year 2012:-**

1. Replacement of conventional separator with dynamic separator in Coal Mill Line - I at Narsingarh Plant.
2. Separate Grinding of coal and petcoke in Kiln-I and Kiln-II at Narsingarh Plant.
3. Installation of VF (Variable Frequency) drives in cooler fan1 and fan 6 in Line-II at Narsingarh Plant.
4. Installation of bag house fan LRS (Liquid Resistance Starter) with GRR (Grid Rotor Resistance)at Raigad Plant.
5. VVVF (Variable Voltage Variable Frequency) Drive for dilution air fan at Raigad Plant.

**b). Additional proposals for the year 2013 :-**

1. Replacement of cement silo feeding air lifts with Belt bucket elevators in Cement Mill-I and II at Imlai Grinding Plant.
2. Installation of Graphite seal for kiln outlet in Line-II at Narsingarh Plant.
3. Installation of VF drives in cooler fans 1 and 5 in Line-I at Narsingarh Plant.

**c). Impact of above measures for reduction of energy consumption and consequent impact on cost of production:-**

The measures stated in point (a) above have already brought some savings in cost of production. Measures stated in point (b) above are expected to reduce electrical and thermal energy consumption further.

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

Information is given in the prescribed Form A Annexed.

## B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

Information is given in the prescribed Form B Annexed.

## C. FOREIGN EXCHANGE EARNINGS & OUTGO

Total foreign exchange used and earned:

₹ in Million

| | Current Year ended 31.12.2012 | Previous Year ended 31.12.2011 |
|---|---|---|
| **Foreign exchange used** | | |
| - Imports | **79.4** | 745.0 |
| - Expenditure | **423.3** | 286.1 |
| **Total** | **502.7** | **1031.1** |
| **Foreign exchange earnings** | | |
| FOB value of Exports realised in Rupees | **Nil** | **Nil** |

**Form - A (See Rule 2)**

**Form for Disclosure of Particulars with respect to Conservation of Energy**

## I. POWER AND FUEL CONSUMPTION

| Particulars | Units | | Total Amount | | Avg. Rate/Unit | |
|---|---|---|---|---|---|---|
| | Current Year ended 31.12.2012 | Previous Year ended 31.12.2011 | Current Year ended 31.12.2012 | Previous Year ended 31.12.2011 | Current Year ended 31.12.2012 | Previous Year ended 31.12.2011 |
| | (Million Units) | | (Million ₹) | | (₹ /Unit) | |
| **1. Electricity** | | | | | | |
| a. Purchased | **224.8** | 192.2 | **1406.5** | 1016.1 | **6.26** | 5.29 |
| b. Own generation | | | | | | |
| i. Through Diesel Generators | **0.6** | 2.5 | **-** | - | **19.94** | 14.41 |
| Units per Litre of diesel/ furnace oil | **2.38** | 3.18 | **-** | - | **-** | - |
| ii. Through Steam Turbine/ Generator | **9.8** | 40.3 | **-** | - | **6.28** | 5.56 |
| Units per Kg. of coal | **0.75** | 0.77 | **-** | - | **-** | - |
| | (Million K. Cal) | | | | (₹ /Million K. Cal) | |
| **2. Coal** | | | | | | |
| In Process (Cement) | **1199745** | 1158230 | **1515.2** | 1255.9 | **1262.92** | 1084.29 |
| In Thermal Power Plant | **50057** | 204738 | **60.8** | 220.2 | **1214.67** | 1075.57 |
| | (Kilo Ltrs) | | | | (₹ /Ltr) | |
| **3. Furnace Oil** | | | | | | |
| In Generators | **13** | 629 | **0.5** | 22.1 | **38.96** | 35.19 |
| In Kilns | - | - | - | - | - | - |
| **4. Diesel** | | | | | | |
| In Generators | **254** | 244 | **10.7** | 10.3 | **42.16** | 42.33 |
| In Kilns | **89** | 60 | **3.7** | 2.6 | **42.08** | 42.57 |
| **5. Light Diesel Oil for VRM** | **244** | 208 | **11.8** | 10.0 | **48.43** | 47.89 |
| | (Cubic Mtrs) | | | | | |
| **6. Blast Furance gas** | **191** | 251 | **56.3** | 52.9 | **2.95** | 2.11 |

## II. CONSUMPTION PER UNIT OF PRODUCTION

| | | Standard (if any) | Current Year | Previous Year |
|---|---|---|---|---|
| **PRODUCT – CEMENT** | | | | |
| ElectricityUnits/t of Cement | - | - | **79** | 82 |
| Diesel Oil | Ltr/t of Clinker | - | **0.06** | 0.04 |
| Coal | %/t of Clinker | - | **15.52** | 16.13 |
| Light Diesel Oil | ltr/mt | | | |
| - GGBS | | | **0.52** | 0.40 |
| - PSC | | | **0.43** | 0.37 |
| Blast Furance gas | Nm3/t | | | |
| - GGBS | | | **64.56** | 83.18 |
| - PSC | | | **33.01** | 42.98 |

**Form - B (See Rule 2)**

**Form for disclosure of particulars with respect to Technology Absorption, Adaptation and Innovation.**

## TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. **Efforts, in brief, made towards Technology Absorption, Adaptation and Innovation :-**
   a. Replacement of glass fiber bags by better design and more efficient Polyamide P-84 niddle fibre bags in RM Hybrid BH in Line-II at Narsingarh Plant.
   b. Installation of TOD (Time of the day) meter at Ammasandra Plant.
   c. State of art clinkerisation plant at Narsingarh and grinding plants at Imlai and Jhansi as part of Company's expansion project at Damoh (M.P.) and Jhansi (U.P.) .

2 **Benefits derived as a result of above efforts:-**
   a. The collecting efficiency of the bags has further improved resulting in lower stack emission.
   b. TOD has helped in cost saving by running the mill in off peak hours.
   c. Increase of production capacity and reduction in energy consumption and emission levels.

3. **Information regarding technology imported during last 5 years:-**

   NIL

# Annexure- 'C' to the Directors' Report

The Board of Directors
HeidelbergCement India Limited

Dear Sirs,

**Sub. : MD & CFO's Certification**

(a) We have reviewed the financial statements and the cash flow statement of the Company for the financial year ended 31st December 2012 and that to the best of our knowledge and belief :

  (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.

  (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

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

(d) We have indicated to the Auditors and the Audit Committee :

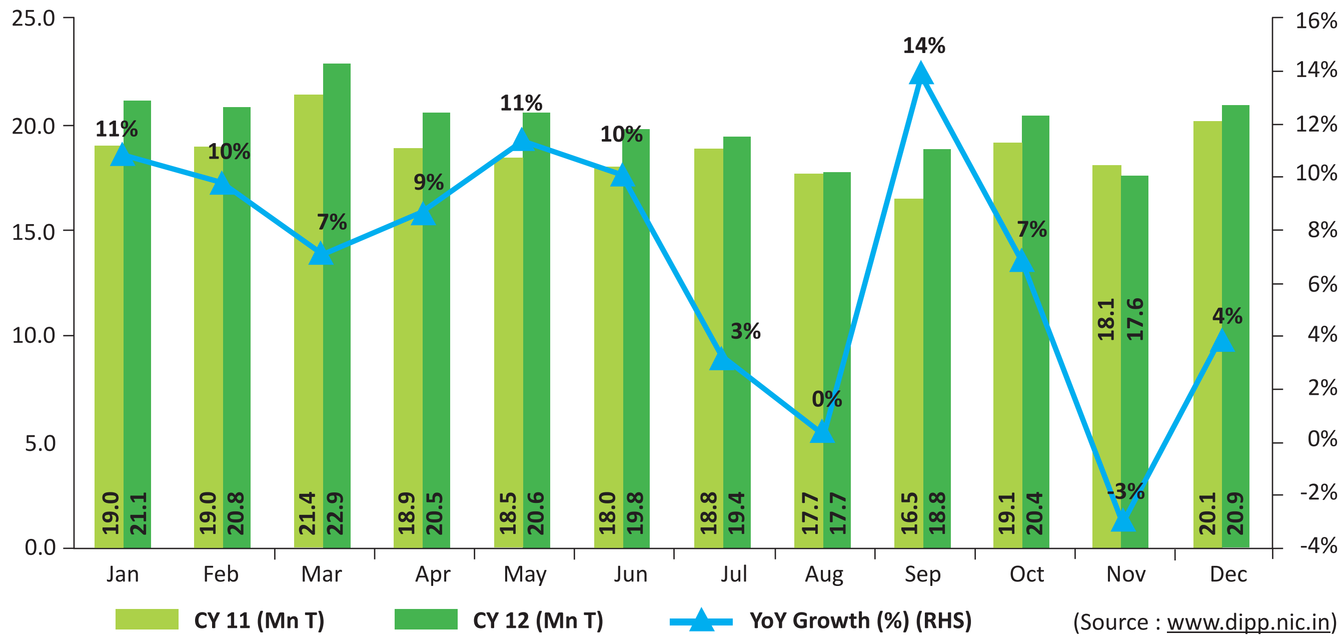
  (i) significant changes in internal control over financial reporting during the year;

  (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) there are no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

| | | |
|---|---|---|
| | Sd/- | Sd/- |
| Place : Gurgaon | Ashish Guha | Anil Sharma |
| Date : 11th February, 2013 | *CEO & Managing Director* | *Chief Financial Officer* |

# Management Discussion and Analysis Report




## INDUSTRY STRUCTURE AND DEVELOPMENTS

The Indian Cement industry is ranked the second largest in the world in terms of capacity. The prospects of the cement sector in India are linked to the country's economic growth, driven particularly by the housing and construction sector. The past decade has seen the cement sector in India growing steadily at a compounded annual growth rate (CAGR) of about 8% as against the world's average of less than 4%. During the last two years, however, overall growth in demand in the country's cement sector lagged behind the past averages. Demand growth during 2012 (at 6.9%) was lower than the average CAGR of last few year's and only marginally higher than GDP growth rate (at 6.5%).

While in the last couple of years, capacity additions have slowed down considerably, the overall scenario in the sector still remains one of surplus capacity. The installed capacity as on 31st December 2012 was around 330 million tonnes and the capacity utilisation levels hovered in the range of 75% to 80% in terms of industry estimates.

On the cost front, challenges for the cement sector continued unabated with most indigenous inputs becoming costlier and imports dearer due to depreciation of the Rupee. The cost of energy, fuel and freight which had been rising consistently for the last few years, continued to rise this year as well despite expectations of stabilization at elevated levels.

Sectoral trends over the last few years indicate consistent erosion of margins as most industry players have been unable to fully pass on cost increases to the customers. Going forward, apart from improving net sales realizations, the key differentiating factors will be enhancing operational efficiencies, achieving energy savings, use of alternate fuels etc.

## FINANCIAL AND OPERATIONAL PERFORMANCE

The Company's topline continued to grow at a healthy pace; gross sales for the year were up by 12.7% (MINR 12,766.3 as against MINR 11319.4 for the previous year); net sales from operations grew by 11.7% (MINR 11039.5 in 2012 as against MINR 9879.6 in 2011). Cement sales (in quantitative terms) were 2.82 Million tonnes during 2012 against 2.81 Million tonnes during 2011. Despite the challenging times and slowdown in GDP growth, the Company achieved a healthy capacity utilization of 93% as against the industry average of around 75% to 80%.

EBITDA per tonne grew from INR 268 per tonne to INR 304 per tonne, up 13% primarily due to increase in net sales realisations. Overall cost of production grew by 15% with power and fuel constituting the highest increase at 18% and raw material cost registering an increase of 16%.

## PRODUCT PERFORMANCE AND CUSTOMER RELATIONS

***"Building trust to build relationships...."***

One of our leadership principles is Customer Orientation, i.e. "delivering value to the customer." Consistency and reliability of the Company's product makes this possible. Value is what differentiates our products from those of our competitors and keeps our products from becoming commodities in the minds of our customers. We constantly endeavour to recognize our customers' demands and work towards delivering sustainable solutions.

Our brand "*mycem*" is winning the trust of customers and in Central India the brand is well established. We have increased our network of dealers and retailers to expand our foothold in Central India in view of the brownfield expansion. Increased brand visibility and faster delivery practices amongst many other customer friendly initiatives enabled the Company to strengthen its bond with the customers and the channel partners.

***"Concrete is only strong enough when reinforced by solid customer relations."*** This is what HeidelbergCement Group believes in. Building on trust, dependablity and a strong bond with with our customers has remained a driving force behind the success of the Company. Our sales team is fully committed to deliver quality products and solutions to its discerning customers as always.

## OPPORTUNITIES AND THREATS

### Opportunities

#### External landscape :

- RBI has reduced the benchmark rates - Repo and Reverse Repo - by 0.5% in April 2012 and by 0.25% in January 2013. The interest rates are expected to be reduced further in CY 2013 owing to abatement of inflationary pressure and to provide impetus to growth. The reduction in interest rates will bode well for the cement sector as it will give a boost to the housing sector as well as spur the investments in infrastructure and capital formation.
- The Central Government has initiated economic reforms in the second half of 2012 which have changed the perception of the international community and improved India's image as an investment destination. Industry prospects have improved and GDP growth rate is also expected to gather momentum. The Government is likely to announce new infrastructure projects and also speed up the infrastructure projects already in progress, which augurs well for the cement industry.
- Prospects for growth in cement demand appear to be bright from a medium to long term perspective in view of the infrastructure investment of USD one trillion projected by the Government of India during the 12th five year plan as against USD 514 billion projected during 11th five year plan (2007 to 2012). (Source : DIPP, December 2011).
- The demand for cement from rural India is likely to improve in view of the Government stimulus for enhancing rural employment e.g., NREGA as well as various other schemes being implemented like Pradhan Mantri Gram Sadak Yojna, Indira Awas Yojna, Bharat Nirman.
- The Reports of the Working Groups formed for the purpose of 12th Five Year Plan indicate shortage of 40 million dwelling units in rural areas and 29 million dwelling units under affordable housing category in urban areas. Efforts to bridge these shortages are likely to support demand for cement.
- In case the government amends its policy and makes the use of fly ash based cement mandatory not only for the construction of National and State Highways but also in the construction of roads by all agencies including CPWD, State PWDs etc., then it will be highly favourable for the Company.

#### Growing Organically ...

- The Company has successfully completed the expansion project at Jhansi (U.P.) and the trail runs at the plants at Damoh (M.P.) have started. The growth in cement demand in Central India is better compared to the other parts of the Country, which is favorable for the Company. Besides Central India, we are also targeting neighbouring markets like Bihar, Punjab, Uttarakhand and Haryana. Increase in volumes will also help realize economies of scale in terms of fixed cost. Savings from reduction in power and fuel consumption and tax benefits granted by the MP government for the new line are expected to enhance overall profitability.

#### Creating Savings Opportunities ...

- The Company has constructed 20 Kms long Overland Belt Conveyor (OLBC), which is one of the longest in the Country, for transportation of limestone from the mines at Patharia to the clinkerisation unit at Narsingarh, Damoh(M.P.). The OLBC will not only reduce dependence on road transport but will also reduce the limestone transportation costs.
- In order to reduce the transportation cost of cement, the Company has successfully changed its rail-road mix, since despatches by road are efficient and total delivery cost is economical as compared to cost of transportation by railways. There is scope for further cost reduction in logistics during the year 2013.

- The Company is setting up a Waste Heat Recovery based Power Generation Plant at its clinker unit at Narsingarh, Damoh (M.P.) which will generate power for captive consumption reducing dependence on grid power and also the amount spent on power.

## Threats

### Sectoral Capacity

- The industry saw significant capacity additions during the years 2008 to 2010. Overall, Cement demand has not been able to keep pace with the additional supply in the market. Although the pace of capacity additions has slowed down considerably, the demand-supply mismatch that has already been created in certain regions may continue for few more quarters thereby affecting cement prices and realizations.

### Cost Challenges

- Frequent increase in diesel prices will add to the freight cost for transportation of inbound and outbound materials, both by Road & Railways. Further, due to adoption of dual price strategy by the Government the impact of diesel price increase has been very steep & severe for bulk consumers like us.
- Coal India has significantly increased the prices of coal during the years 2011 and early 2012. Despite the sharp increase in coal price that has already taken place, the possibility of further price increases cannot be ruled out.
- The quality of domestic natural gypsum has deteriorated forcing many cement producers to use imported gypsum. The weakening of the Rupee may increase the cost of imported gypsum.
- Despite sharp increase in input costs, companies may not be able to fully pass on the increase to the consumers because of increased availability and low demand for cement.

### Regulatory Environment

- Changes in the regulatory environment, e.g., the proposed Mines and Minerals (Development and Regulation) Bill and the Land Acquisition, Rehabilitation and Resettlement Bill, if enacted may prove detrimental to business. The Mines Bill will increase royalty burden, adding to cost pressures.

### Logistics Challenges

- The cement industry significantly depends upon Railways for movement of raw materials and finished goods. Restricted availability of wagons may retard inward and outward movement.

## OUTLOOK

We expect cement demand to grow by 8% during CY 2013 considering the following:

- It is anticipated that interest rates and inflation would soften and revive the demand for home loans in the individual house builders' segment.
- Increase in industrial production and economic activities due to recent initiatives taken by the Government which are expected to improve GDP growth.
- Elections for the State Assembly of Madhya Pradesh are due in October 2013 and general elections for the Lok Sabha being due in March 2014, Government spending on infrastructure is anticipated to increase significantly during 2013, thus increasing the demand for cement. Also the low spend during 2012 is expected to get channelized during 2013.
- Focus on rural housing and development.
- Tier 2 and 3 cities are showing improvement.
- Approx. 20 Million t of capacity is expected to be added during CY13. *(Source : Industry estimates)*
- Given the current profitability, return ratios and gestation period for new projects, it is expected that announcements for new capacity additions will decrease, implying slower capacity additions beyond 2015. This will improve capacity utilisation and also bridge the demand supply gap.

## RISKS AND CONCERNS

The Company's senior management identifies, monitors and reviews the risks associated with the business of the Company with respect to Production, Operation, Marketing, Regulatory Affairs, Finance, Information Technology and Human Resources.

Key risks identified by the Company are rise in input costs especially power & fuel prices, freight cost, surplus capacity in the cement industry, shortage of railway wagons, depreciation of the Rupee and high interest rates. While a systematic risk identification and mitigation framework is in place and suitable action plan is drawn up to mitigate the identified risks, the Company has little or virtually no control over certain business risks which are external to the Company such as general down turn in market-demand due to adverse economic or political conditions, volatility in interest rates, rise in input costs, new Regulations and Government policies, etc.

Sufficient resources have been deployed in terms of experienced professionals, technology and processes to monitor, evaluate and manage the key controllable risks. At the end of each quarter, the Company complies with the quarterly risk reporting requirements under the Risk Management Guidelines of HeidelbergCement Group.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The internal control system of the Company is well structured and adequate for the business. The objective of the internal control system is to ensure efficient use and protection of the Company's resources, accuracy in financial reporting and due compliance of statutes. The Company has appointed M/s. BMR Advisors Pvt. Ltd. as its internal auditors, who objectively and independently evaluate the efficacy and adequacy of internal control systems, perform regular internal audits and checks to ensure that internal control systems are functioning properly and responsibilities being discharged effectively. Their Reports are periodically reviewed by the Management and the Audit Committee.

The Internal Audit team of HeidelbergCement Group also reviews the internal control systems and the Management takes action on the process improvement recommendations. Wherever necessary, operating procedures are revised and tighter internal and information technology controls are implemented.

During the year, the Company commenced the implementation of SAP Enterprise Resource Planning (ERP) system in order to replace the existing ERP system. SAP will not only integrate the functioning of various departments but will also strengthen the internal controls. The project is likely to go live in the beginning of the year 2014.

Monthly management review meetings for review of operations by the CEO & MD were regularly held during the year to support the organizational objective of continuous and never-ending improvement.

## MATERIAL DEVELOPMENTS IN HUMAN RESOURCES

***"We strive to be a model employer to gain the help and support of all our employees. Consequently, we are interested in long-term employment relationships that offer opportunities for personal development and growth".***

*Excerpts from HeidelbergCement Group's Employee Policy, Corporate Mission.*

### Human Capital

We firmly believe that people are at the heart of our business. The results we achieve are due to the collective efforts and commitment of our valuable human resources. During the year, employees worked hard towards achievement of sales and production targets and also contributed to the expansion process.

The Company recorded 1724 officers and workmen on its roll as on 31st December 2012. Hiring of new talent for the expansion project and commissioning of new plants took priority during the year.

### Talent Engagement and Development

The Company has improved upon its retention performance through focus on employee welfare, employee development and growth strategies. As a step in the direction of making HCIL an '**Employer of Choice**', new initiatives taken were accepted well by the employees leading to satisfactory working environment which included :

- Career and Succession Planning - Identification of high potentials under the Hi-pot Scheme, identifying successors for critical roles and grooming of successors and preparation of development plan for Hi- Pots.
- Employee Communication Forums such as regular Open House meetings conducted across locations.
- Induction - structured monthly induction process to align new joinees with the organization's culture & process.
- Mentor - Mentee Program for grooming leaders of tomorrow.
- Market aligned compensation.

### Learning Initiatives

Several training programmes across levels, from workers to top management, were organized during the year. Key trainings included Goal Setting workshops for top and senior management; Ways of winning and Influencing Skills trainings for the sales team; Soft skill trainings on Breakthrough in Effectiveness, Principle Centered Leadership and Mentoring & Coaching. Need-based technical and safety trainings were also imparted. Trainings for workers aimed at attitudinal change, alignment and fostering a participative work environment. The Industrial Relations climate in the plants remained cordial and harmonious.

## CAUTIONARY STATEMENT

*Statements in the Management Discussion and Analysis Report which describe the Company's objectives, projections, estimates, expectations or predictions may be considered to be "forward-looking statements" within the meaning of applicable Securities Laws and Regulations. These statements are based on certain assumptions and expectations of future events. Actual results could however materially differ from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian political, economic and demand-supply conditions, finished goods prices, raw materials cost and availability, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, Policies, tax regimes, economic developments within India besides other factors such as litigation and industrial relations as well as the ability to implement strategies. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent development, information or events or otherwise.*

# Report on Corporate Governance

## CORPORATE GOVERNANCE PHILOSOPHY

"Securing Success through Ethics, Transparency and Accountability" is our Company's Corporate Governance Philosophy. Your Company believes that sound ethical practices, transparency in operations and timely disclosures go a long way in enhancing long-term shareholders' value while safeguarding the interest of all the stakeholders. It is this conviction that has led the Company to make strong corporate governance values intrinsic in all its operations. The Company is led by a distinguished Board, which includes independent directors. The Board provides a strong oversight and strategic counsel. The Company has established systems and procedures to ensure that the Board of the Company is well-informed and well-equipped to fulfill its oversight responsibilities and to provide management the strategic direction it needs to create long-term shareholders' value.

In terms of clause 49 of the Listing Agreement executed with the stock exchanges, the details of compliances, for the year ended 31st December 2012, are as follows :-

### Directors' Attendance Record and Directorships held

**Composition and other details of the Board of Directors:**

| S.No. | Name of the Director | Category / Status of Directorship | No. of Board Meetings attended during the period 1.1.2012 to 31.12.2012 | No. of Directorship(s) in other Public Limited Companies* | No. of Committee positions held in other Public Limited Companies** | | No. of Equity Shares held in the Company |
|---|---|---|---|---|---|---|---|
| | | | | | Chairman | Member | |
| 1. | Mr. P.G. Mankad, Chairman | Independent | 5 | 7 | 1 | 4 | - |
| 2. | Dr. Bernd Scheifele | Non-Executive | - | - | - | - | - |
| 3. | Dr. Lorenz Naeger | Non-Executive | - | - | - | - | - |
| 4. | Mr. Amitabha Ghosh# | Independent | 2 | NA | NA | NA | NA |
| 5. | Mr. S. Krishna Kumar | Independent | 4 | - | - | - | - |
| 6. | Dr. Albert Scheuer | Non-Executive | 5 | 1 | - | 1 | - |
| 7. | Mr. Pradeep V. Bhide | Independent | 5 | 7 | 2 | 2 | - |
| 8. | Mr. Daniel Robert Fritz | Non-Executive | 5 | - | - | - | - |
| 9. | Mr. Ashish Guha | CEO & Managing Director | 5 | 3 | 1 | 1 | - |
| 10. | Mr. Sushil Kumar Tiwari | Wholetime Director | 4 | 1 | - | - | - |

Dr. Bernd Scheifele, Dr. Lorenz Naeger, Dr. Albert Scheuer, Mr. Ashish Guha, Mr. Daniel Robert Fritz and Mr. Sushil Kumar Tiwari have been nominated on the Board of Directors of the Company by Cementrum I B.V., the sole promoter of the Company.

* Directorships in Private Limited Companies, Foreign Companies and companies under section 25 of the Companies Act, 1956 are excluded for this purpose.

** Only Audit Committee and Shareholders' / Investors' Grievance Committee have been considered for the purpose of the Committee positions as per listing agreement.

\# Mr. Amitabha Ghosh ceased to be a Director of the Company w.e.f. 25th April 2012, consequent to his retirement by rotation at the 53rd Annual General Meeting held on 25th April 2012 as he had not offered himself for re-election by the members at the said AGM.

## BOARD OF DIRECTORS

### Composition of the Board

As on 31st December 2012, the Company's Board comprised of Nine Directors viz., Seven Non-Executive Directors (out of which three are Independent Directors); a CEO & Managing Director and a Wholetime Director.

The Chairman of the Board is a Non-Executive Director. The composition of the Board is in conformity with Clause 49 of the Listing Agreement which stipulates that: (i) not less than 50% of the Board of Directors should comprise of Non-Executive Directors; and (ii) where the Chairman of the Board is a Non-Executive Director not related to the promoter group, at least one-third of the Board should comprise of independent directors.

### Number of Board Meetings

During the financial year ended 31st December 2012, the Board of Directors met five times on 13th February 2012, 25th April 2012, 14th May 2012, 21st July 2012 and 12th October 2012. The maximum time gap between any two consecutive board meetings was less than four months.

### Code of Conduct for Directors and Senior Management Personnel

The Board had approved a Code of Conduct for Directors and Senior Management Personnel of the Company. The Code has been displayed on the Company's website viz., www.mycemco.com. The Board Members and Senior Management Personnel have affirmed compliance with the aforesaid Code. A declaration signed by the CEO & Managing Director is attached and forms part of this Report.

### Directors with Materially Significant Pecuniary Relationships or Business Transactions with the Company

The Company does not have any pecuniary relationship with any of the Directors nor has entered into any transaction, material or otherwise, with them except the sitting fee and payment / reimbursement of travelling expenses.

## BOARD LEVEL COMMITTEES

The Company has two Board Level Committees within the meaning of clause 49 of the Listing Agreement – Audit Committee and Shareholders' Grievance Committee. The Board of the Company takes all decisions with regard to constituting, assigning, co-opting, delegating and fixing the terms of reference of the Committees. Recommendations / decisions of the Committees are submitted / informed to the Board for approval / information.

### Audit Committee

The Audit Committee of the Company as on 31st December 2012, comprised of four members namely, Mr. S. Krishna Kumar (Chairman of the Committee), Mr. P.G. Mankad, Mr. Pradeep V. Bhide and Mr. Ashish Guha. During the period 1st January 2012 to 31st December 2012, the Audit Committee met four times on 13th February 2012, 14th May 2012, 21st July 2012 and 12th October, 2012. The time gap between any two meetings of the Audit Committee was less than four months. The quorum for the meetings of the Audit Committee is one-third of the members of the Committee, subject to a minimum of two independent members present at the meeting.

The details of attendance of the members of Audit Committee are given below:

| S.No. | Name of the Member | No. of Meetings Attended |
|---|---|---|
| 1 | Mr. Amitabha Ghosh # | 1 |
| 2 | Mr. S. Krishna Kumar | 3 |
| 3 | Mr. P.G. Mankad | 4 |
| 4 | Mr. Pradeep V. Bhide* | 3 |
| 5 | Mr. Ashish Guha | 4 |

\# Mr. Amitabha Ghosh ceased to be a Director of the Company w.e.f. 25th April 2012, consequent to his retirement by rotation at the 53rd Annual General Meeting held on 25th April 2012 as he had not offered himself for re-election by the members at the said AGM.

* Nominated as a member of Audit Committee by the Board of Directors at its meeting held on 13th February 2012.

The terms of reference and the role of the Audit Committee is to overview the accounting systems, financial reporting and internal controls of the Company. The powers and role of the Audit Committee are as set out in the Listing Agreement and Section 292A of the Companies Act, 1956.

Company Secretary is the Secretary to the Committee. The Chief Financial Officer and the representative(s) of the Statutory Auditors and the Internal Auditors are invited to attend the meetings of the Audit Committee. Mr. S. Krishna Kumar, Chairman of the Audit Committee, possesses accounting and financial management expertise and all the members of the Committee have accounting and financial knowledge.

### Shareholders' Grievance Committee

During the year under review, the Board of Directors delegated the authority to approve registration of transfer of shares to Senior Executives of the Company in order to save the valuable time of members of Share Transfer and Shareholders'/Investors' Grievance Committee. The aforesaid Committee has therefore been rechristened as "Shareholders' Grievance Committee".

The Shareholders' Grievance Committee of the Company as on 31st December 2012 comprised of three members namely, Mr. P.G. Mankad (Chairman of the Committee), Mr. Pradeep V. Bhide and Mr. Ashish Guha. During the year, the Committee met 5 times on 18th January 2012, 31st January 2012, 25th April 2012, 21st July 2012 and 12th October, 2012 to take note of shareholders' grievances, if any. The details of attendance of the members of the Shareholders' Grievance Committee are given below:

| S.No. | Name of the Member | No. of Meetings Attended |
|---|---|---|
| 1 | Mr. P.G. Mankad | 5 |
| 2 | Mr. Amitabha Ghosh # | 1 |
| 3 | Mr. Ashish Guha | 5 |
| 4 | Mr. Pradeep V. Bhide | 2 |

\# Mr. Amitabha Ghosh ceased to be a Director of the Company w.e.f. 25th April 2012, consequent to his retirement by rotation at the 53rd Annual General Meeting held on 25th April 2012 as he had not offered himself for re-election by the members at the said AGM.

Mr. Rajesh Relan, Dy. Head Legal & Company Secretary is the Compliance Officer of the Company. During the year two complaints were received from shareholders which were resolved satisfactorily. As on 31st December 2012 there are no pending investor complaints.

**Details of sitting fees and remuneration paid to Directors :**

(₹)

| Name of the Director | No. of meetings attended | | | |
|---|---|---|---|---|
| | Board Meetings | Audit Committee Meetings | Shareholders' Grievance Committee Meetings | Sitting fees paid from 1.1.2012 to 31.12.2012* |
| **Non-Executive Directors** | | | | |
| Mr. P.G. Mankad, Chairman | 5 | 4 | 5 | 280,000 |
| Mr. Amitabha Ghosh | 2 | 1 | 1 | 80,000 |
| Mr. S. Krishna Kumar | 4 | 3 | N.A. | 140,000 |
| Mr. Pradeep V. Bhide | 5 | 3 | 2 | 200,000 |

* Sitting fee paid to Non-Executive Directors shown in the table above is gross. The payment has been made to Directors after deduction of tax at source. Further, pursuant to the reverse charge mechanism notified by the Government, the Company as recipient of service is depositing service tax on the sitting fees paid to Directors.

| Remuneration paid to Mr. Sushil Kumar Tiwari, Wholetime Director from 1.1.2012 to 31.12.2012 | (₹) |
|---|---|
| Salary | 3,989,784 |
| Perquisites & Allowances | 3,904,536 |
| Performance Incentive # | 3,562,692 |
| Contribution to Provident Fund | 478,774 |
| Contribution to Superannuation Fund | 598,468 |
| **Total** | 12,534,254 |

# Performance Incentive of Wholetime Director can vary between 0% and 200% of the amount based on individual and Company performance after evaluation of the performance of the Wholetime Director against the set targets. The notice period is three months. The Company does not have any Stock Option Scheme for Wholetime Director.

The Non-Executive Directors are paid sitting fees of ₹ 20,000 for attending each meeting of the Board of Directors as well as meetings of the Committees of the Board. The Company does not pay any remuneration or sitting fees to the Non-resident Directors namely, Dr. Bernd Scheifele, Dr. Lorenz Naeger, Dr. Albert Scheuer and Mr. Daniel Robert Fritz. The Company does not have any Stock Option Scheme or Fixed / Performance Linked Incentive Scheme for its Non-Executive Directors. The Company has not paid any sitting fees / remuneration to Mr. Ashish Guha, CEO & Managing Director.

### Remuneration Committee

The Company does not have any Remuneration Committee. All decisions relating to remuneration of executive directors are taken by Board of Directors.

### Subsidiary

The Company does not have any subsidiary company.

### Management Discussion and Analysis

This Annual Report has a detailed chapter on Management's Discussion and Analysis.

### Disclosures

Wherever necessary, Senior Management makes disclosures to the Board relating to all the material financial and commercial transactions where they have a personal interest that may have a potential conflict with the interest of the Company at large. All the related party transactions have been disclosed in the notes to the accounts of the Balance Sheet presented in the Annual Report. All the Directors have disclosed their interest in Form No. 24AA pursuant to Section 299 of the Companies Act, 1956 and as and when any changes in their interests take place, they are placed at the Board Meetings for taking the same on record.

The Senior Management and the Board of Directors of the Company review the adoption of the non-mandatory requirements under Clause 49 of the Listing Agreement, from time to time.

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

The Company has followed the accounting standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements.

### Details of Non-compliance by the Company in the last three years

Your Company has complied with all the requirements of the Listing Agreement with the Stock Exchanges and SEBI Regulations. No penalties or strictures have been imposed on your Company by the Stock Exchanges or SEBI or any other Statutory Authority in connection with violation of

Capital Market norms, rules, regulations, etc. in the last three years.

### Risk Management

The risk minimisation procedures have been put in place and are reviewed from time to time to ensure that the executive management controls risk through means of a properly defined framework.

### Means of Communication

The quarterly and annual financial results are published in English and Hindi editions of Business Standard.

The Quarterly / Annual Financial Results, Shareholding Patterns, Annual Reports etc., are displayed on the websites of the stock exchanges (BSE & NSE) as well as on the Company's website – www.mycemco.com and the same can be accessed thereat.

During the year under review a presentation was made to the Institutional Investors/Analysts and the same can be accessed at the Company's website, www.mycemco.com.

## GENERAL SHAREHOLDERS INFORMATION

### Re-appointment of Directors

Dr. Bernd Scheifele, Dr. Lorenz Naeger and Mr. S. Krishna Kumar, Directors of the Company retire by rotation at the ensuing Annual General Meeting (AGM) of the Company and being eligible they have offered themselves for re-election at the forthcoming AGM.

The Board has recommended the re-appointment of the aforesaid Directors by the members at the forthcoming AGM. The brief particulars of the aforesaid Directors are given in the Notice of AGM.

### General Meetings of Shareholders

The details of the Annual General Meetings (AGM) of the shareholders held during the last 3 years are given below:

| Financial Year ended | Date & Time | Venue |
|---|---|---|
| 31.12.2011 | 25.04.2012, 9.30 A.M. | Epicentre, Apparel House, Sector 44, Institutional Area, Gurgaon, Haryana |
| 31.12.2010 | 10.06.2011, 9.30 A.M. | Epicentre, Apparel House, Sector 44, Institutional Area, Gurgaon, Haryana |
| 31.12.2009 | 11.05.2010, 9.00 A.M. | HeidelbergCement Employees Staff Club Auditorium, P.O. Ammasandra, District Tumkur, Karnataka – 572 211. |

Mr. P.G. Mankad, Chairman; Mr. Amitabha Ghosh, the then Director and Chairman of the Audit Committee; Mr. S. Krishna Kumar, Director; Mr. Pradeep V. Bhide, Director; Mr. Ashish Guha, CEO & Managing Director and Mr. Sushil Kumar Tiwari, Wholetime Director of the Company were present at the last AGM held on 25th April 2012.

No Special Resolution was passed at any of the last three AGMs.

### Postal Ballot

During the year under review the Company has not passed any Resolution through Postal Ballot. It may be further noted that no resolution is proposed to be passed through Postal Ballot before the ensuing AGM.

### Annual General Meeting

| | | |
|---|---|---|
| Date | : | 16th May 2013 |
| Day | : | Thursday |
| Time | : | 9.30 A.M. |
| Venue | : | Epicentre, Apparel House, Sector 44, Institutional Area, Gurgaon, Haryana. |

### Financial Calendar for 2013

The Company follows calendar year for preparation of its accounts. Proposed Board Meetings for taking on record quarterly financial results for the accounting year 2013 are as under:

| | |
|---|---|
| Approval of the financial results for the quarter ending 31st March 2013, 30th June 2013 and 30th September 2013. | Within 45 days from the end of the respective quarter. |
| Audited annual financial results for financial year ending 31st December 2013. | Within 60 days from the end of the year |
| AGM for the financial year ending 31st December 2013. | April to June 2014. |

**Book Closure :** 11th May 2013 to 16th May 2013 (both days inclusive).

**Dividend:** Nil

| Stock Exchanges where shares are listed | Stock Code / Trading Symbol |
|---|---|
| Bombay Stock Exchange Ltd. (BSE) | 500292 |
| National Stock Exchange of India Ltd. (NSE) | Heidelberg |

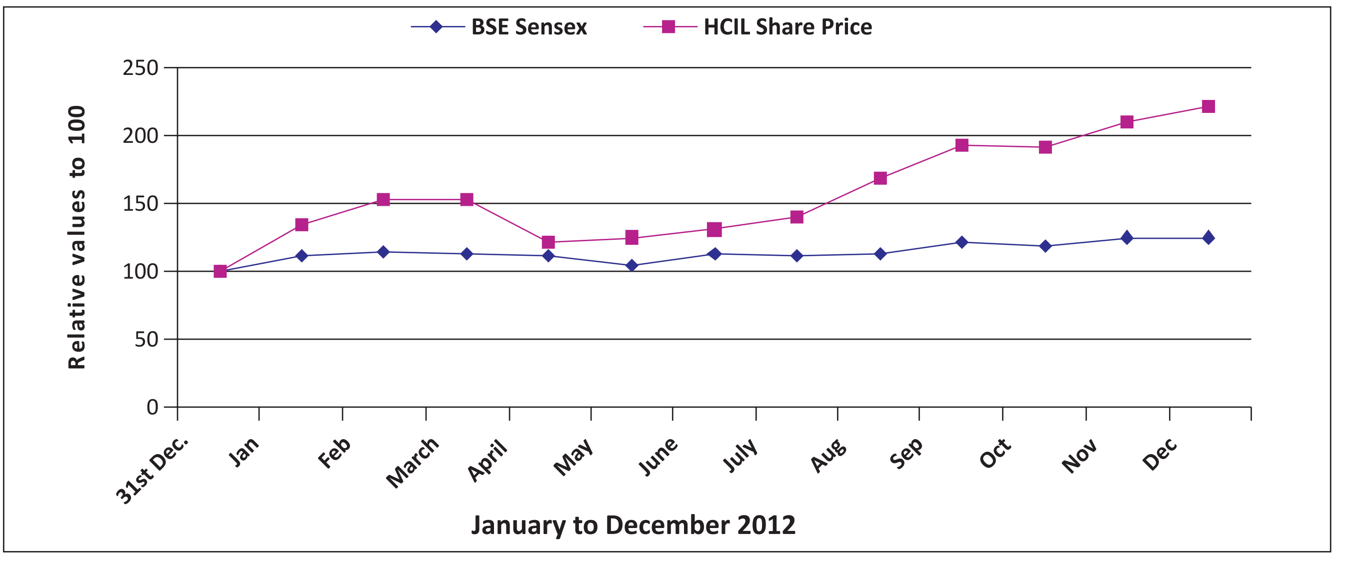
There are no arrears of listing fees to be paid to the Stock Exchanges.

## Share Price Data

Share Price of HeidelbergCement India Ltd. at BSE & NSE during the financial year ended 31st December 2012.

| Month | BSE | | NSE | |
|---|---|---|---|---|
| | High (₹) | Low (₹) | High (₹) | Low (₹) |
| January | 34.90 | 25.25 | 34.40 | 25.15 |
| February | 41.70 | 33.60 | 41.75 | 33.65 |
| March | 39.80 | 35.80 | 40.00 | 34.65 |
| April | 40.95 | 30.55 | 40.85 | 30.55 |
| May | 32.50 | 26.55 | 32.30 | 26.50 |
| June | 33.70 | 28.55 | 33.85 | 28.50 |
| July | 37.40 | 32.15 | 37.85 | 32.25 |
| August | 44.00 | 35.75 | 43.95 | 35.65 |
| September | 49.20 | 41.30 | 49.30 | 41.00 |
| October | 56.40 | 47.50 | 56.45 | 47.55 |
| November | 54.90 | 47.55 | 55.95 | 48.00 |
| December | 60.05 | 52.00 | 60.10 | 51.75 |

## Comparison of Share Price of HeidelbergCement India Ltd. with BSE Sensex




## Shareholding Pattern as on 31st December 2012

| Category | No. of Equity Shares | % of Equity Share holding |
|---|---|---|
| Promoters (Foreign Body Corporate) | 155,340,196 | 68.55 |
| Mutual Funds & UTI | 1,434,711 | 0.63 |
| Financial Institutions & Banks | 8,275 | 0.00 |
| Central /State Government | 328,440 | 0.14 |
| Insurance Companies | 12,536,192 | 5.53 |
| FIIs | 11,889,984 | 5.25 |
| NRIs & OCBs | 1,369,791 | 0.60 |
| Bodies Corporate* | 13,519,327 | 5.97 |
| Trusts | 865,688 | 0.38 |
| Resident Individuals | 29,320,512 | 12.95 |
| **Total** | **226,613,116** | **100.00** |

* Includes clearing members

## Distribution Schedule of Equity Shares as on 31st December 2012

| No. of equity shares of Rs. 10 each | No. of shareholders | % | No. of shares held | % |
|---|---|---|---|---|
| 1-500 | 44,269 | 83.66 | 7,414,938 | 3.27 |
| 501-1000 | 4,424 | 8.36 | 3,764,396 | 1.66 |
| 1001-2000 | 1,939 | 3.66 | 3,106,005 | 1.37 |
| 2001-3000 | 728 | 1.38 | 1,914,887 | 0.85 |
| 3001-4000 | 293 | 0.55 | 1,075,577 | 0.47 |
| 4001-5000 | 366 | 0.69 | 1,768,426 | 0.78 |
| 5001-10000 | 436 | 0.82 | 3,334,015 | 1.47 |
| 10001 and above | 461 | 0.87 | 204,234,872 | 90.13 |
| **Total** | **52,916** | **100.00** | **226,613,116** | **100.00** |

### Dematerialisation of shares and liquidity

The Equity Shares of the Company are actively traded at BSE and NSE in dematerialised form. International Securities Identification Number (ISIN) for both the depositories, viz., NSDL and CDSL is INE578A01017. As on 31st December 2012, 98.84 % of the Equity Shares of the Company were held in dematerialised form. The shareholders who wish to get their shares dematerialised can submit the share certificates together with the Demat Request Form to the Depository Participant with whom they have opened a demat account.

### Share Transfer System

The shareholders who wish to transfer their shares held in physical form can lodge the duly completed request for registration of transfer of shares with M/s. Integrated Enterprises (India) Ltd., Bangalore. In case of transfer of shares, deletion of name of deceased shareholder, transmission or transposition of names in respect of shares held in physical form it is mandatory to submit photocopy of PAN Card of the transferee(s), surviving holder(s), legal heir(s) and joint holder(s) respectively along with the request for transfer, transmission or transposition.

The Share Certificates lodged for registration of transfer (complete in all respects) are returned to the shareholders within 15 days from the date of lodgement.

### Outstanding warrants and their implications on equity

As on 31st December 2012, there are no outstanding GDRs, ADRs, convertible warrants or any other instruments convertible into equity shares, issued by the Company.

### Addresses for Correspondence

Registered Office:

HeidelbergCement India Ltd.
9th Floor, Tower 'C ', Infinity Towers, DLF Cyber City, Phase II
Gurgaon, Haryana – 122002
Phone Nos.: 0124 – 4503700, Fax No. : 0124 – 4147698
E-mail-Ids : investors.mcl@mycem.in,
rajesh.relan@heidelbergcement.in

Registrar & Share Transfer Agents:
Integrated Enterprises (India) Ltd.
(Unit: HeidelbergCement India Ltd.)
30, Ramana Residency, 4th Cross, Sampige Road,
Malleswaram, Bangalore - 560 003, Karnataka
Phone Nos.: 080-23460815 to 23460818
Fax No. : 080-23460819
Email–Ids : vijayagopal@integratedindia.in
and alfint@vsnl.com

### Plant Locations:

(a) HeidelbergCement India Ltd.
P.O. Ammasandra,
Distt. Tumkur, Karnataka - 572 211

(b) Diamond Cements
(Unit of HeidelbergCement India Ltd.)
P.O. Narsingarh, District Damoh, Madhya Pradesh - 470 675

(c) Diamond Cements
(Unit of HeidelbergCement India Ltd.)
Village Imlai, District Damoh, Madhya Pradesh - 470 661

(d) Diamond Cements
(Unit of HeidelbergCement India Ltd.)
Village Madora, District Jhansi, Uttar Pradesh - 284 121

(e) HeidelbergCement India Ltd.
Village Khar Karavi, P.O. Gadab,
Taluka Pen, District Raigad, Maharashtra – 402 107.

### Affirmation of Compliance with the Code of Business Conduct for Directors and Senior Executives

I declare that the Company has received affirmation of compliance with the "Code of Business Conduct for Directors and Senior Executives" laid down by the Board of Directors, from all the Directors and Senior Management Personnel of the Company, to whom the same is applicable, for the financial year ended 31st December 2012.

Sd/-
Ashish Guha
CEO & Managing Director

Place: Gurgaon
Date: 11th February 2013

# CERTIFICATE OF COMPLIANCE WITH CLAUSE 49 OF LISTING AGREEMENT

To
The Members of HeidelbergCement India Ltd.

We have examined the compliance of conditions of Corporate Governance by HeidelbergCement India Ltd. for the financial year ended 31st December 2012, as stipulated in the Listing Agreement of the said Company with Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of 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 Agreements.

We state that during the year, two complaints were received from shareholders which were resolved satisfactorily. As on 31st December 2012 there was no pending investor complaint.

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 Nityanand Singh & Co.
Company Secretaries

Sd/-
(Nityanand Singh)
Proprietor
FCS No. 2668 CP No. 2388

Place : New Delhi
Date : 11th February, 2013

**Disclosure pursuant to Regulation 10(1) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 of persons constituting 'Group' :-**

**Promoters and persons acting in concert:** Cementrum I B.V., HeidelbergCement AG, HeidelbergCement Asia Pte Ltd.,CBR International Services S.A., Castle Cement Ltd., CBR Baltic B.V., CBR Portland B.V., Civil and Marine Slag Cement Ltd., Bukhtarminskaya Cement Company, Carpatcement Holding S.A., Cementa AB, Ceskomoravsky Cement, a.s, Duna-Drava Cement Kft , ENCI Holding N.V., Gorazdze Cement S.A., Hanson Ltd., CaucasusCement Holding B.V., HeidelbergCement Central Europe East Holding B.V., HeidelbergCement Danmark A/S, HeidelbergCement International Holding GmbH, HeidelbergCement Netherlands Holding B.V., HeidelbergCement Northern Europe AB, HeidelbergCement Norway a.s., HeidelbergCement Sweden AB, HeidelbergCement UK Holding Ltd., HeidelbergCement Ukraine, Kunda Nordic Tsement AS., Norcem AS, S.A. Cimenteries CBR, Tvornica Cementa Kakanj dionicko drustvo, Civil and Marine Inc., Lehigh Hanson Inc., Lehigh B.V., Lehigh Hanson Materials Limited, Lehigh Southwest Cement Company, Permanente Cement Company, Butra HeidelbergCement Sdn. Bhd., Cimbenin S A, Ciments du Togo S A, Cochin Cements Ltd., Ghacem Ltd., HeidelbergCement Bangladesh Ltd., Liberia Cement Corporation Ltd., PT Indocement Tunggal Prakarsa Tbk, Scancem International DA, Sierra Leone Cement Corp. Ltd., Cimgabon S.A., TPCC Tanzania Portland Cement Company Ltd., HC Trading B.V., HC Trading Malta Ltd. and HC Fuels Limited.

# Auditors' Report

To
The Members of HeidelbergCement India Limited

1. We have audited the attached Balance Sheet of HeidelbergCement India Limited ('the Company') as at December 31, 2012 and also the Statement of profit and loss and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

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

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

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

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

   iv. In our opinion, the balance sheet, statement of profit and loss and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

   v. On the basis of the written representations received from the directors, as on December 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on December 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

   vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

      a) in the case of the balance sheet, of the state of affairs of the Company as at December 31, 2012;

      b) in the case of the statement of profit and loss, 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

Sd/-
per Manoj Gupta
Partner
Membership No.:83906
Place : Gurgaon
Date : February 11, 2013

**Annexure referred to in paragraph 3 of our report of e ven date**
Re: HeidelbergCement India 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. No material discrepancies were noticed on such verification.

(c) There was no disposal of a substantial part of fixed assets during the year.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

(iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon.

(b) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for sale of goods. The activities of the Company do not include sale of services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.

(v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 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 and exceeding the value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposits from the public.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, related to the manufacture of cement and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

(ix) (a) The Company is 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.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

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

| Name of Statute | Nature of dues | Amount (₹ in million) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|
| Central Sales Tax Act and Various State Sales Tax Act | Sales Tax | 62.4 | 1998-99 to 2004-05 | Supreme Court |
| | | 56.3 | 1994-95, 1997-98, 2000-01 to 2004-05 and 2009-2010 | High Court |
| | | 0.1 | 1997-98 and 2002-03 | Appellate Tribunal |
| | | 4.2 | 2000-01 and 2001-02 | Deputy Commissioner (Appeals) |
| | | 5.7 | 1999-00 to 2002-03 | Joint Commissioner of Commercial Taxes (Appeals) |
| | | 778.8 | 1984-85, 1995-96 to 2007-08 | Assessing Officer |
| Various State Entry Tax Act | UP Entry Tax | 73.2 | 2003-04 to 2009-10 | Supreme Court |
| | UP Entry Tax | 47.7 | 2003-04 and 2007-08 | Assessing Officer Sales Tax |
| | MP Entry Tax | 165.0 | 2005-06 to till date | Supreme Court |
| | MP Entry Tax | 188.1 | 1999-2000 to 2007-08 | Assessing Officer Sales Tax |
| | MP Entry Tax | 1.5 | 2000-01, 2004-05, 2005-06, 2009-10 | Assessing Officer |
| | MP Entry Tax | 0.7 | 1987-88 to 1997-98 | High Court |
| Income Tax Act,1961 | Income Tax | 2.7 | 2007-08 | Income Tax Appellate Tribunal |
| | Income Tax | 3.4 | 2003-04 | High Court |
| Central Excise Act,1944 | Excise Duty and Cenvat | 7.9 | 2007-08 | Supreme Court |
| | | 21.9 | 1995-96 to 2000-01 | High Court |
| | | 39.7 | 1992-93, 1995-96, 1996-97, 1999-2000 to 2003-04 and 2005-06 to 2008-09 | Central Excise and Service Tax Appellate Tribunal |
| | | 3.2 | 2007-08 | Commissioner of Central Excise (Appeal) |
| Customs Act, 1962 | Custom Duty | 8.9 | 2006-07, 2009-10 to 2011-12 | Assessing Officer |
| Finance Act (Amended 2009) | Service Tax | 2.6 | 2007-08 to 2010-11 | Commissioner of Central Excise (Appeal) |
| | Service Tax | 2.7 | 2007-08 to 2010-11 | Central Excise and Service Tax Appellate Tribunal |

(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 banks. The Company has no outstanding dues in respect of debenture holders and financial institutions.

(xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

(xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained, though idle/surplus funds which were not required for immediate utilization have been gainfully invested in liquid investments payable on demand. The maximum amount of idle/surplus funds invested during the year was ₹ 2,195 million of which ₹ 150 million were outstanding at the end of the year.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised any money through public issue during the year.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

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

Sd/-
per Manoj Gupta
Partner
Membership No.:83906

Place : Gurgaon
Date : February 11, 2013

# Balance Sheet as at 31st December 2012

| Particulars | Notes | 31 December 2012 ₹ in Millions | 31 December 2011 ₹ in Millions |
|---|---|---|---|
| **Equity and liabilities** | | | |
| **Shareholders' funds** | | | |
| Share capital | 3 | 2,266.2 | 2,266.2 |
| Reserves and surplus | 4 | 6,200.2 | 5,889.6 |
| | | **8,466.4** | **8,155.8** |
| **Non-current liabilities** | | | |
| Long-term borrowings | 5 | 9,858.2 | 7,769.1 |
| Deferred tax liabilities (net) | 6 | 377.7 | 330.9 |
| Other Long-Term liabilities | 9.1 | 50.1 | 37.2 |
| Long-term provisions | 7 | 138.0 | 108.9 |
| | | **10,424.0** | **8,246.1** |
| **Current liabilities** | | | |
| Short-term borrowings | 8 | 450.0 | - |
| Trade payables | 9.2 | 1,486.2 | 1,407.4 |
| Other current liabilities | 9.2 | 2,455.6 | 2,734.0 |
| Short-term provisions | 7 | 1,269.1 | 1,012.8 |
| | | **5,660.9** | **5,154.2** |
| **TOTAL** | | **24,551.3** | **21,556.1** |
| **Assets** | | | |
| **Non-current assets** | | | |
| Fixed assets | | | |
| Tangible assets | 10 | 3,721.7 | 3,450.3 |
| Intangible assets | 11 | 18.6 | 25.9 |
| Capital work-in-progress | | 15,170.7 | 10,544.1 |
| Long-term loans and advances | 12 | 100.1 | 580.3 |
| Other Non-current assets | 13.2 | 838.5 | 595.4 |
| | | **19,849.6** | **15,196.0** |
| **Current assets** | | | |
| Inventories | 14 | 1,650.4 | 1,106.8 |
| Trade receivables | 13.1 | 216.1 | 242.6 |
| Cash and bank balances | 15 | 731.8 | 3,107.1 |
| Short-term loans and advances | 12 | 2,100.7 | 1,897.1 |
| Other current assets | 13.2 | 2.7 | 6.5 |
| | | **4,701.7** | **6,360.1** |
| **Total** | | **24,551.3** | **21,556.1** |
| Summary of significant accounting policies | 2.1 | | |

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For **S.R. Batliboi & Co.**
Firm Registration No. 301003E
Chartered Accountants

**For and on behalf of the Board of Directors of**
**HeidelbergCement India Limited**

Sd/-
**per Manoj Gupta**
Partner
Membership No. 83906

Sd/-
**Anil Kumar Sharma**
Chief Financial Officer

Sd/-
**P.G. Mankad**
Chairman

Sd/-
**Ashish Guha**
CEO & Managing Director

Sd/-
**S. Krishna Kumar**
Director

Sd/-
**Pradeep V. Bhide**
Director

Place: Gurgaon
Date : February 11, 2013

Sd/-
**Rajesh Relan**
Dy. Head Legal & Company Secretary

Sd/-
**Dr. Albert Scheuer**
Director

Sd/-
**Daniel R. Fritz**
Director

Sd/-
**Sushil Kumar Tiwari**
Wholetime Director

# Statement of Profit and Loss for the year ended 31st December 2012

| Particulars | Notes | 31 December 2012 ₹ in Millions | 31 December 2011 ₹ in Millions |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations (gross) | 16 | 12,766.3 | 11,319.4 |
| Less: Excise duty | | (1,726.8) | (1,439.8) |
| Revenue from operations (net) | | **11,039.5** | **9,879.6** |
| Other income | 17 | 104.7 | 118.4 |
| **Total revenue (I)** | | **11,144.2** | **9,998.0** |
| | | | |
| **Expenses** | | | |
| Cost of raw material consumed | 18 | 3,133.1 | 2,710.1 |
| (Increase)/ decrease in inventories of finished goods and work-in-progress | 19 | (257.0) | 31.1 |
| Employee benefits expense | 20 | 923.7 | 781.7 |
| Other expenses | 21 | 6,467.6 | 5,699.0 |
| **Total (II)** | | **10,267.4** | **9,221.9** |
| **Earnings before interest, tax, depreciation and amortization (EBITDA) (I) - (II)** | | **876.8** | **776.1** |
| Depreciation and amortization expense | 22 | 328.3 | 329.9 |
| Less: recoupment from revaluation reserve | | (13.4) | (15.9) |
| Net depreciation and amortization expense | | 314.9 | 314.0 |
| Finance costs | 23 | 105.3 | 38.5 |
| **Profit before tax** | | **456.6** | **423.6** |
| **Tax expenses** | | | |
| Current tax | | 135.4 | 112.9 |
| Less: MAT credit entitlement | | (34.0) | (10.7) |
| Net current tax liability | | **101.4** | **102.2** |
| Deferred tax charge | | 46.8 | 29.7 |
| **Total tax expense** | | **148.2** | **131.9** |
| **Profit for the year** | | **308.4** | **291.7** |
| **Earnings per equity share [nominal value of share Rs. 10** | 24 | | |
| **(31 December 2011: Rs. 10)]** | | | |
| **Basic and Diluted EPS** | | 1.36 | 1.29 |
| Summary of significant accounting policies | 2.1 | | |

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For **S.R. Batliboi & Co.**
Firm Registration No. 301003E
Chartered Accountants

**For and on behalf of the Board of Directors of HeidelbergCement India Limited**

Sd/-
**per Manoj Gupta**
Partner
Membership No. 83906

Sd/-
**Anil Kumar Sharma**
Chief Financial Officer

Sd/-
**P.G. Mankad**
Chairman

Sd/-
**Ashish Guha**
CEO & Managing Director

Sd/-
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Sd/-
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Director

Place: Gurgaon
Date : February 11, 2013

Sd/-
**Rajesh Relan**
Dy. Head Legal & Company Secretary

Sd/-
**Dr. Albert Scheuer**
Director

Sd/-
**Daniel R. Fritz**
Director

Sd/-
**Sushil Kumar Tiwari**
Wholetime Director

# Cash Flow Statement for the year ended 31st December 2012

| Particulars | 31 December 2012 ₹ in Millions | 31 December 2011 ₹ in Millions |
|---|---|---|
| **Cash flow from operating activities** | | |
| **Profit before tax** | **456.6** | **423.6** |
| **Non-cash adjustment to reconcile profit before tax to net cash flows** | | |
| Depreciation/ amortization (net of recoupment from revaluation reserve) | 314.9 | 314.0 |
| Impairment/ other write off on tangible/ intangible assets | 11.3 | 7.6 |
| Loss/ (profit) on sale of fixed assets | (1.0) | 0.8 |
| Unrealized foreign exchange loss | 1.2 | 3.3 |
| Provision for/(reversal of) obsolescence of raw materials | (11.3) | 11.3 |
| Provision for wealth tax | 0.1 | 0.1 |
| Provision for Doubtful debts and Advances | 7.5 | 3.8 |
| Sundry balances written off | 2.2 | 1.5 |
| Provision/Liabilities no longer required written back | (67.2) | (12.0) |
| Interest expense | 82.9 | 21.2 |
| Interest (income) | (27.9) | (80.9) |
| **Operating profit before working capital changes** | **769.3** | **694.3** |
| Movements in working capital : | | |
| Increase/ (decrease) in trade payables and other current liabilities | 259.8 | 772.4 |
| Increase / (decrease) in long-term and short-term provisions | 285.4 | 38.1 |
| Decrease / (increase) in trade receivables | 19.0 | (0.4) |
| Decrease / (increase) in inventories | (532.3) | (406.7) |
| Decrease / (increase) in long-term and short-term loans and advances | (210.9) | (504.2) |
| Cash generated from /(used in) operations | **590.3** | **593.5** |
| Direct taxes paid (net of refunds) | (89.4) | (72.8) |
| **Net cash flow from/ (used in) operating activities (A)** | 500.9 | 520.7 |
| **Cash flows from investing activities** | | |
| Purchase of fixed assets, including capital work in progress | | |
| and capital advances | (4,424.7) | (6,621.9) |
| Proceeds from sale of fixed assets | 1.2 | 1.0 |
| Redemption/maturity of bank deposits (having original maturity of | | |
| more than three months) | - | 210.2 |
| Interest received | 108.9 | 113.5 |
| **Net cash flow from/ (used in) investing activities (B)** | **(4,314.6)** | **(6,297.2)** |
| **Cash flows from financing activities** | | |
| Proceeds from long-term borrowings | 1,832.5 | 7,139.8 |
| Proceeds from short-term borrowings | 450.0 | - |
| Interest paid | (844.1) | (240.9) |
| **Net cash flow from financing activities (C)** | **1,438.4** | **6,898.9** |

# Cash Flow Statement for the year ended 31st December 2012

| Particulars | | 31 December 2012 ₹ in Millions | 31 December 2011 ₹ in Millions |
|---|---|---|---|
| **Net increase/(decrease) in cash and cash equivalents (A + B + C)** | | (2,375.3) | 1,122.4 |
| Cash and cash equivalents at the beginning of the year | | 3,107.1 | 1,984.7 |
| **Cash and cash equivalents at the end of the year** | | **731.8** | **3,107.1** |
| **Components of cash and cash equivalents** | | | |
| Cash on hand | | 0.7 | 1.2 |
| With banks - on current account | | 364.4 | 193.9 |
| - on deposit account | | 366.7 | 2,912.0 |
| **Total cash and cash equivalents (note 15)** | | **731.8** | **3,107.1** |
| Summary of significant accounting policies | 2.1 | | |

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For **S.R. Batliboi & Co.**
Firm Registration No. 301003E
Chartered Accountants

**For and on behalf of the Board of Directors of**
**HeidelbergCement India Limited**

Sd/-
**per Manoj Gupta**
Partner
Membership No. 83906

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Chief Financial Officer

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**Sushil Kumar Tiwari**
Wholetime Director

# Notes to Financial Statements for the year ended 31st December 2012

## 1. CORPORATE INFORMATION

HeidelbergCement India Limited (hereinafter referred to as "HCIL" or "the Company") is a Company formed and registered under the Companies Act, 1956. The principal activity of HCIL is the manufacture of Portland cement at its four locations viz. Ammasandra (Karnataka), Damoh (Madhya Pradesh), Jhansi (Uttar Pradesh) and Raigad (Maharashtra).

## 2. BASIS OF PREPARATION

The financial statements have been prepared to comply in all material respects with the Notified Accounting Standard by the 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 provision for impairment is made and revaluation is carried out. The Company has changed the denomination of the financial figures from Rupees in lacs to Rupees in million (or 'MINR'). Therefore, figures for the previous year have also been stated in the new denomination. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

### 2.1 Summary of Significant Accounting Policies

#### a) Change in accounting policy

Presentation and disclosure of financial statement :
During the year ended 31 December 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

#### b) Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

#### c) 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. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

#### d) Depreciation on fixed assets

(i) Depreciation on all fixed assets is provided on Straight Line Method as per Schedule XIV of the Companies Act, 1956 on pro-rata basis with reference to the month of addition/ sale. The management of the Company is of the view that this depreciation rate fairly represents the useful life of the assets.
(ii) Ropeways are depreciated over an estimated useful life of 2-8 years.
(iii) Motor Cars are depreciated over an estimated useful life of 5 years.
(iv) Assets costing less than ₹ 5,000 are fully depreciated in the year of purchase.
(v) In respect of the revalued assets, the difference between the depreciation calculated on the revalued amount and that calculated on the original cost is recouped from the Revaluation Reserve Account.
(vi) Leasehold Land is amortized over the period of initial lease term ranging from 5 to 20 years.

### e) Intangibles

Costs incurred on acquisition of intangible assets are capitalized and amortized on a straight-line basis over their technically assessed useful lives, as mentioned below:

| Intangible Assets | Estimated Useful Lives (Years) |
|---|---|
| IT Software | 5 |

### f) Impairment

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. For the purpose of accounting of impairment, due consideration is given to revaluation reserve, if any.

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

### g) Inventories

Inventories are valued as follows:

| | |
|---|---|
| Raw materials, stores and spares and Packing materials | Lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.<br>Cost is determined on a weighted average basis and includes cost incurred in bring the material to its present location and condition. |
| Stock-in-process and Finished goods | Lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis. |
| Scrap | Net realizable value. |

Net realisable 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.

### h) 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.

#### (i) Sale of Goods

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

#### (ii) Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

### i) 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.

**j) Leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as Operating Leases. Operating Lease payments are recognised as an expense in the Statement of Profit & Loss on a straight line basis over the lease period.

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

**l) Derivative financial instruments and hedge accounting**

The Company uses derivative financial instrument such as cross currency interest rate swaps to hedge its foreign currency risks and interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the statement of profit and loss, except for the effective portion of cash flow hedge, which is recognised in Hedging Reserve Account included in the Reserves and Surplus while any ineffective portion is recognised immediately in the statement of profit and loss.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability
- Cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedge accounting is discontinued from the last testing date when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Cumulative gain or loss on such hedging instrument recognised in shareholder's funds is retained there until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in shareholders' funds is transferred to statement of profit and loss for the year.

**m) Employee Benefits**

(i) Superannuation Fund (being administered by Trusts) and Employees' State Insurance Corporation (ESIC) are defined contribution schemes and the contributions are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

(ii) Retirement benefits in the form of Provident Fund contributed to Statutory Provident Fund is a defined contribution scheme and the payments are charged to the Statement of Profit and Loss of the year when the payments to the respective funds are due. There are no obligations other than contribution payable to Provident Fund Authorities.

(iii) Retirement benefits in the form of Provident Fund contributed to Trust set up by the employer is a defined benefit scheme and the payments are charged to the statement of Profit and Loss of the year when the payments to the Trust are due. Shortfall in the funds, if any, is adequately provided for by the Company.

(iv) Gratuity liability (being administered by a Trust) is a defined benefit obligation and is provided for on the basis of an actuarial valuation done using projected unit credit method at the end of each financial year. The Company presents its gratuity liability as current and non-current based on actuarial valuation.

(v) Actuarial gains and losses for defined benefit plans are recognized in full in the period in which they occur in the statement of profit and loss.

(vi) Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

(vii) The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

### n) Income Taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income-tax Act, 1961. Deferred income taxes reflect 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 recognizes 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 statement of profit and loss 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.

**o) Segment Reporting Policies**

*(i) Identification of segments:*

The Company's operating businesses are organized and managed according to the nature of products and predominant source of the risk for the Company is business product, therefore business segment has been considered as primary segment. The analysis of geographical segments is based on the areas in which the Company operates.

*(ii) Segment Policies:*

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

**p) Provisions**

A provision is recognized 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 are adjusted to reflect the current best estimates.

**q) 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.

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, if any.

**r) Cash and Cash Equivalents**

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

**s) Measurement of EBITDA**

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Company does not include depreciation and amortization expense, finance costs and tax expense.

## 3. SHARE CAPITAL

| | 31 December 2012 ₹ in Millions | 31 December 2011 ₹ in Millions |
|---|---|---|
| **Authorized shares** | | |
| 230,000,000 (31 December 2011: 230,000,000) Equity Shares of ₹ 10/- each | 2,300.0 | 2,300.0 |
| 5,000,000 (31 December 2011: 5,000,000) Preference Shares of ₹ 100/- each | 500.0 | 500.0 |
| **Issued shares** | | |
| 226,631,309 (31 December 2011: 226,631,309) equity shares of ₹ 10/- each | 2,266.3 | 2,266.3 |
| **Subscribed and paid-up shares** | | |
| 226,613,116 (31 December 2011: 226,613,116) equity shares of | | |
| ₹ 10/- each fully paid up | 2,266.1 | 2,266.1 |
| 18,193 (31 December 2011: 18,193) forfeited equity shares of | | |
| ₹ 10/- each (₹ 5/- each paid up) | 0.1 | 0.1 |
| | **2,266.2** | **2,266.2** |

a. **Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

**Equity Shares**

| | 31 December 2012 | | 31 December 2011 | |
|---|---|---|---|---|
| | No. | ₹ in Millions | No. | ₹ in Millions |
| At the beginning of the year | 226,613,116 | 2,266.1 | 226,613,116 | 2,266.1 |
| Issued during the year | - | - | - | - |
| **Outstanding at the end of the year** | **226,613,116** | **2,266.1** | 226,613,116 | **2,266.1** |

b. **Terms/rights attached to equity shares**

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. **Shares held by holding/ultimate holding company and/or their subsidiaries/associates**

Out of equity shares issued by the Company, shares held by its holding company, ultimate holding company and their subsidiaries/associates are as below:

| | 31 December 2012 | 31 December 2011 |
|---|---|---|
| | ₹ in Millions | ₹ in Millions |
| Cementrum I B. V., the holding company | | |
| 155,340,196 (31 December 2011: 155,340,196) equity shares of ₹ 10/- each fully paid | 1,553.4 | 1,553.4 |

d. **Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:**

| | 31 December 2012 | 31 December 2011 |
|---|---|---|
| | No. | No. |
| Equity shares allotted as fully paid-up for consideration other than cash pursuant to scheme of amalgamation | 68,603,351 | 68,603,351 |

e. **Details of shareholders holding more than 5% shares in the Company**

| | 31 December 2012 | | 31 December 2011 | |
|---|---|---|---|---|
| | No. | % holding in the class | No. | % holding in the class |
| Equity shares of ₹ 10/- each fully paid | | | | |
| Cementrum I B. V., the holding company | 155,340,196 | 68.55% | 155,340,196 | 68.55% |

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

## 4. RESERVES AND SURPLUS

| | 31 December 2012 ₹ in Millions | 31 December 2011 ₹ in Millions |
|---|---|---|
| **Capital reserve** | **549.7** | **549.7** |
| **Capital subsidy reserve** | **6.4** | **6.4** |
| **Capital redemption reserve** | | |
| Balance as per the last financial statements | 159.9 | 159.9 |
| **Closing Balance** | **159.9** | **159.9** |
| **Securities premium account** | | |
| Balance as per the last financial statements | 3,707.1 | 3,707.1 |
| **Closing Balance** | **3,707.1** | **3,707.1** |
| **Revaluation reserve** | | |
| Balance as per the last financial statements | 156.6 | 172.5 |
| Less: amount transferred to the statement of profit and loss as reduction from depreciation | (13.4) | (15.9) |
| **Closing Balance** | **143.2** | **156.6** |
| **Hedge fluctuation reserve (Refer Note no. 31)** | | |
| Balance as per the last financial statements | 47.4 | - |
| Add: Fair value change recognized | 15.6 | 47.4 |
| **Closing Balance** | **63.0** | **47.4** |
| **Surplus in the statement of profit and loss** | | |
| Balance as per last financial statements | 1,262.5 | 970.8 |
| Profit for the year | 308.4 | 291.7 |
| **Net surplus in the statement of profit and loss** | **1,570.9** | **1,262.5** |
| **Total reserves and surplus** | **6,200.2** | **5,889.6** |

## 5. LONG-TERM BORROWINGS

| | Non-current portion | | Current maturities | |
|---|---|---|---|---|
| | 31 December 2012 ₹ in Millions | 31 December 2011 ₹ in Millions | 31 December 2012 ₹ in Millions | 31 December 2011 ₹ in Millions |
| **Term loans** | | | | |
| Indian rupee loan from banks (Unsecured) | 3,000.0 | 3,000.0 | - | - |
| External Commercial Borrowings (Unsecured) | 6,858.2 | 4,769.1 | - | - |
| | **9,858.2** | **7,769.1** | - | - |
| **The above amount includes** | | | | |
| Secured borrowings | - | - | - | - |
| Unsecured borrowings | 9,858.2 | 7,769.1 | - | - |
| **Net amount** | **9,858.2** | **7,769.1** | **-** | **-** |

**a. Indian rupee loan :**

Secured by 100% unconditional and irrevocable Corporate Guarantee of HeidelbergCement AG, Germany, the ultimate holding company. The loans are repayable in 4 equal half yearly installments after completion of 3 years from the date of drawdown of the respective tranches. The loans carry floating interest rates linked to the base rates of the banks .

**b. External commercial borrowings :**

The Company has availed ECB from the parent company "Cementrum 1 B.V." on unsecured basis at a rate linked to LIBOR. The loan is repayable after a period of 5 years from the date of drawdown of the respective tranches. The entire exposure has been hedged through a Cross Currency Interest Rate Swap agreement with a bank whereby the Company pays a fixed rate of interest and receives a variable rate linked to LIBOR.

## 6. DEFERRED TAX LIABILITIES (NET)

| | 31 December 2012 ₹ in Millions | 31 December 2011 ₹ in Millions |
|---|---|---|
| **Deferred tax liability** | | |
| Fixed assets: Impact of difference between tax depreciation and depreciation/amortization charged for financial reporting | 461.3 | 431.5 |
| Effect of expenditure allowed for tax purposes in the current year/earlier years , but will be allowed in books in the following years | 106.7 | 93.4 |
| **Gross deferred tax liabilities** | **568.0** | **524.9** |
| **Deferred tax assets** | | |
| Impact of expenditure charged to statement of profit and loss in the current year/earlier years but allowable for tax purposes on payment basis | 168.7 | 128.9 |
| Provision for doubtful debts and advances | 13.6 | 12.5 |
| Others | 8.0 | 52.6 |
| **Gross deferred tax assets** | **190.3** | **194.0** |
| **Deferred tax liabilities (net)** | **377.7** | **330.9** |

## 7. PROVISIONS

| | Long-term | | Short-term | |
|---|---|---|---|---|
| | 31 December 2012 ₹ in Millions | 31 December 2011 ₹ in Millions | 31 December 2012 ₹ in Millions | 31 December 2011 ₹ in Millions |
| **Provision for employee benefits** | | | | |
| Provision for gratuity (refer note 34) | 138.0 | 108.9 | 18.7 | 16.0 |
| Provision for leave benefits | - | - | 62.2 | 54.8 |
| | **138.0** | **108.9** | **80.9** | **70.8** |
| **Other provisions** | | | | |
| Provision for Litigation [refer note 30 (b)] | - | - | 1,188.1 | 941.9 |
| Provision for wealth tax | - | - | 0.1 | 0.1 |
| | **-** | **-** | **1,188.2** | **942.0** |
| | **138.0** | **108.9** | **1,269.1** | **1,012.8** |

## 8. SHORT-TERM BORROWINGS

| | 31 December 2012 ₹ in Millions | 31 December 2011 ₹ in Millions |
|---|---|---|
| Working capital loan from banks (Unsecured) | 450.0 | - |
| | **450.0** | **-** |
| **The above amount includes** | | |
| Secured borrowings | - | - |
| Unsecured borrowings | **450.0** | - |
| | **450.0** | **-** |

Secured by 100% unconditional and irrevocable Corporate Guarantee of HeidelbergCement AG, Germany, the ultimate holding company. These loans carry various interest rates depending on the period of the drawdown.

## 9.1 OTHER LONG TERM LIABILITIES

| | 31 December 2012 ₹ in Millions | 31 December 2011 ₹ in Millions |
|---|---|---|
| Trade payables | 50.1 | 37.2 |
| | **50.1** | **37.2** |

## 9.2 OTHER CURRENT LIABILITIES

| | 31 December 2012 ₹ in Millions | 31 December 2011 ₹ in Millions |
|---|---|---|
| Trade payables (refer note 35 for details of dues to micro and small enterprises) | 1,486.2 | 1,407.4 |
| **Other liabilities** | | |
| Interest accrued but not due on borrowings | 100.1 | 53.4 |
| Trade and other deposits | 762.1 | 731.4 |
| Payable against purchase of fixed assets | 860.8 | 1,301.6 |
| Advance from Customers | 246.6 | 239.9 |
| Book Overdraft | 21.8 | 29.4 |
| Others | | |
| Interest accrued on security deposits | 45.2 | 32.9 |
| TDS payable | 34.8 | 33.9 |
| VAT | 147.9 | 138.8 |
| Excise & Service Tax | 152.3 | 90.0 |
| Other Statutory Dues | 84.0 | 82.7 |
| | **2,455.6** | **2,734.0** |
| | **3,941.8** | **4,141.4** |

(₹ in Millions)

## 10. TANGIBLE ASSETS

## 11. INTANGIBLE ASSETS

| | Freehold Land | Leasehold Land | Buildings | Railway Siding | Plant and equipment | Furniture and fixture | Vehicles | Total | Computer Software | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **Cost or valuation** | | | | | | | | | | |
| At 1 January 2011 | 207.8 | 15.4 | 905.9 | 124.1 | 8,016.4 | 137.0 | 88.0 | 9,494.6 | 47.1 | 47.1 |
| Additions | 47.3 | 6.4 | 24.2 | 2.0 | 410.5 | 16.7 | 8.3 | 515.4 | 3.9 | 3.9 |
| Disposals | - | - | (1.4) | (8.7) | (92.4) | (5.9) | (3.0) | (111.4) | - | - |
| Other adjustments | - | - | - | - | - | - | - | - | - | - |
| **At 31 December 2011** | **255.1** | **21.8** | **928.7** | **117.4** | **8,334.5** | **147.8** | **93.3** | **9,898.6** | **51.0** | **51.0** |
| Additions | 60.3 | 19.2 | 12.9 | - | 475.3 | 22.5 | 19.4 | 609.6 | **2.2** | **2.2** |
| Disposals | - | - | - | - | (112.8) | (2.0) | (3.9) | (118.7) | - | - |
| **At 31 December 2012** | **315.4** | **41.0** | **941.6** | **117.4** | **8,697.0** | **168.3** | **108.8** | **10,389.5** | **53.2** | **53.2** |
| **Depreciation** | | | | | | | | | | |
| At 1 January 2011 | - | 13.1 | 310.8 | 100.1 | 5,693.3 | 64.6 | 39.5 | 6,221.4 | 15.8 | 15.8 |
| Charge for the year* | - | 0.9 | 20.9 | 4.9 | 269.9 | 23.5 | 8.9 | 329.0 | 9.3 | 9.3 |
| Disposals | - | - | (0.8) | (7.3) | (87.1) | (4.1) | (2.8) | (102.1) | - | - |
| **At 31 December 2011** | **-** | **14.0** | **330.9** | **97.7** | **5,876.1** | **84.0** | **45.6** | **6,448.3** | **25.1** | **25.1** |
| Charge for the year* | - | 0.8 | 20.8 | 4.0 | 273.4 | 17.5 | 10.2 | 326.7 | **9.5** | **9.5** |
| Disposals | - | - | - | - | (101.5) | (1.9) | (3.8) | (107.2) | - | - |
| **At 31 December 2012** | **-** | **14.8** | **351.7** | **101.7** | **6,048.0** | **99.6** | **52.0** | **6,667.8** | **34.6** | **34.6** |
| **Net Block** | | | | | | | | | | |
| **At 31 December 2011** | **255.1** | **7.8** | **597.8** | **19.7** | **2,458.4** | **63.8** | **47.7** | **3,450.3** | **25.9** | **25.9** |
| **At 31 December 2012** | **315.4** | **26.2** | **589.9** | **15.7** | **2,649.0** | **68.7** | **56.8** | **3,721.7** | **18.6** | **18.6** |

Notes:

(a) Certain Fixed Assets were revalued based on current replacement cost by approved valuers on 1 July 1981, 31 March 1990 and 31 March 1992. These had resulted in increase in book value of fixed assets by MINR 2633.0 (gross) and accumulated depreciation by MINR 475.3 resulting in net increase of MINR 2157.7 which were credited to Revaluation Reserve.

(b) Gross Block of Freehold Land, Building, Railway Siding and Plant and Machinery include MINR 28.9 (Previous Year MINR 28.9), MINR 206.7 (Previous Year MINR 206.7), MINR 16.2 (Previous Year MINR 16.2) and MINR 1549.3 (Previous Year MINR 1573.8) respectively on account of revaluation. Further Accumulated Depreciation of Building, Railway Siding and Plant and Machinery include MINR 115.8 (Previous Year MINR 112.1), MINR 16.2 (Previous Year MINR 16.0 ) and MINR 1525.8 (Previous Year MINR 1540.9) respectively on account of revaluation.

(c) Depreciation for the year includes MINR 13.4 (Previous year: MINR 15.9) in respect of increased value of Fixed Assets due to revaluation and an equivalent amount has been transferred from Revaluation Reserve.

* Depreciation of MINR 7.9 (Previous Year: MINR 8.5) has been transferred to expenditure during construction period. Refer Note 25.

## 12. LOANS AND ADVANCES

| | Non-current | | Current | |
|---|---|---|---|---|
| | 31 December 2012 ₹ in Millions | 31 December 2011 ₹ in Millions | 31 December 2012 ₹ in Millions | 31 December 2011 ₹ in Millions |
| **Capital advances** | | | | |
| Unsecured, considered good | 65.7 | 538.9 | - | - |
| **(A)** | **65.7** | **538.9** | **-** | **-** |
| **Advances recoverable in cash or kind** | | | | |
| Unsecured considered good | - | - | 46.8 | 67.4 |
| Doubtful | - | - | 13.2 | 9.4 |
| | **-** | **-** | **60.0** | **76.8** |
| Provision for doubtful advances | - | - | (13.2) | (9.4) |
| **(B)** | **-** | **-** | **46.8** | **67.4** |
| **Other loans and advances** | | | | |
| Other loans and advances | - | - | 15.1 | 14.3 |
| Advance income-tax (net of provision for taxation) | - | - | 55.6 | 60.7 |
| MAT credit entitlement | 34.4 | 41.4 | - | - |
| Prepaid expenses | - | - | 36.0 | 50.2 |
| Security Deposits | - | - | 295.5 | 246.5 |
| Balances with statutory/ government authorities and Others | - | - | 1,424.3 | 1,191.8 |
| VAT receivable | - | - | 13.5 | 7.0 |
| CENVAT Receivable | - | - | 213.9 | 259.2 |
| **(C)** | **34.4** | **41.4** | **2,053.9** | **1,829.7** |
| **Total (A+ B + C )** | **100.1** | **580.3** | **2,100.7** | **1,897.1** |

## 13. TRADE RECEIVABLES AND OTHER ASSETS

### 13.1 TRADE RECEIVABLES

| | Non-current | | Current | |
|---|---|---|---|---|
| | 31 December 2012 ₹ in Millions | 31 December 2011 ₹ in Millions | 31 December 2012 ₹ in Millions | 31 December 2011 ₹ in Millions |
| **Unsecured, considered good unless stated otherwise** | | | | |
| **Outstanding for a period exceeding six months from the date they are due for payment** | | | | |
| Unsecured, considered good | - | - | 10.9 | 29.2 |
| Doubtful | - | - | 28.6 | 29.3 |
| | **-** | **-** | **39.5** | **58.5** |
| Provision for doubtful receivables | - | - | (28.6) | (29.3) |
| **(A)** | **-** | **-** | **10.9** | **29.2** |
| **Other receivables** | | | | |
| Unsecured, considered good | - | - | 205.2 | 213.4 |
| **(B)** | **-** | **-** | **205.2** | **213.4** |
| **Total (A + B)** | **-** | **-** | **216.1** | **242.6** |

### 13.2 OTHER ASSETS

| | Non-current | | Current | |
|---|---|---|---|---|
| | 31 December 2012 ₹ in Millions | 31 December 2011 ₹ in Millions | 31 December 2012 ₹ in Millions | 31 December 2011 ₹ in Millions |
| Interest accrued on bank deposits | - | - | 0.4 | 4.6 |
| Interest accrued on other deposits | - | - | 2.3 | 1.9 |
| Derivative assets (refer note 31) | 838.5 | 595.4 | - | - |
| **Total** | **838.5** | **595.4** | **2.7** | **6.5** |

### 14. INVENTORIES (VALUED AT LOWER OF COST AND NET REALIZABLE VALUE)

| | 31 December 2012 ₹ in Millions | 31 December 2011 ₹ in Millions |
|---|---|---|
| Raw materials (includes in transit MINR 16.6) (31 December 2011: MINR 7.3) (refer note 18) | 524.7 | 520.5 |
| Work-in-progress (refer note 19) | 332.8 | 109.9 |
| Finished goods (includes in transit MINR 36.6) (31 December 2011: MINR 2.2) (refer note 19) | 237.8 | 141.7 |
| Stores and spares (includes in transit MINR 0.9 ) (31 December 2011: MINR 14.6 ) | 542.9 | 323.1 |
| Scrap Stock | 12.2 | 11.6 |
| | **1,650.4** | **1,106.8** |

### 15. CASH AND BANK BALANCES

| | Non-current | | Current | |
|---|---|---|---|---|
| | 31 December 2012 ₹ in Millions | 31 December 2011 ₹ in Millions | 31 December 2012 ₹ in Millions | 31 December 2011 ₹ in Millions |
| **Cash and cash equivalents** | | | | |
| Balances with banks: | | | | |
| On current accounts | - | - | 364.4 | 193.9 |
| Deposits with original maturity of less than three months | - | - | 366.7 | 2,912.0 |
| Cash on hand | - | - | 0.7 | 1.2 |
| | **-** | **-** | **731.8** | **3,107.1** |

### 16. REVENUE FROM OPERATIONS

| | For the year ended 31 December 2012 ₹ in Millions | For the year ended 31 December 2011 ₹ in Millions |
|---|---|---|
| **Revenue from operations** | | |
| **Sale of products** | | |
| Cement | 12,502.5 | 11,002.1 |
| Ground Granulated Blast Furnace Slag (GGBS) | 67.0 | 71.0 |
| Clinker | 156.9 | 193.3 |
| **Other operating revenue** | | |
| Scrap sales | 39.9 | 53.0 |
| **Revenue from operations (gross)** | **12,766.3** | **11,319.4** |
| Less: Excise duty | (1,726.8) | (1,439.8) |
| **Revenue from operations (net)** | **11,039.5** | **9,879.6** |

## 17. OTHER INCOME

| | For the year ended 31 December 2012 ₹ in Millions | For the year ended 31 December 2011 ₹ in Millions |
|---|---|---|
| Interest income on bank deposits* | 15.6 | 71.2 |
| Interest income on other deposits | 12.3 | 9.7 |
| Rent | 2.7 | 2.6 |
| Sundry Balances written back | 22.4 | 3.9 |
| Profit on Sale of Fixed Assets | 1.0 | 0.8 |
| Provision/Liabilities no longer required written back | 44.8 | 8.1 |
| Miscellaneous Income | 5.9 | 22.1 |
| | **104.7** | **118.4** |

*Net amount. Refer note 25

## 18. COST OF RAW MATERIAL CONSUMED*

| | For the year ended 31 December 2012 ₹ in Millions | For the year ended 31 December 2011 ₹ in Millions |
|---|---|---|
| Inventory at the beginning of the year | 520.5 | 212.5 |
| Add: Purchases | 3,137.3 | 3,018.1 |
| | 3,657.8 | 3,230.6 |
| Less: inventory at the end of the year | 524.7 | 520.5 |
| Cost of raw material consumed | **3,133.1** | **2,710.1** |

*Net amount. Refer note 25

**DETAILS OF RAW MATERIAL CONSUMED**

| | For the year ended 31 December 2012 ₹ in Millions | For the year ended 31 December 2011 ₹ in Millions |
|---|---|---|
| **Details of raw material consumed** | | |
| Limestone | 379.9 | 334.1 |
| Pozzolona | 371.7 | 288.4 |
| Slag | 349.4 | 329.6 |
| Gypsum | 389.1 | 335.6 |
| Clinker purchased | 960.0 | 819.0 |
| Packing material | 435.8 | 400.8 |
| Others | 247.2 | 202.6 |
| | **3,133.1** | **2,710.1** |

| DETAILS OF INVENTORY | 31 December 2012 ₹ in Millions | 31 December 2011 ₹ in Millions |
|---|---|---|
| **Raw material** | | |
| Lime stone purchased | 9.0 | 11.2 |
| Gypsum | 23.0 | 80.2 |
| Pozzolona | 5.7 | 3.4 |
| Slag | 442.8 | 305.5 |
| Clinker (purchased) | 23.2 | 101.7 |
| Packing materials | 6.4 | 10.1 |
| Others | 14.6 | 8.4 |
| | **524.7** | **520.5** |

## 19. (INCREASE)/DECREASE IN INVENTORIES

| | For the year ended 31 December 2012 ₹ in Millions | For the year ended 31 December 2011 ₹ in Millions | (Increase)/ Decrease ₹ in Millions |
|---|---|---|---|
| **Inventories at the end of the year** | | | |
| Work-in-progress | 332.8 | 109.9 | (222.9) |
| Finished goods | 237.8 | 141.7 | (96.1) |
| Scrap stock | 12.2 | 11.6 | (0.6) |
| | **582.8** | **263.2** | **(319.6)** |
| **Inventories at the beginning of the year** | | | |
| Work-in-progress | 109.9 | 125.6 | 15.7 |
| Finished goods | 141.7 | 151.4 | 9.7 |
| Scrap stock | 11.6 | 17.3 | 5.7 |
| | **263.2** | **294.3** | **31.1** |
| | **(319.6)** | **31.1** | |
| Add: Work-in-progress inventory out of Trial Run Production | 25.0 | - | |
| Add: Finsihed Goods inventory out of Trial Run Production | 37.6 | - | |
| | **(257.0)** | **31.1** | |

### Details of inventory

| | 31 December 2012 ₹ in Millions | 31 December 2011 ₹ in Millions |
|---|---|---|
| **Work-in-progress** | | |
| Uncrushed Limestone | 50.5 | 39.0 |
| Crushed Limestone | 26.2 | 23.6 |
| Raw meal | 4.0 | 3.4 |
| Clinker | 252.1 | 43.9 |
| | **332.8** | **109.9** |
| **Finished goods** | | |
| Cement | 235.1 | 140.6 |
| Ground Granulated Blast Furnace Slag (GGBS) | 2.7 | 1.1 |
| | **237.8** | **141.7** |

## 20. EMPLOYEE BENEFIT EXPENSE

| | For the year ended 31 December 2012 ₹ in Millions | For the year ended 31 December 2011 ₹ in Millions |
|---|---|---|
| Salary, wages, bonus and allowances* | 783.7 | 681.3 |
| Contribution to provident and other fund* | 51.9 | 46.8 |
| Gratuity expense (refer note 34)* | 47.7 | 23.0 |
| Workmen & staff welfare expenses* | 40.4 | 30.6 |
| | **923.7** | **781.7** |

*Net amount. Refer note 25

## 21. OTHER EXPENSES

| | For the year ended 31 December 2012 ₹ in Millions | For the year ended 31 December 2011 ₹ in Millions |
|---|---|---|
| Stores and spares consumption* | 402.8 | 382.2 |
| Freight & forwarding* | 1,528.7 | 1,376.6 |
| Increase / (decrease) of excise duty on inventory | 11.4 | (2.5) |
| Power & fuel* | 3,064.4 | 2,592.0 |
| Rent* | 29.0 | 23.4 |
| Repairs and maintenance | | |
| - Buildings | 45.5 | 42.4 |
| - Plant and machinery | 94.2 | 86.3 |
| - Others | 3.4 | 4.1 |
| Insurance* | 10.7 | 9.2 |
| Rates and taxes* | 357.7 | 326.6 |
| Travelling expenses* | 61.2 | 50.8 |
| Directors fees | 0.7 | 0.9 |
| Payment to auditor | | |
| As auditor: | | |
| Audit Fees | 9.4 | 9.4 |
| Tax Audit Fees | 1.2 | 0.7 |
| Reimbursement of expenses | 0.5 | 0.4 |
| Legal & professional expenses* | 23.9 | 18.3 |
| Technical know how fees | 174.2 | 158.0 |
| Printing & stationery | 7.6 | 8.3 |
| Communication expenses* | 22.8 | 20.8 |
| Advertisement and publicity expenses | 94.8 | 84.5 |
| Commission on sale* | 342.2 | 330.3 |
| Cement Handling Expenses | 58.9 | 53.9 |
| Loss on sale of fixed assets | - | 1.6 |
| Provision for doubtful debts and advances | 7.5 | 3.8 |
| Asset written off | 11.3 | 7.6 |
| Sundry Balances written off | 2.2 | 1.5 |
| Loss on foreign currency transactions (net) | 1.2 | 5.5 |
| Miscellaneous Expenses* | 100.2 | 102.4 |
| | **6,467.6** | **5,699.0** |

*Net amount. Refer note 25

## 22. DEPRECIATION AND AMORTIZATION EXPENSE

| | For the year ended 31 December 2012 ₹ in Millions | For the year ended 31 December 2011 ₹ in Millions |
|---|---|---|
| Depreciation of tangible assets* | 319.0 | 320.6 |
| Amortization of intangible assets | 9.3 | 9.3 |
| | 328.3 | 329.9 |
| Less: recoupment from revaluation reserve | (13.4) | (15.9) |
| | **314.9** | **314.0** |

*Net amount. Refer note 25

## 23. FINANCE COSTS

| | For the year ended 31 December 2012 ₹ in Millions | For the year ended 31 December 2011 ₹ in Millions |
|---|---|---|
| Interest on short term borrowings | 41.7 | 0.2 |
| Interest on deposits | 41.2 | 21.2 |
| Bank charges & guarantee commission* | 22.4 | 17.1 |
| | **105.3** | **38.5** |

*Net amount. Refer note 25

## 24. EARNINGS PER SHARE (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

| | For the year ended 31 December 2012 ₹ in Millions | For the year ended 31 December 2011 ₹ in Millions |
|---|---|---|
| Profit after tax available to equity shareholders | 308.4 | 291.7 |
| **Net profit for calculation of Basic EPS / Diluted EPS** | **308.4** | **291.7** |
| | **No. in Millions** | **No. in Millions** |
| Weighted average number of equity shares in calculating Basic/Diluted EPS | **226.6** | **226.6** |
| **Basic and Diluted EPS** | 1.36 | 1.29 |

**25.** The Capital Work-in-progress relating to tangible fixed assets includes inventory of capital items in transit amounting to ₹ 7.1 million (Previous Year: ₹ 198.7 million).

Capital work-in-progress includes expenditure during construction period on substantial expansion of existing units of the Company as under:

**(₹ in Million)**

| **Particulars** | **Opening balance as at 01 January 2012** | **Additions during the year** | **Closing balance as at 31 December 2012** |
|---|---|---|---|
| Cost of raw material consumed | - | 137.6 | 137.6 |
| Salary, Wages, Bonus and Allowances | 126.3 | 125.6 | 251.9 |
| Contribution to Provident and other Fund | 5.2 | 6.5 | 11.7 |
| Gratuity expense | - | 1.6 | 1.6 |
| Workmen & Staff Welfare Expenses | 1.6 | 0.2 | 1.8 |
| Stores and Spares consumed | 2.8 | 0.2 | 3.0 |
| Freight & Forwarding | - | 19.5 | 19.5 |
| Excise duty on closing stock | - | 6.6 | 6.6 |
| Power & Fuel | 23.2 | 176.7 | 199.9 |
| Power Transmission Line related expenses | - | 308.7 | 308.7 |
| Rent | 12.3 | 5.6 | 17.9 |
| Insurance | 14.1 | 6.7 | 20.8 |
| Rates and Taxes | 2.0 | 4.2 | 6.2 |
| Travelling Expenses | 22.4 | 12.1 | 34.5 |
| Legal & Professional expenses | 191.7 | 122.5 | 314.2 |
| Communication Expenses | 1.7 | 0.5 | 2.2 |
| Commission on sale | - | 1.7 | 1.7 |
| Miscellaneous Expenses | 24.3 | 48.6 | 72.9 |
| Depreciation and Amortization expenses | 12.4 | 7.9 | 20.3 |
| Interest | 279.3 | 850.7 | 1,130.0 |
| Guarantee commission (included in Bank charges and guarantee commission) | 20.9 | 14.8 | 35.7 |
| **Total Expenditure during Construction period** | 740.2 | 1,858.5 | 2,598.7 |
| Less: Sales during Trial Run period | | | |
| (Net of excise duty of ₹ 23.8 million) | - | (145.2) | (145.2) |
| Less: Scrap Sale (net of excise duty) | - | (17.3) | (17.3) |
| Less: Interest Income on Bank Deposits | (25.5) | (77.2) | (102.7) |
| Less: Closing Stock of finished goods out of trial run production | - | (37.6) | (37.6) |
| Less: Closing Stock of work in progress out of trial run production | - | (25.0) | (25.0) |
| **Total** | 714.7 | 1,556.2 | 2,270.9 |

## 26. SEGMENTAL INFORMATION:

**(a) Business Segment**

The Company primarily deals in only one business segment i.e. "Cement".

**(b) Geographical Segment**

The Company primarily operates into two geographical segments i.e. within India and outside India which are based on the location of the customers.

**Geographical Segment**

**(₹ in Million)**

| Particulars | 31 December 2012 | 31 December 2011 |
|---|---|---|
| **Net Segment Revenue (including sales of trial run period, net of Excise duty and excluding scrap sales)** | | |
| Within India | **11,144.8** | 9,811.6 |
| Outside India | **-** | 15.0 |
| **Total** | **11,144.8** | **9,826.6** |
| **Segment Debtors (net of provision for doubtful debts)** | | |
| Within India | **216.1** | 242.6 |
| Outside India | **-** | - |
| **Total** | **216.1** | 242.6 |

Notes:
The Company has common fixed assets for producing goods for domestic as well as overseas markets. Hence, separate figures for fixed assets/ addition to fixed assets have not been furnished.

## 27. RELATED PARTY DISCLOSURE

**(a) Names of related parties:**

**Names of related parties where control exists irrespective of whether transactions have occurred or not:**

| | |
|---|---|
| Ultimate Holding Company | HeidelbergCement AG |
| Holding Company | Cementrum I B.V. |

**Names of other related parties with whom transactions have taken place during the year:**

| | |
|---|---|
| Fellow Subsidiaries | HeidelbergCement Asia Pte Ltd<br>HeidelbergCement Norway<br>Cochin Cements Limited<br>PT Indocement Tunggal Prakarsa Tbk<br>HC Trading Malta Limited |
| Key Management Personnel | Mr. Sushil Kumar Tiwari, Whole TimeDirector<br>(w.e.f. April 29, 2011) |

**(b) Transactions with related parties**

(₹ in Million)

| Particulars | Enterprises where control exists | | Fellow Subsidiaries | | Key Management Personnel | | Total | |
|---|---|---|---|---|---|---|---|---|
| | **2012** | 2011 | **2012** | 2011 | **2012** | 2011 | **2012** | 2011 |
| **Transactions with Cementrum I B.V.:** | | | | | | | | |
| - External Commercial Borrowing taken (ECB)* | **1,832.5** | 4,139.8 | - | - | - | - | **1,832.5** | 4,139.8 |
| - Interest on ECB | **193.2** | 84.7 | - | - | - | - | **193.2** | 84.7 |
| **Transactions with HeidelbergCement AG:** | | | | | | | | |
| - Corporate Guarantee Charges | **24.1** | 15.6 | - | - | - | - | **24.1** | 15.6 |
| - Payroll cost reimbursed | **23.5** | 17.1 | - | - | - | - | **23.5** | 17.1 |
| - Guarantees given/renewed in the Company's favour | **2,110.0** | 5,860.0 | - | - | - | - | **2,110.0** | 5,860.0 |
| - Expenses reimbursed | - | 0.04 | - | - | - | - | - | 0.04 |
| - Other Receipts | - | 0.6 | - | - | - | - | - | 0.6 |
| **Transactions with HeidelbergCement Norway** | | | | | | | | |
| - Expenses Reimbursed | - | - | - | 1.0 | - | - | - | 1.0 |
| **Transactions with Cochin Cements Limited:** | | | | | | | | |
| - Expenses Recovered | - | - | **47.4** | 47.1 | - | - | **47.4** | 47.1 |
| - Sale of Clinker | - | - | **160.0** | 178.7 | - | - | **160.0** | 178.7 |
| **Transactions with HeidelbergCement Asia Pte Limited:** | | | | | | | | |
| - Technical Know How Fee | - | - | **174.3** | 157.9 | - | - | **174.3** | 157.9 |
| - Expenses Reimbursed | - | - | - | 0.2 | - | - | - | 0.2 |
| - Other Receipts | - | - | **0.2** | - | - | - | **0.2** | - |
| **Transactions with PT Indocement Tunggal Prakarsa Tbk** | | | | | | | | |
| - ERP Maintenance Charges | - | - | **5.7** | 4.5 | - | - | **5.7** | 4.5 |
| **Transactions with HC Trading Malta Limited** | | | | | | | | |
| - Purchase of Material | - | - | - | 168.5 | - | - | - | 168.5 |
| - Expenses Reimbursed | - | - | **0.8** | - | - | - | **0.8** | - |
| **Transactions with key management personnel**** | | | | | | | | |
| - Salary, wages, bonus and allowances | - | - | - | - | **11.5** | 4.2# | **11.5** | 4.2# |
| - Contribution to provident and other fund | - | - | - | - | **1.1** | 0.7# | **1.1** | 0.7# |
| **Balance outstanding at the year end** | | | | | | | | |
| **Receivable** | | | | | | | | |
| - Cochin Cements Limited | - | - | - | 5.6 | - | - | - | 5.6 |
| **Payable** | | | | | | | | |
| - HeidelbergCement AG | **29.5** | 34.8 | - | - | - | - | **29.5** | 34.8 |
| - Heidelbergcement Norway | - | - | - | 1.0 | - | - | - | 1.0 |
| - Scancem International | - | - | - | 0.4 | - | - | - | 0.4 |
| - HeidelbergCement Asia Pte Limited | - | - | **31.3** | 37.2 | - | - | **31.3** | 37.2 |
| - HC Trading Malta Limited | - | - | - | 1.9 | - | - | - | 1.9 |
| **Loan Taken*** | | | | | | | | |
| -Cementrum I B.V. | **6,858.2** | 4,769.1 | - | - | - | - | **6,858.2** | 4,769.1 |
| **Interest accrued but not due on ECB loan** | | | | | | | | |
| -Cementrum I B.V. | **66.3** | 40.4 | - | - | - | - | **66.3** | 40.4 |
| **Guarantees Outstanding:** | | | | | | | | |
| -HeidelbergCement AG | **5,860.0** | 6,317.1 | - | - | - | - | **5,860.0** | 6,317.1 |

* Difference of ₹ 256.5 million (Previous year ₹ 629.3 million) in ECB loan amount received & payable to Cementrum I B.V. as at December 31, 2012 is on account of restatement of ECB loan at closing exchange rate.

** 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 director are not included above.

\# The remuneration shown above is for the period from April 29, 2011 to December 31, 2011 as Mr. S.K. Tiwari was appointed as Whole-time Director of the Company w.e.f. April 29, 2011.

**28.** The Company has taken various residential premises, office premises and warehouses under operating lease agreements. These are generally cancellable and are renewable by mutual consent on mutually agreed terms except for three office premises which is taken on a non-cancellable lease. The Company has recognized ₹ 28.7 million (Previous year: ₹ 25.8 million) in respect of cancellable operating leases and ₹ 6.4 million (Previous year: ₹ 4.7 million) in respect of non-cancellable operating leases.

**Operating Lease (Non-Cancellable)**

The total of future minimum lease payments under non- cancellable operating leases for each of the following periods:

**(₹ in Million)**

| S. No. | Particulars | 2012 | 2011 |
|---|---|---|---|
| (i) | Not later than one year; | **9.5** | 6.4 |
| (ii) | Later than one year and not later than five years; | **15.0** | 2.0 |
| (iii) | Later than five years; | **-** | - |

Out of the total rent recognised, ₹ 0.4 million (Previous year ₹ 0.6 million) relating to residential accommodation provided to the employees has been shown under Employee Benefit Expenses.
₹ 3.4 million (Previous year: ₹ 3.4 million) relating to a non-cancellable operating lease and ₹ 2.2 million (Previous year: ₹ 3.1 million) relating to cancellable operating lease has been capitalized during the current year.

## 29. CAPITAL COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ 486.0 million (Previous year: ₹ 2,149.0 million).

## 30. CONTINGENCIES AND PROVISION FOR LITIGATION

**(a) Contingent Liabilities not provided for**

**(₹ in Million)**

| Particulars | December 31, 2012 | December 31, 2011 |
|---|---|---|
| A. Disputed Statutory claims / levies: | | |
| Excise Duty / Service Tax/CENVAT Credit | **56.3** | 47.8 |
| Sales Tax/ Trade Tax | **882.6** | 927.5 |
| Entry Tax | **72.1** | 67.9 |
| Income Tax | **2.7** | 2.8 |
| Differential Royalty on Limestone | **1,809.4** | 1,605.3 |
| | | |
| B. Claims against the Company not acknowledged as Debts | | |
| Claims by various Suppliers of goods and Services | **16.2** | 20.4 |
| Claims by customers and others | **8.3** | 8.3 |
| Electricity Charges | **82.0** | 80.8 |
| | | |
| C. Show cause notices for levy | | |
| Excise Duty / Service Tax/CENVAT Credit | **112.0** | 70.9 |
| Sales Tax | **3.6** | 5.4 |
| Grand Total | **3,045.2** | 2,837.1 |

In respect of above cases based on the favorable decisions in similar cases/ legal opinions taken by the Company/ discussions with the solicitors etc., the management is of the opinion that it is possible, but not probable, that the action will succeed and accordingly no provision for any of the above liability has been made in these financial statements.

**(b) Provision for Litigation**

**(₹ in Million)**

| Particulars | Balance as at 01 January 2012 | Additions during the year | Amounts reversed during the year | Balance as on 31 December 2012 |
|---|---|---|---|---|
| Trade Tax Uttranchal, Jhansi (UP) | 21.7<br>(21.7) | -<br>(-) | -<br>(-) | **21.7**<br>(21.7) |
| Turnover Tax, Jhansi (UP) | 0.6<br>(0.6) | -<br>- | -<br>(-) | **0.6**<br>(0.6) |
| Entry Tax, Jhansi (UP)-Cement and Clinker | 347.3<br>(347.3) | -<br>(-) | -<br>(-) | **347.3**<br>(347.3) |
| M.P. Commercial Tax Damoh (MP) | 0.1<br>(0.1) | -<br>(-) | -<br>(-) | **0.1**<br>(0.1) |
| Haryana Sales Tax Damoh (MP) | 0.1<br>(0.1) | -<br>(-) | -<br>(-) | **0.1**<br>(0.1) |
| Provision taken for Cess on Captive Power, Damoh (MP) | 86.8<br>(86.8) | -<br>(-) | -<br>(-) | **86.8**<br>(86.8) |
| 9% Entry Tax on HSD & LDO, Damoh (MP) | 35.8<br>(35.8) | -<br>(-) | -<br>(-) | **35.8**<br>(35.8) |
| UP- Entry Tax (Cement) - Damoh (MP) | 142.1<br>(142.1) | -<br>(-) | -<br>(-) | **142.1**<br>(142.1) |
| Service Tax (GTO), Damoh and Jhansi | 3.5<br>(3.5) | -<br>(-) | -<br>(-) | **3.5**<br>(3.5) |
| Power Deficit Bill –MPSEB, Damoh (MP) | 15.4<br>(14.8) | 0.6<br>(0.6) | -<br>(-) | **16.0**<br>(15.4) |
| M.P. Entry Tax on Raw material and others, Damoh (MP) | 210.4<br>(195.0) | 229.6<br>(15.4) | -<br>(-) | **440.0**<br>(210.4) |
| Bihar Sales Tax, Damoh (MP) | 3.9<br>(3.9) | -<br>(-) | -<br>(-) | **3.9**<br>(3.9) |
| Rural Infrastructure and Road Development Tax, Damoh (MP) | 44.4<br>(36.8) | 11.0<br>(7.7) | -<br>(-) | **55.4**<br>(44.4) |
| Environment protection fees-Amsa | 14.5<br>(14.5) | -<br>(-) | -<br>(-) | **14.5**<br>(14.5) |
| Input reversal on hiring of equipments | 4.5<br>(2.6) | 5.0<br>(1.9) | -<br>(-) | **9.5**<br>(4.5) |
| Service tax on Outward Freight- Raigad | 10.8<br>(10.8) | -<br>(-) | -<br>(-) | **10.8**<br>(10.8) |
| **TOTAL** | **941.9**<br>(916.4) | **246.2**<br>(25.6) | -<br>(-) | **1,188.1**<br>(941.9) |

**Note:** Figures in brackets are for the previous year.

Above provisions have been made against demands raised by various authorities. All these cases are under litigation and are pending with various authorities; expected timing of resulting outflow of economic benefits cannot be specified.

## 31. CROSS CURRENCY INTEREST RATE SWAP

The Company has a cross currency interest rate swap agreement with a bank for ECB Loan of USD 125,000,000 (Previous year USD 90,000,000) whereby the Company pays a fixed rate of interest for various tranches of loan and receives a variable rate linked to LIBOR. The swap is being used to hedge the ECB loan taken on floating interest rate linked to LIBOR.

The loss on restatement of bank borrowings amounting to ₹ 885.9 million (previous year ₹ 629.3 million) has been charged off to Statement of profit and loss and offset with a similar gain on increase in fair value of cross currency swap. Effective portion of cash flow hedge and differential accrued interest amounting to ₹ 63.0 million (previous year ₹ 47.4 million) has been taken to "Hedging Reserve Account" under Reserves & Surplus under Note 4.

## 32. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

**Cross currency interest rate swap outstanding as at Balance Sheet date**

| Particulars | Currency | 2012 | 2011 | Purpose |
|---|---|---|---|---|
| Cross Currency Interest Rate Swap | USD | 125,000,000 | 90,000,000 | For hedging payment of ECB loan and interest thereon. |

**Unhedged Foreign Currency Exposure**

| Particulars | Currency | 2012 | | | 2011 | | |
|---|---|---|---|---|---|---|---|
| | | Amount in foreign currency | Exchange Rate | ₹ in million | Amount in foreign currency | Exchange Rate | ₹ in million |
| Trade Payable for Imports | USD | 112,201.62 | 54.87 | 6.2 | 38,012.70 | 52.99 | 2.0 |
| | NOK | - | - | - | 111,470.00 | 8.86 | 1.0 |
| | EURO | 447,670.96 | 72.40 | 32.4 | 1,621,014.35 | 68.61 | 111.2 |
| | SGD | 4,614.11 | 44.93 | 0.2 | 4,614.11 | 40.87 | 0.2 |

**33.** Excise duty on sales amounting to ₹ 1,750.6 million, which includes ₹ 23.8 million (Previous Year: Nil) from sales out of production during trial runs (Previous year ₹ 1,439.8 million) has been reduced from sales in statement of profit and loss and expenditure during construction period. Excise duty expenses on increase in stocks amounting to ₹ 11.4 million (Previous year excise duty income of ₹ 2.5 million) has been considered in Note 21 of the financial statement and excise duty on closing stock out of trial production amounting ₹ 6.6 million (Previous year ₹ Nil) has been debited to expenditure during construction period under capital work in progress.

## 34. GRATUITY AND OTHER EMPLOYMENT BENEFIT PLANS

The Company has three post-employment funded plans, namely Gratuity, Superannuation and Provident Fund.

Gratuity being administered by a Trust is computed as 15 days salary, for every completed year of service or part thereof in excess of 6 months and is payable on retirement/termination/resignation. The benefit vests on the employee after completing 5 years of service. The Gratuity plan for the Company is a defined benefit scheme where annual contributions as demanded by the insurer are deposited to a Gratuity Trust Fund established to provide gratuity benefits. The Trust Fund has taken a Scheme of Insurance, whereby these contributions are transferred to the insurer. The Company makes provision of such gratuity asset/ liability in the books of accounts on the basis of actuarial valuation as per the projected unit credit method. Plan assets also include investments and bank balances used to deposit premiums until due to the insurance company.

Retirement benefits in the form of Superannuation Fund (being administered by Trusts) are defined contribution schemes and the contributions are charged to the Statement of profit and loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable.

The Provident Fund being administered by a Trust is a defined benefit scheme whereby the Company deposits an amount determined as a fixed percentage of basic pay to the fund every month. The benefit vests upon commencement of employment. The interest credited to the accounts of the employees is adjusted on an annual basis to confirm to the interest rate declared by the Government for the Employees Provident Fund. The Guidance Note on implementing AS-15, Employee Benefits (Revised 2005) issued by the Accounting Standard Board (ASB) states that provident funds set up by employers, which requires interest shortfall to be met by the employer, needs to be treated as defined benefit plan. Based on latest audited balance sheet of the said trust, there is no deficit in the fund.

The following tables summarize the components of net benefit expense recognized in the statement of Profit and Loss and the amounts recognized in the balance sheet for the Gratuity.

**Profit and Loss Account**

Net employee benefit expense (recognized in Employee Cost)

(₹ in Million)

| Particulars | Gratuity | |
|---|---|---|
| | 2012 | 2011 |
| Current service cost | 14.1 | 12.8 |
| Interest cost on benefit obligation | 17.8 | 14.2 |
| Expected return on plan assets | (6.9) | (5.3) |
| Net actuarial (gain)/ loss recognized | 24.3 | 1.3 |
| Past service cost / (credit) recognized | - | - |
| Net benefit expense* | 49.3 | 23.0 |
| Actual Return on plan assets | 6.5 | 5.8 |

* Expenses of ₹ 1.6 million (Previous year: ₹ Nil) has been transferred to capital work in progress (Refer note 25)

**Balance Sheet**
**Details of Provision for gratuity**

(₹ in Million)

| Particulars | Gratuity | |
|---|---|---|
| | 2012 | 2011 |
| Defined benefit obligation | 253.4 | 207.3 |
| Fair value of plan assets | (96.7) | (82.4) |
| | 156.7 | 124.9 |
| Less: Unrecognized past service cost | - | - |
| Plan liability | 156.7 | 124.9 |

Changes in the present value of the defined benefit obligation are as follows: (₹ in Million)

| Particulars | Gratuity | |
|---|---|---|
| | 2012 | 2011 |
| Opening defined benefit obligation | 207.3 | 182.8 |
| Current service cost | 14.1 | 12.8 |
| Interest cost on benefit obligation | 17.9 | 14.2 |
| Actuarial (gain)/ loss recognized | 23.9 | 1.8 |
| Past service cost / (credit) recognized | - | - |
| Benefits paid | (9.8) | (4.3) |
| Closing defined benefit obligation | 253.4 | 207.3 |

Changes in the fair value of plan assets are as follows: (₹ in Million)

| Particulars | Gratuity | |
|---|---|---|
| | 2012 | 2011 |
| Opening fair value of plan assets | 82.4 | 65.4 |
| Expected return | 6.9 | 5.3 |
| Contribution by employer | 17.6 | 15.5 |
| Actuarial gain/(loss) recognized | (0.4) | 0.5 |
| Benefits paid | (9.8) | (4.3) |
| Closing fair value of plan assets | 96.7 | 82.4 |

The Company expects to contribute ₹ 18.7 million to gratuity in 2013 (previous year ₹ 16.0 million).

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

| Particulars | 2012 | 2011 |
|---|---|---|
| Discount rate | 8.20% | 9.00% |
| Expected rate of return on assets | 8.20% | 8.50% |
| Employee Turnover | 6.50% | 6.50% |

**Note:**

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

The expected return on plan assets is based on market expectation, at the beginning of the period, for returns over the entire life of the related obligation.

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

| Particulars | 2012(%) | 2011 (%) |
|---|---|---|
| Investments with insurer | 98.31 | 98.03 |
| Investments in government bonds | 0.10 | 0.12 |
| Bank balance | 1.59 | 1.85 |
| Total | 100.00 | 100.00 |

The principal plan asset consists of a scheme of insurance taken by the Trust, which is a qualifying insurance policy.

Amounts for the current and previous years are as follows: **(₹ in Million)**

| Particulars | Gratuity | | | | |
|---|---|---|---|---|---|
| | 2012 | 2011 | 2010 | 2009 | 2008 |
| Defined benefit obligation | (253.5) | (207.3) | (182.9) | (160.5) | (154.6) |
| Plan assets | 96.8 | 82.4 | 65.4 | 51.2 | 67.5 |
| Surplus / (deficit) | (156.7) | (124.9) | (117.5) | (109.3) | (87.1) |
| Experience loss/(gain) on plan liabilities | 23.9 | 1.8 | 6.8 | 18.5 | (18.1) |
| Experience loss/(gain) on plan assets | 0.5 | (0.5) | (4.1) | 4.4 | (4.1) |

Contribution to Defined Contribution Plans **(₹ in Million)**

| Particulars | 2012 | 2011 |
|---|---|---|
| Provident Fund | 42.1 | 34.6 |
| Other Post Employment Funds | 5.5 | 4.4 |
| **Total** | 47.6 | 39.0 |

**35.** Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006 as per the information available with the Company in response to the enquiries from all existing suppliers with whom the Company deals.

**(₹ in Million)**

| S. No. | Particulars | 2012 | 2011 |
|---|---|---|---|
| (i) | the principal amount and the interest due thereon remaining unpaid to any supplier<br>- Principal amount<br>- Interest thereon | <br>6.6<br>- | <br>24.0<br>- |
| (ii) | the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day. | - | - |
| (iii) | the amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act. | - | - |
| (iv) | the amount of interest accrued and remaining unpaid. | - | - |
| (v) | The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under section 23 of this Act. | - | - |

## 36. Supplementary Statutory Information

### 36.1 Earnings in foreign currency (accrual basis)

**(₹ in Million)**

| Particulars | 2012 | 2011 |
|---|---|---|
| Miscellaneous Income | 0.2 | 0.6 |

### 36.2 Expenditure in foreign currency (on accrual basis)

**(₹ in Million)**

| Particulars | 2012 | 2011 |
|---|---|---|
| Technical Know how fees | 174.3 | 157.9 |
| Legal & Professional expenses | 6.8 | 7.9 |
| Guarantee commission (included under Bank charges & guarantee commission) | 24.1 | 15.6 |
| Interest | 193.2 | 84.7 |
| Others | 24.9 | 20.0 |
| **Total** | 423.3 | 286.1 |

### 36.3 Value of imports calculated on CIF basis

**(₹ in Million)**

| Particulars | 2012 | 2011 |
|---|---|---|
| Raw Materials | - | 168.5 |
| Stores and Spare Parts | 35.9 | 11.1 |
| Capital goods | 43.5 | 565.4 |
| **Total** | 79.4 | 745.0 |

### 36.4 Imported and indigenous raw materials and packing materials consumed:

| Particulars | Percentage of total consumption | | Value (₹ in million) | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| **A. Raw Materials** | | | | |
| Imported | - | 8.55 | - | 197.5 |
| Indigenous | 100.00 | 91.45 | 2,821.8 | 2,111.8 |
| **Total (A)** | 100.00 | 100.00 | 2,821.8 | 2,309.3 |
| **B. Packing Materials** | | | | |
| Imported | - | - | - | - |
| Indigenous | 100.00 | 100.00 | 448.9 | 400.8 |
| **Total (B)** | 100.00 | 100.00 | 448.9 | 400.8 |
| | | | | |
| **Grand total (A+B)** | | | 3,270.7[@] | 2,710.1 |

[@]Includes consumption during trial run production for ₹ 137.6 million

### 36.5 IMPORTED AND INDIGENOUS STORES AND SPARES CONSUMED:

| Particulars | Percentage of total consumption | | Value (₹ in million) | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| Imported | 4.56 | 5.97 | 18.4 | 23.1 |
| Indigenous | 95.44 | 94.03 | 384.6 | 359.1 |
| **Total** | 100.00 | 100.00 | 403.0[#] | 382.2 |

[#]Includes consumption during trial run production for ₹ 0.2 million

### 37. PREVIOUS YEAR FIGURES

Till the year ended 31 December 2011, the Company was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended 31 December 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company. The Company has reclassified previous year figures to conform to this year's classification.

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For **S.R. Batliboi & Co.**
Firm Registration No. 301003E
Chartered Accountants

**For and on behalf of the Board of Directors of**
**HeidelbergCement India Limited**

Sd/-
**per Manoj Gupta**
Partner
Membership No. 83906

Place: Gurgaon
Date : February 11, 2013

Sd/-
**Anil Kumar Sharma**
Chief Financial Officer

Sd/-
**Rajesh Relan**
Dy. Head Legal & Company Secretary

Sd/-
**P.G. Mankad**
Chairman

Sd/-
**Ashish Guha**
CEO & Managing Director

Sd/-
**S. Krishna Kumar**
Director

Sd/-
**Pradeep V. Bhide**
Director

Sd/-
**Dr. Albert Scheuer**
Director

Sd/-
**Daniel R. Fritz**
Director

Sd/-
**Sushil Kumar Tiwari**
Wholetime Director

# HeidelbergCement India Limited

Regd. Office: 9th Floor, Tower 'C', Infinity Towers, DLF Cyber City, Phase II, Gurgaon, Haryana - 122002

## ATTENDANCE SLIP

PLEASE SIGN THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

I hereby record my presence at the 54th Annual General Meeting of the Company held on Thursday, the 16th May 2013 at 9.30 A.M. at Epicentre, Apparel House, Sector 44, Institutional Area, Gurgaon, Haryana.

Folio No.: ________________

DP-ID: ________________

Client-ID: ________________

No. of Shares held: ________________

Name of the Member ________________________________
(In block letters)

Name of Proxy* ________________________________
(In block letters)

Signature of the Member or Proxy ________________________

** To be filled in if the proxy attends instead of the member.*

# HeidelbergCement India Limited

Regd. Office: 9th Floor, Tower 'C', Infinity Towers, DLF Cyber City, Phase II, Gurgaon, Haryana - 122002

## PROXY FORM

Folio No.: ________________

DP-ID: ________________

Client-ID: ________________

No. of Shares held: ________________________

I/We ........................................................................................................................................................

of ........................................................ being a Member/Members of HeidelbergCement India Limited, do hereby appoint ............................................................ of ....................................................... or failing him ................................................ of....................................... as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 54th Annual General Meeting of the Company to be held on the 16th May 2013 at 9.30 A.M. at Epicentre, Apparel House, Sector 44, Institutional Area, Gurgaon, Haryana.

Date: ............................

Affix Revenue Stamp and Sign Across

**Note : The duly filled & signed Proxy Form must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.**


Registered Office

HeidelbergCement India Limited

9th Floor, Infinity Tower “C”, DLF Cyber City, Phase-II

Gurgaon, Haryana - 122 002

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