BOARD OF DIRECTORS

Mr. P.G. Mankad
Chairman

Dr. Bernd Scheifele

Dr. Lorenz Naeger

Dr. Albert Scheuer

Mr. Amitabha Ghosh

Mr. S. Krishna Kumar

Mr. Pradeep V. Bhide

Mr. Daniel R. Fritz

Mr. Ashish Guha
CEO & Managing Director

Mr. Sushil Kumar Tiwari
Wholetime Director

CHIEF FINANCIAL OFFICER

Mr. Anil Kumar Sharma

COMPANY SECRETARY

Mr. Rajesh Relan

REGISTERED OFFICE

9th Floor, Tower 'C',

Infinity Towers

DLF Cyber City, Phase-II

Gurgaon, Haryana – 122 002

PLANTS

Ammasandra (Karnataka)

Damoh (Madhya Pradesh)

Jhansi (Uttar Pradesh)

Raigad (Maharashtra)

AUDITORS

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

Chartered Accountants

REGISTRARS & SHARE TRANSFER AGENTS

M/s. Integrated Enterprises (India) Ltd.

30, Ramana Residency,

4th Cross, Sampige Road,

Malleswaram,

Bangalore – 560 003

CONTENTS

HeidelbergCement India Limited

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

NOTICE TO MEMBERS

NOTICE is hereby given that the 53rd Annual General Meeting of the Members of the Company will be held at 9.30 A.M. on Wednesday, the 25th April 2012 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 2011 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 Mr. P.G. Mankad who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Dr. Albert Scheuer who retires by rotation and being eligible, offers himself for re-appointment.
4. 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 & Co., Chartered Accountants (Firm Registration No.: 301003E), be and are hereby appointed as Auditors of the Company to hold office from the conclusion of the 53rd 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."
5. To consider and if thought fit to pass, with or without modification(s) the following as an Ordinary Resolution:

   "RESOLVED that pursuant to Section 256 and other applicable provisions, if any, of the Companies Act, 1956, the vacancy caused on the Board by the retirement of Mr. Amitabha Ghosh, Director of the Company who retires by rotation and does not seek re-appointment at this Annual General Meeting, be not filled up."

By Order of the Board

Sd/-
Rajesh Relan
Company Secretary

Place : Gurgaon
Date : 13th February 2012

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 17th April 2012 to 25th April 2012 (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, 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, 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 Mr. P.G. Mankad who is proposed to be re-appointed as Director is given below:

Mr. P.G. Mankad, IAS (Retd.) aged 70 years is M.A. and has done Diploma in Development Studies from Cambridge, U.K. He was Finance Secretary and Secretary Industries in the respective Ministries of the Government of India. He has also worked as Executive Director with Asian Development Bank, Manila. He has expertise in the areas of Public Administration & Policy, Finance, Industrial Development & Investment, International Economic Relations and Development Banking.

Mr. P.G. Mankad is on the Board of Directors of Tata International Ltd., Tata Elxsi Ltd., The Tata Power Company Ltd., DSP Blackrock Investment Managers Pvt. Ltd., Mahindra & Mahindra Financial Services Ltd., Noida Toll Bridge Company Ltd., Max India Ltd., United Breweries (Holdings) Ltd., ICRA Ltd., SRF Ltd. and Hindustan Media Ventures Ltd.

Mr. P.G. Mankad is Member of the Audit Committee of Tata International Ltd., SRF Ltd., DSP Blackrock Investment Managers Pvt. Ltd. and Noida Toll Bridge Company Ltd. He is Chairman of Investors' Grievance & Share Transfer Committee of Tata Elxsi Ltd. and Member of Investors' Grievance & Share Transfer Committee of Max India Ltd. and Noida Toll Bridge Company Ltd.

Mr. P.G. Mankad is also Chairman of the Shareholders' / Investors' Grievance Committee and Member of Audit Committee of the Company. Mr. P.G. Mankad does not hold any Equity Shares in the Company.

Except Mr. P.G. Mankad, none of the other Directors may be deemed to be concerned or interested in the proposed resolution. The Board of Directors recommends his appointment for approval of the members.

Item No. 3:

Brief resume of Dr. Albert Scheuer who is proposed to be re-appointed as Director is given below:

Dr. Albert Scheuer, aged 54 years, completed Degree in Mechanical Engineering / Process Technology from the Technical University of Clausthal, Germany in the year 1982. He has also completed Doctorate in Mechanical Engineering in the year 1987.

Dr. Scheuer started his professional career with the Research Institute of the German Cement Industry in 1983. After joining HeidelbergCement group in 1992, he took on various positions at Leimen Cement Plant and Heidelberg Technology Center. From 1998 to 2005, he was in charge of Technical support for European cement plants as Managing Director of Heidelberg Technology Center. Since 2005, he was responsible for HeidelbergCement's activities in China as Chief Operating Officer and in August 2007 he was appointed as Member of the Managing Board and Executive Vice President of Lehigh Cement. He also took active part in the integration of the operations of Hanson, North America with HeidelbergCement Group. Since 1st April, 2008, he is in charge of Asia-Oceania Region of HeidelbergCement Group and also entrusted with the responsibility of worldwide coordination of the activities of Heidelberg Technology Center.

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

HeidelbergCement AG, HeidelbergCement Technology Center GmbH, Easy Point Industrial Ltd., Guangzhou HeidelbergCement Yuexiu Enterprise Management Consulting Company Ltd., HeidelbergCement Asia Pte Ltd., HeidelbergCement Holding HK Ltd., Squareal Cement Ltd., Cochin Cements Ltd., Jidong Heidelberg (Fufeng) Cement Company Limited, PT Indocement Tunggal Prakarsa Tbk, Heidelberg Energie GmbH, Jidong Heidelberg (Jingyang) Cement Company Limited, HeidelbergCement Bangladesh Limited, China Century Cement Limited, Hanson Investment Holding Pte. Limited, Hanson Pacific (S) Pte Limited and Hanson Building Materials (S) Pte. Limited.

He is a member of Audit Committee of Cochin Cements Limited. Dr. Scheuer does not hold any Equity Shares in the Company.

Except Dr. Scheuer, none of the other Directors may be deemed to be concerned or interested in the proposed resolution. The Board of Directors recommends his appointment for approval of the members.

Item No. 5:

In accordance with Section 256 of the Companies Act, 1956 read with Article 88 of the Articles of Association of the Company, Mr. Amitabha Ghosh, Director of the Company, retires by rotation at the ensuing Annual General Meeting. Due to personal reasons, Mr. Ghosh, has not offered himself for re-appointment. The Board of Directors places on record its appreciation for the valuable contribution made by Mr. Ghosh during his tenure as Director of the Company. The Board proposes that the vacancy caused by his retirement shall not be filled up at the ensuing Annual General Meeting.

None of the Directors may be deemed to be concerned or interested in the proposed resolution. The Board of Directors recommends the resolution for approval of the members.

By Order of the Board

Sd/-
Rajesh Relan
Company Secretary

Place : Gurgaon
Date : 13th February 2012

Directors' Report

TO THE MEMBERS,

The Directors of your Company are pleased to present the 53rd Annual Report together with the audited accounts of the Company for the financial year ended 31st December 2011.

ECONOMIC SCENARIO

India's GDP growth has been slowing down over the period due to various external and internal factors, including the adverse impact of crude oil prices, continuing inflationary pressures, high interest rates and a perception of slow down in economic decision making among investors leading to a decline in investment flows. An uncertain external environment, the sharp depreciation of the Rupee against the US Dollar in the last quarter and the decline in various indices of economic performance have also been cause of concern for policy makers and industry. The estimates for GDP growth have consequently been lowered to around 7% for the fiscal 2011-12.

REVIEW OF OPERATIONS

Production and Sales figures of the Company in quantitative terms are as under:

	Financial year ended 31st December 2011	Financial year ended 31st December 2010
Production (in tonnes)		
-Clinker	**1,450,303**	13,36,805
-Cement	**2,853,682**	26,45,725
-GGBS	**21,550**	15,993
Sales (in tonnes)		
-Clinker	**68,964**	81,449
-Cement	**2,812,017**	26,09,254
-GGBS	**20,679**	17,151

Your Company sold 2.81 million tonnes of cement in 2011 which is the highest ever cement sales in the history of the Company.

The brand of your Company "Mycem" continued its journey northward garnering higher premiums and better market positioning. Sustained good quality of cement assisted the brand in improving customer acceptance. Technical services to consumers facilitated in improving the overall product satisfaction. A recent study by Nielsen to gauge customer satisfaction for "Mycem" confirms the above. Brand visibility helped us to attract new channel partners and retain the existing ones. With the focus on the upcoming expansion, our team successfully added over 250 dealers and about 1500 retailers. The Company also conducted number of training programs for dealers and a mega event for C&F Agents and Platinum Dealers.

During the year sharp rise in input costs without any significant increase in realizations impacted margins. During February 2011, linkage coal prices increased in the range of 30% to 150% for various grades. Besides the price of coal, its shortage also troubled the industry. Strike at Singareni Collieries Company Limited, excessive monsoon in Eastern and Central India and the labour strike at Coal India and its subsidiaries severely impacted the coal production. During the year power tariff was also increased as a result of increase in coal prices.

Shortage of coal affected power generation adversely, thereby reducing the fly ash availability. Some power plants were forced to use low ash imported coal which further decreased the availability of fly ash. Shortage of fly ash necessitated incorporation of more clinker for manufacturing Portland Pozzolana Cement (PPC) at Imlai unit thereby eroding margins. Bottlenecks at port near Raigad lead to shortage of clinker at Raigad unit.

Poor quality and unavailability of gypsum locally, forced your Company to import gypsum. The weakening of Rupee increased the cost of imported Gypsum by about 10%. Significant cost increases were also witnessed in petcoke, slag and bags. Freight cost for transportation by road increased due to increase in diesel price. Railway freight for Cement and Coal was also increased during the year. Imposition of excise duty on fly ash & coal, enhancement of excise duty on cement and HSD price hike further aggravated the position. In the wake of all round cost pressures the Company continued its relentless drive to improve the consumption parameters, wherever possible.

FINANCIAL HIGHLIGHTS

The Company achieved gross sales of Rs.112662.56 lacs during the financial year ended 31st December 2011, against Rs. 98537.07 lacs during the financial year ended 31st December 2010. The net profit of the Company during the financial year ended 31st December 2011 was Rs.2917.25 lacs as compared to the net profit of Rs. 6,329.95 lacs during the financial year ended 31st December 2010.

The snapshot of your Company's performance for the financial year ended 31st December 2011 vis-à-vis its performance in the previous year ended 31st December, 2010 is as under:-

(Rs. in lacs)

		Financial year ended 31st December 2011		Financial year ended 31st December 2010
Earnings before Interest, Depreciation and Taxes (EBIDTA)		**7,759.97**		12,900.82
Less :				
- Finance Charges	**(383.75)**		(421.31)	
- Depreciation / Amortization	**(3,139.88)**		(2,884.88)	
		(3523.63)		(3,306.19)
Earnings before taxes (EBT)		**4,236.34**		9,594.63
Less:				
- Deferred Tax Credit	**(296.81)**		(1,365.12)	
- Provision for Income Tax	**(1,022.28)**		(1,899.56)	
		1,319.09		(3264.68)
Net Profit		**2,917.25**		6,329.95
Less: Dividend on 9% Cumulative Redeemable Preference Shares (including Corporate Dividend Tax of Rs. 7.24 lacs).		**-**		(50.83)
Add: Balance b/f from the previous year		**9707.53**		4,777.75
Less: Amount Transferred to Capital Redemption Reserve		**-**		(1,349.34)
Profit / (Loss) carried to Balance Sheet		**12,624.78**		9,707.53

CAPACITY EXPANSION

The work on the expansion projects at Damoh & Jhansi units to enhance the aggregate installed capacity of the Company from 3.07 MTPA to 6 MTPA is at an advanced stage and it expected that the commercial production will commence in the first half of the year 2012. In view of the same the Company has already started seeding the markets of Bihar and has plans to commence deliveries in Uttrakhand, Delhi and Haryana also. Your Company will further increase its dealers and retailers network and open new sales offices in 2012.

DIVIDEND

In view of the requirement of funds for the expansion projects at Damoh and Jhansi units, your Directors have decided not to recommend any Dividend on the equity shares for the financial year ended 31st December 2011.

RE-APPOINTMENT OF DIRECTORS

Mr. P.G. Mankad, Mr. Amitabha Ghosh and Dr. Albert Scheuer, Directors of the Company retire by rotation at the ensuing Annual General Meeting (AGM) of the Company. While Mr. Mankad and Dr. Scheuer are eligible and have offered themselves for re-election at the forthcoming AGM, Mr. Ghosh due to personal reasons has not offered himself for re-election.

The Company has been privileged in having on its Board of Directors a person of Mr. Ghosh's eminence, and he has also contributed significantly as the Chairman of the Audit Committee. The Board places on record its appreciation of his contributions during his tenure.

The Board proposes that the vacancy caused by the retirement of Mr. Amitabha Ghosh shall not be filled up at the ensuing Annual General Meeting in terms of Section 256 of the Companies Act, 1956.

The Board recommends the re-appointment of Mr. P.G. Mankad and Dr. Albert Scheuer at the ensuing AGM.

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 financial year ended 31st December 2011 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, 2011 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 financial year ended 31st December, 2011 are prepared on a going concern basis.

AUDITORS

The Statutory Auditors, M/s. S.R. Batliboi & Co., Chartered Accountants, who were appointed at the last Annual General Meeting held on 10th June 2011, hold office up to the conclusion of the ensuing AGM and are eligible for re-appointment. 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. The Auditors' observations in their Report and the relevant notes to the accounts are self-explanatory.

COST AUDIT

Pursuant to the directives of the Ministry of Corporate Affairs, your Company has appointed Mr. A. Nagaraja, Cost Accountant as Cost Auditors of the Company under Section 233B of the Companies Act, 1956 for the year 2011. Cost Audit Report for the year 2010 was filed with Ministry of Corporate Affairs on 28th June 2011.

The Cost Audit Report for the year 2011 will be submitted to the Ministry within six months of the close of the financial year i.e., on or before 30th June 2012.

CORPORATE GOVERNANCE REPORT

In terms of Clause 49 of the Listing Agreement with the Stock Exchanges a report on Corporate Governance is included in the Annual Report. A Certificate from a Practising Company Secretary on compliance of conditions of Corporate Governance is also annexed to the Corporate Governance Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

HUMAN RESOURCES

During the year, Industrial Relations remained harmonious and employees at all levels demonstrated a high degree of commitment towards achieving the Company's goals. Long term wage settlement has been signed for all plants for a period of four years.

The Company has focused on various measures to attract and retain talent, including the creation of a satisfying working environment, encouraging worker participation in productivity and quality initiatives, providing opportunities for skill up gradation and career advancement, and recognizing and rewarding good performance.

Training, communication, structured induction process, discussion and feedback sessions and soft skill development remained some of the key areas of human resource development.

OCCUPATIONAL HEALTH & SAFETY

Health and safety remains an area of very high priority for the Company.

The Company's objective, in line with that of the HeidelbergCement Group, is to achieve the lowest possible injury frequency rate across all its units, at construction as well as at operational stages. It has put in place appropriate systems for this, including guidelines on project safety in construction, regular monitoring, and efforts at improvement on the basis of experience and detailed analysis of the root causes of unsafe conditions or practices. Continuing training and constant attention to safety are integral parts of the strategy.

No fatalities happened during the year 2011.

Narsingarh Limestone Mine of the company received award for 3rd best for "Overall Safety Performance" during Metalliferrous Mines Safety Week celebrations in Jabalpur Region.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Corporate Social Responsibility is an integral part of the Company's ethos and policy, and it has been pursuing this on a sustained basis. The focus of the Company's CSR activities has been on three areas viz., healthcare, education and improvement of the surrounding areas where it has presence. During the year under review the Company organized various medical camps for the residents of the surrounding villages. Medical assistance was also provided through mobile dispensaries. Medicines are provided free of cost to the beneficiaries. Family welfare programs were also undertaken. Every Plant has a medical centre along with Ambulance to provide timely medical help and treatment.

The schools assisted by your Company 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 holistic development of the students.

In order to tackle the problem of shortage of water in the vicinity of some of the Company's plants the villagers were provided treated water from the plants, wherever applicable. The Company also made necessary arrangements for cleaning, deepening and renovating old wells and ponds in the surrounding areas. Some other development activities like construction of a road at Imlai village, a cremation centre at Narsingarh village and passenger facilities at local bus stand were also completed.

Emphasis was laid on creation of awareness amongst the villagers about the need to protect the environment. With this objective in mind cloth bags were distributed to the villagers so as to reduce the usage of plastic bags. Emphasis is also laid on plantation of trees. With the help of social clubs, the Company organized training programs for women and unemployed youth so that they can fruitfully engage themselves in some activity and improve their standard of living.

Camps were organized at the Company's plants to facilitate local people to obtain "Aadhar Cards" under the UID Project of Government. On the occasion of Akshya Trutiya a Samuhik Vivah Ceremony was organized at Damoh. Donations were given by Ammasandra unit for renovation of Kariyamma Temple and for organising Tumkur Zilla Uthsava and Kannada Sahiyatha Sammelana. CSR activities carried out by the Company have further strengthened the Company's relationship with the local people.

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'.

MD / CHIEF FINANCIAL OFFICER'S CERTIFICATION

Pursuant to Clause 49 of the Listing Agreement, 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 financial year ended 31st December 2011 is annexed as Annexure 'C'.

ACKNOWLEDGEMENTS

Your Directors take this opportunity to express their sincere gratitude for the cooperation and support received by the Company from various agencies of the Central and State Government(s). The Board also acknowledges the continued assistance and support of all stakeholders including Customers, Bankers, Distributors, Dealers, Suppliers and Contractors. The Directors are grateful for the confidence, faith and trust reposed by the shareholders.

For and on behalf of the Board

Sd/-

Place : Gurgaon
Date : 13th February 2012

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, 2011

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

Sl. No.	Name	Designation/ Nature of Duties	Total Remuneration (Rs.)	Qualifications	Experience in years	Age in Years	Date of Commencement of Employment	Last Employment
1.	Mr. S K Tiwari	Whole Time- Director*	8,285,772	Graduation (AMIE)- Electrical & Electonics Communication Engineering.	33	56	16.04.2007	Lafarge India Pvt. Ltd.
2.	Mr. Jamshed N. Cooper	Director - Sales & Marketing	10,931,178	B.Sc, MBA	34	55	14.12.2006	ACC Ltd.
3.	Mr. Anil Sharma	Chief Financial Officer	7,486,173	B.Com, ACA, ACS	17	39	18.03.2002	Bhaskar Tea & Industries Ltd.
4.	Ms. Poonam Sharma	Director- Human Resources	6,543,708	B.Sc, MBA	23	47	01.06.2010	Carrier Airconditioning and Refrigeration Ltd.

* Mr. S.K. Tiwari was appointed as Wholetime Director of the Company w.e.f. 29-04-2011. Prior to that he was Technical Head of the Company. The remuneration given above is for the entire financial year i.e, from 1st January 2011 to 31st December 2011.

Employed for part of the year 2011 and were in receipt of remuneration at the rate of not less than Rs. 5,00,000/- per month in terms of Section 217 (2A) (ii)

Sl. No.	Name	Designation/ Nature of Duties	Total Remuneration (Rs.)	Qualifications	Experience in years	Age in Years	Date of Commencement of Employment	Last Employment
1.	Late Shri Raj Singh Shekhawat^	Vice President- Legal	5,655,506*	B.A., LL.B.	24	49	27.08.1994	Modern Suitings (A Unit of Modern Syntex (I) Ltd.)

^ Expired on 03.09.2011 * 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 2011:

1. Replacement of conventional separator with dynamic separators in coal mill line – 2 of Narsingarh plant.
2. Installation of kiln inlet seal in line – I at Narsingarh plant.
3. Installation of new blower & VF drive in kiln burner at Ammasandra plant.

b) Additional Proposals for the year 2012:

1. Replacement of cement silo feeding air lifts with Belt bucket elevators in Cement mill – I & II at Imlai Grinding unit.
2. Replacement of conventional separator with dynamic separators in coal mill line – 1 of Narsingarh plant.
3. Installation of 500 KVA emergency DG set at Ammasandra plant.
4. Installation of VF drives in cooler fans 1 & 5 at Ammasandra Plant.
5. Installation of VF drive in cooler fan 6 of kiln line – 2 at Ammasandra 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.

Form A

I POWER AND FUEL CONSUMPTION

	Units		Total Amount		Avg. Rate/unit	
	Current Year ended 31.12.2011	Previous Year ended 31.12.2010	**Current Year ended 31.12.2011**	Previous Year ended 31.12.2010	**Current Year ended 31.12.2011**	Previous Year ended 31.12.2010
	(Lac Units)		(Lac Rs)		Rs. /Unit	
1 Electricity						
a. Purchased	**1921.97**	1817.06	**10161.50**	8855.43	**5.29**	4.87
b. Own generation						
i. Through Diesel Generators	**25.16**	11.87	-	-	**14.41**	15.84
Units per Litre of diesel/furnace oil	**3.18**	2.88	-	-	-	-
ii. Through Steam Turbine/Generator	**402.70**	363.26	-	-	5.56	4.32
Units per Kg. of coal	**0.77**	0.89	-	-	-	-
	(Million K. Cal)				(Rs./Million K. Cal)	
2 Coal						
In process (Cement)	**1158230**	1084319	**12558.57**	8532.97	**1084.29**	786.94
In Thermal Power Plant	**204738**	188933	**2202.09**	1386.51	**1075.57**	733.86
	(K. Ltrs)				(Rs./Ltr)	
3 Furnace Oil						
In Generators	**629**	244	**221.37**	71.03	**35.19**	29.13
In Kilns	-	-	-	-	-	-
4 Diesel						
In Generators	**244**	218	**103.30**	82.23	**42.33**	37.67
In Kilns	**60**	31	**25.59**	11.91	**42.57**	39.06
5 Light Diesel	**208**	724	**99.52**	311.62	**47.89**	43.02
	(Cubic Mtrs)					
6 Blast Furance gas	**251**	238	**528.84**	202.31	**2.11**	0.85

II CONSUMPTION PER UNIT OF PRODUCTION

		Standard (if any)	Current Year	Previous Year
Product - Cement				
Electricity	Units/t of Cement	-	**82**	84
Diesel Oil	Ltr/t of clinker	-	**0.04**	0.02
Coal	%/t of clinker	-	**16.13**	16.27
Light Diesel oil	ltr/mt			
- GGBS			**0.40**	1.95
- PSC			**0.37**	1.38
Blast Furance gas	Nm3/t			
- GGBS			**83.18**	88.30
- PSC			**42.98**	44.69

Form B

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts in brief made towards technology absorption, adaptation and Innovation:-
   (a) Automation of Narsingarh line I to have better operational control.
   (b) Conversion of Coal mill – 1 Electrostatic precipitator (ESP) onto Pulse jet bag filter (PJBF)
   (c) Installation of Electronic ear (Folafone) in Cement mill – 3 at Ammasandra plant.
2. Benefits derived as a result of above efforts:-
   (a) Because of automation operational efficiency has improved.
   (b) The stack emission level has further reduced.
   (c) Optimization in Mill filling level has improved product quality and also reduced the power consumption.
3. Information regarding Technology imported during last 5 years:-

   NIL

C. FOREIGN EXCHANGE EARININGS & OUTGO

Total foreign exchange used and earned:

	Current Year ended 31.12.2011	Previous Year ended 31.12.2010
Foreign exchange used	Lac Rs.	Lac Rs.
- Imports	7,449.80	3,238.41
- Expenditure	2,861.83	1,564.19
Total	10,311.63	4,802.60
Foreign exchange earning		
FOB value of Exports realised in Rupees	Nil	

ANNEXURE – C TO THE DIRECTORS' REPORT

The Board of Directors
HeidelbergCement India Limited

Dear Sirs,

Sub. : CEO & 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 2011 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;

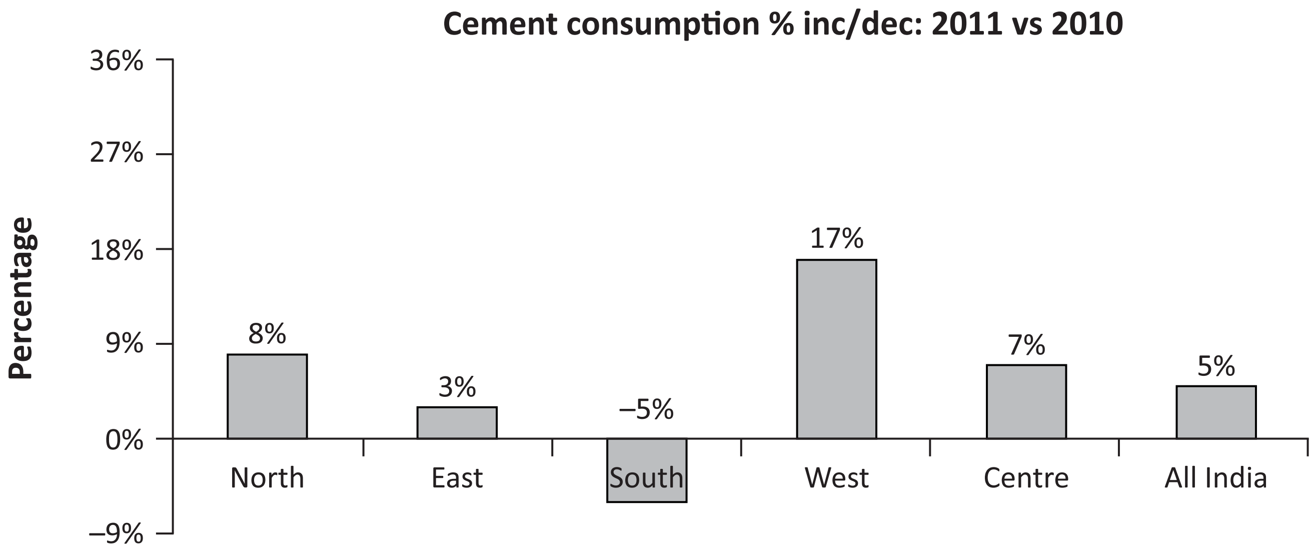
(ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

(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 Kumar Sharma
Date : 13th February 2012	*CEO & Managing Director*	*Chief Financial Officer*

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure and Developments



Source: CMA

- During CY 2011 approx. 20 Million t of cement capacity was added by the industry taking the overall installed cement capacity to approx. 296 Million t as on 31st December 2011.
- Capacity utilization during CY 2011 averaged at 73% against 76% for CY 2010.

(Source: CMA/Industry Estimates)

Opportunities and Threats

Part 1: Opportunities

- The Government of India has projected increase in infrastructure investment to USD one trillion for 12th five year plan as against USD 514 billion projected during 11th five year plan (2007 to 2012). (Source : DIPP, December 2011).
- Amount unspent by Government on infrastructure projects in the 11th five year plan will spill over to 12th five year plan (2012 to 2017). It is thus expected that the Government will award new projects which will boost overall economic activity.
- RBI has hiked the key rates – Repo and Reverse Repo thirteen times since March 2010 to combat inflation. It is amply clear from the various GDP forecasts for 2011-12 and the monthly IIP data that high interest rates have affected growth. The interest rates are expected to reduce in CY 2012 owing to abatement of inflationary pressure which will:-
  - Boost the housing sector.
  - Increase the private sector investments on infrastructure and capital formation.
  - Improve the overall consumption.
- The demand for cement from rural India is likely to be robust in view of the Government stimulus for enhancing rural income levels e.g., NREGA as well as various other schemes being implemented like Pradhan Mantri Gram Sadak Yojna, Indira Awas Yojna, and Bharat Nirman.
- The work on the expansion projects at Damoh and Jhansi units is at an advanced stage and it is expected that the commercial production will commence in the first half of CY12. Post expansion, the total cement capacity of the Company would double to 6 Million Tonnes per annum. This will bring economies of scale.
- In view of the expansion project the Company has already started seeding the markets of Bihar and chalked out strategy to sell in the markets of Uttrakhand, Delhi and Haryana.

- Until now the Company is only manufacturing PPC. After the commencement of the commercial production from the expansion project the Company will also manufacture OPC to cater to the growing infrastructure demand.

Part 2: Threats

- Although the interest rate cycle has peaked out but RBI has signaled that interest rates may not go down if inflation remains at elevated levels. Thus in case the inflation and interest rates do not come within acceptable limits, it will impact economic activities.
- There has been significant capacity addition during the last three years. Cement demand has not been able to keep pace with the additional supply in the market. The resulting demand supply mismatch in certain regions may continue to affect the cement prices and realisations for a few more quarters.
- It is considered that the cement demand usually grows at 1.2 times the GDP growth rate but the same didn't materialise during the last two years. In case the GDP growth rate further declines; the cement demand may be adversely impacted.
- Coal India Limited (CIL) which earlier used to revise coal prices once in every two years, has now done two revisions within a span of one year. CIL has w.e.f. 1st January 2012 switched to gross calorific value (GCV) based coal pricing to bring it in line with international methodology. However, under pressure, CIL has done a partial roll back. Coal prices are likely to remain high due to which the cost of production will be high, thereby impacting the margins. Due to non-sanctioning of linkage coal for the increased capacity, the Company will be compelled to import coal. The weakening of Rupee would have adverse impact on the total fuel bill.
- Increase in coal prices are likely to have a cascading effect on the cost of power, clinker and other processed input materials which are expected to rise adding to the cost pressures.
- Upward trend in input costs is not showing signs of abatement. Increase in price of petroleum products will further increase inward and outward freight cost.
- Shortage of domestic coal may force power companies to import coal (low ash content) thereby reducing the fly ash output. Shortage of fly ash necessitates higher clinker incorporation for manufacturing cement, which impacts margins.
- The quality of domestic natural gypsum has deteriorated forcing many cement producers to use imported gypsum. The weakening of Rupee may increase the cost of imported gypsum.
- Restrictions on iron ore mining especially in the southern region may impact availability of slag.
- Changes in the regulatory environment e.g., proposed Mines and Minerals (Development and Regulation) Bill, if enacted, will further add to the cost pressures as royalty burden will increase.
- Cement industry significantly depends upon Railways for movement of raw materials and finished goods. Restricted availability of wagons may retard inward and outward movement. Railways has also increased freight in the past which may recur during CY12.
- Despite sharp increase in input costs, companies may not be able to pass on the increase to the consumers because of increased availability and low demand of cement.
- The Company has raised debt to fund the expansion projects at Damoh and Jhansi units. High interest cost may affect the profitability.

Outlook

- We expect cement demand to grow by 7.5% to 8.5% during CY 2012 considering the following factors :
  - It is anticipated that interest rates and inflation would soften and revive the demand for home loans by individual house builders' segment.
  - Increase in industrial production and economic activities leading to GDP growth of 7% to 8% .
  - To revive the declining GDP growth, Government is likely to speed up economic reforms and investments in infrastructure sector.
  - Focus on rural housing and development.
- Approx.10-15 Million t of capacity is expected to be added during CY12. (Source: Industry estimates)
- Capacity utilisation in Southern India is likely to remain low due to high capacity additions.
- Given the current profitability and return ratios for the 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.

Company's Operational and Financial Performance

- During the year ended 31st December 2011 the Company achieved highest ever cement sales of 2.81 Million tonnes in its history against 2.61 Million tonnes during the previous year ended 31st December 2010.
- The Company achieved gross sales of Rs. 112662.56 lacs during the year ended 31st December 2011 against Rs. 98537.07 lacs during the year ended 31st December 2010. Increase in revenue during CY11 is primarily on account of increase in realisations / volumes over CY 2010.
- The net profit of the Company during the year ended 31st December 2011 was Rs. 2917.25 lacs as compared to the net profit of Rs. 6,329.95 lacs during the year ended 31st December 2010. Decrease in profit is mainly on account of significant increase in manufacturing and operating expenses as discussed in the Directors' Report.

Product Performance

- In Central India, our brand "*mycem*" has achieved excellent customer acceptability. A recent study carried out by Nielsen to gauge customer satisfaction, bears testimony to our product performance and marketing endeavors.
- The Company continues to be committed to its customers and every endeavor is made to create and maintain unmatched customer satisfaction by delivering quality product at competitive price.
- "*mycem*" is steadily gaining ground in Southern markets as a premium brand.
- All efforts are being made to position "*mycem*" as a premium brand in Western India markets of Mumbai and Pune.

Environment

- The Company recognises the impact of its operations on both local and global environment. The Company seeks to contribute to sustainable development by incorporating environmental considerations at every stage in business decision making.
- Dust suppression systems have been installed in limestone crusher and belt conveyor at Narsingarh plant.
- Conversion of Coal Mill – 1 ESP into bag house has been done at Narsingarh plant for effective control of Air pollution.
- The Company is planning to install Continuous Stack Monitoring System and Continuous Ambient Air Quality Monitoring Station at all the plants so that the emission data is monitored and directly updated at the websites of pollution control boards.
- Narsingarh and Imlai plants are directly connected to the website of MP Pollution Control Board for grant of consent and authorisations under Air and Water Pollution Control Acts.
- Trainings on environmental legislations have been conducted at the Company's plants.

Risks and Concerns

- Top management 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 coal price, over capacity in cement industry, shortage of railway wagons, devaluation of Rupee and high interest rates. Sufficient resources have been deployed in terms of experienced professionals, technology and processes to monitor, evaluate and manage the key risks. Suitable action plan is drawn up and monitored to mitigate the identified risks.
- While systematic risk identification and mitigation framework is in place, 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.

Internal Control Systems

- The internal control system of the Company is well structured and is commensurate with the size, scale and nature of 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. S.S. Kothari Mehta & Co., Chartered Accountants as its internal auditors, who 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 that responsibilities are being discharged effectively. Their Reports are reviewed by the Management and also by the Audit Committee.

- Internal Audit team of HeidelbergCement Group also reviews the internal control systems and Management takes necessary actions on their process improvement recommendations. Wherever necessary, revised operating procedures and tighter internal and information technology controls are implemented.
- In addition, the Company reports at the end of each quarter the critical issues that are required to be reported pursuant to the Risk Management Guidelines of HeidelbergCement Group.

Human Resources

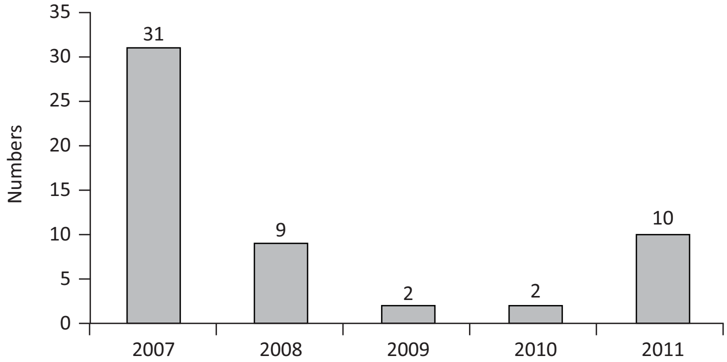
The Company recorded 1689 officers and workmen on its roll as on 31st December 2011. As a step in the direction of making HCIL an employer of choice, following initiatives were focused upon:-

- **Talent Engagement & Retention :**
  - Reward and Recognition - Star Employee of the month/quarter/ year scheme
  - Career and Succession Planning - Identification of high potential under Hi-pot scheme, identifying successor for critical role and grooming up of successor.
  - Market aligned compensation
  - Structured performance management system with bi-annual review process.
  - Communication - Employee communication meeting and open house forums
  - Induction, Structured monthly induction process to align the new joinees with the organisation's culture and processes.
- **Training & Development:**
  - Workmen Training
  - Dealers' Training
  - Top Management Training
  - Soft skill training for all levels of employees
  - Team bonding training
  - Training on performance management system
  - Technical / Functional training

Occupational Health & Safety

- Safety is our top priority. We forego operational benefits and adherence to time schedule if there is any cause of concern relating to safety.
- Standard Operating Procedures, containing step by step procedures for safe working have been developed for all major activities.
- Training modules developed for different programs and training is being imparted at all locations based on theme of the month. Major trainings imparted include working at height, work permits, belt conveyor safety, driving and vehicle safety, risk assessment, good housekeeping, fire fighting, behavioral safety etc.
- Guidelines on "Project Safety in construction" developed covering all types of hazards and made part of contract.
- Group Safety week was celebrated at all plants and project sites during 17th to 22nd October 2011. During the week practical safety demonstrations and special safety trainings were conducted. Quizzes, Poster, Speech and Slogan competitions were also organised to embed strong safety culture amongst the employees and their families.
- All Head of Departments take safety rounds for an hour in a day to ensure proper implementation of all safety control measures.
- All Safety officers' meet was conducted at Narsingarh during September 2011 to facilitate sharing of experiences and good safety practices being observed at the plants.
- Narsingarh Limestone Mine was awarded 3rd best in overall safety performance in the region.
- Implementation of Lock Out Tag Out (Electrical Isolation system) at Narsingarh, Imlai and Jhansi units. Locking of electrical panel with padlock by the maintenance personnel before starting the job in order to prevent unintended release of electrical power.
- On Going activities:
  - Implementation of Group Safety guidelines
  - Safety Inspections and ensuring corrective actions
  - Daily Safety Meetings
  - Safety Person of the month

Lost Time Injuries



- **“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 and Projects.
- There was a major accident in November 2011 at the project site where seven contract workers got injured due to a technical error of a crane boom. All the injured are back in action.

Corporate Social Responsibility

- The Company is continuously pursuing Corporate Social Responsibilities with focus on Education, Healthcare and improvement of the surroundings.
- Company’s schools provide education of high standard to the children from surrounding rural areas.
- Medical centers at the plants as well as mobile medical vans provide treatment to the villagers. In addition, medical camps are also organised from time to time which have been highly appreciated by the people. Family welfare programs were also undertaken.
- Development activities like construction of a road at Imlai village, cremation centre at Narsingarh village and passenger facilities at local bus stand were also completed.
- In order to tackle the problem of water scarcity, treated water is provided to the villagers of surrounding areas from the Company’s plants, wherever applicable. The Company has also made necessary arrangements for cleaning, deepening and renovating old wells and ponds.
- Awareness was also created amongst the villagers about the need to protect the environment. Emphasis is also laid on plantation of trees. Cloth bags were distributed in order to substitute the plastic bags.
- With the help of social clubs, the Company has initiated various training programs for women and unemployed youth to improve their standard of living.

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 the 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

Your Company believes that sound ethical practices, transparency in operations and timely disclosures go a long way in enhancing long-term shareholder 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 shareholder 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 2011, are as follows :-

BOARD OF DIRECTORS

Composition of the Board

As on 31st December 2011, the Company's Board comprised of Ten Directors viz., eight Non-Executive Directors (out of which four 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 2011, the Board of Directors met four times on 11th February 2011, 29th April 2011, 25th July 2011 and 14th October 2011. The maximum time gap between any two consecutive board meetings was less than four months.

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 1.1.2011 to 31.12.2011	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	Sitting Fees paid during the period 1.1.2011 to 31.12.2011 (Rs.)
					Chairman	Member		
1.	Mr. P.G. Mankad, Chairman	Independent	4	10	1	5	-	80,000
2.	Dr. Bernd Scheifele	Non-Executive	-	-	-	-	-	NA
3.	Dr. Lorenz Naeger	Non-Executive	-	-	-	-	-	NA
4.	Mr. Amitabha Ghosh	Independent	4	13	4	4	-	80,000
5.	Mr. S. Krishna Kumar	Independent	4	-	-	-	-	80,000
6.	Dr. Albert Scheuer	Non-Executive	4	1	-	1	-	NA
7.	Mr. Pradeep V. Bhide ^	Independent	3	4	1	1	-	60,000
8.	Mr. Daniel Robert Fritz ^	Non-Executive	3	-	-	-	-	NA
9.	Mr. Ashish Guha	CEO & Managing Director	4	3	1	1	-	NA
10.	Mr. Sushil Kumar Tiwari #	Wholetime Director	3	1	-	-	-	NA

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.

^ Mr. Pradeep V. Bhide and Mr. Daniel Robert Fritz were appointed as additional directors by the Board w.e.f 29th April 2011. They have also been appointed as directors by the shareholders at the AGM held on 10th June 2011.

Mr. Sushil Kumar Tiwari was appointed as Wholetime Director w.e.f. 29th April 2011.

* 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.

The Non-Executive Directors are paid sitting fees of Rs. 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.

The details of the Remuneration paid to Mr. Sushil Kumar Tiwari, Wholetime Director, for the period from 29th April 2011 to 31st December 2011 are given below :-

(Rs.)

Salary	Perquisites & Allowances	Contribution to PF	Contribution to Superannuation Fund	Total
25,14,122	16,48,265	3,01,695	3,77,118	48,41,200

In addition to the above remuneration, Mr. S.K. Tiwari is also entitled to receive remuneration by way of performance linked incentive. The amount of performance incentive is Rs. 21,46,200 on 100% achievement of the Company's and individuals targets. Performance incentive can vary between 0% to 200% based on the individual and Company's performance. Performance incentive for the year 2011 will be paid in March 2012 after evaluation of the performance of Wholetime Director against the set targets. The notice period in case of Wholetime Director is three 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 2011, comprised of four members namely Mr. Amitabha Ghosh (Chairman of the Committee), Mr. P.G. Mankad, Mr. S. Krishna Kumar and Mr. Ashish Guha. During the period 1st January 2011 to 31st December 2011, the Audit Committee met four times on 11th February 2011, 29th April 2011, 25th July 2011 and 14th October, 2011. 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 and the sitting the fees paid for attending the meetings of the Audit Committee are given below :

S.No.	Name of the Member	No. of Meetings Attended	Sitting Fees paid (Rs.)
1	Mr. Amitabha Ghosh	4	80,000
2	Mr. P.G. Mankad	4	80,000
3	Mr. S. Krishna Kumar	4	80,000
4	Mr. Ashish Guha	4	Nil

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. Amitabha Ghosh, Chairman of the Audit Committee, possesses accounting and financial management expertise and all members of the Committee have accounting and financial knowledge.

Share Transfer and Shareholders' / Investors' Grievance Committee

The Share Transfer and Shareholders' / Investors' Grievance Committee of the Company as on 31st December 2011 comprised of three members namely Mr. P.G. Mankad (Chairman of the Committee), Mr. Amitabha Ghosh and Mr. Ashish Guha. During the year, the Committee met 16 times to approve the share transfer requests and other related matters. The details of attendance of the members and the sitting fees paid for attending the meetings of the Share Transfer and Shareholders' / Investors' Grievance Committee are given below:

S.No.	Name of the Member	No. of Meetings Attended	Sitting Fees paid (Rs.)
1	Mr. P.G. Mankad	14	2,80,000
2	Mr. Amitabha Ghosh	5	1,00,000
3	Mr. Ashish Guha	16	Nil

Mr. Rajesh Relan, Company Secretary is the Compliance Officer of the Company. During the year one complaint was received from a shareholder which was resolved satisfactorily. As on 31st December 2011 there are no pending investor complaints.

Remuneration Committee

The Company does not have any Remuneration Committee.

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 Finance and Risk Management Committee as on 31st December 2011 comprised of four members namely, Mr. Amitabha Ghosh (Chairman of the Committee), Mr. P.G. Mankad, Mr. S. Krishna Kumar and Mr. Ashish Guha. 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 no presentation was made to the Institutional Investors or Analysts.

GENERAL SHAREHOLDERS INFORAMTION:

Re-appointment of Directors

Mr. P.G. Mankad, Mr. Amitabha Ghosh and Dr. Albert Scheuer, Directors of the Company retire by rotation at the ensuing Annual General Meeting (AGM) of the Company. While Mr. Mankad and Dr. Scheuer are eligible and have offered themselves for re-election at the forthcoming AGM, Mr. Ghosh due to personal reasons has not offered himself for re-election.

The Board in its Report has placed on record its appreciation for the valuable guidance and support provided by Mr. Ghosh during his tenure. The Board has proposed that the vacancy caused by the retirement of Mr. Amitabha Ghosh shall not be filled up at the ensuing Annual General Meeting in terms of Section 256 of the Companies Act, 1956.

The Board recommends the re-appointment of Mr. P.G. Mankad and Dr. Albert Scheuer at the ensuing AGM.

The brief particulars of the aforesaid Directors are given in the Notice of AGM.

General Meetings of Shareholders

The details of the General Meetings of the shareholders of the Company viz., Annual General Meeting (AGM) and Extra-ordinary General Meeting (EGM) held during the last 3 years are given below:

(a) Annual General Meetings :-

Financial Year ended	Date & Time	Venue
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.
31.12.2008	29.05.2009, 9.00 A.M.	HeidelbergCement Employees Staff Club Auditorium, P.O. Ammasandra, District Tumkur, Karnataka – 572 211.

Mr. Amitabha Ghosh, 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 10th June 2011.

(b) Other meetings of shareholders :-

Particulars	Date & Time	Venue
EGM	19-03-2009, 9.00 A.M.	Mysore Cements Employees Staff Club Auditorium, P.O. Ammasandra, District Tumkur, Karnataka – 572 211.

No Special Resolution was passed at any of the last three AGMs. However, at the EGM held on 19th March 2009 the shareholders had passed a Special Resolution for increase of the Authorised Share Capital by Rs. 9 crores i.e, from Rs. 271 crores to Rs. 280 crores.

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	:	25th April 2012
Day	:	Wednesday
Time	:	9.30 A.M.
Venue	:	Epicentre, Apparel House, Sector 44, Institutional Area, Gurgaon, Haryana

Financial Calendar for 2012

The Company follows the calendar year for the preparation of its accounts. Proposed Board Meetings for taking on record quarterly financial results for the accounting year 2012 are as under:

Approval of the financial results for the quarter ending 31st March 2012, 30th June 2012 and 30th September 2012.		Within 45 days from the end of the respective quarter.
Audited annual financial results for financial year ending 31st December 2012.		Within 60 days from the end of the year.
AGM for the financial year ending 31st December 2012.	:	April to June 2013.

Book Closure: 17th April 2012 to 25th April 2012 (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

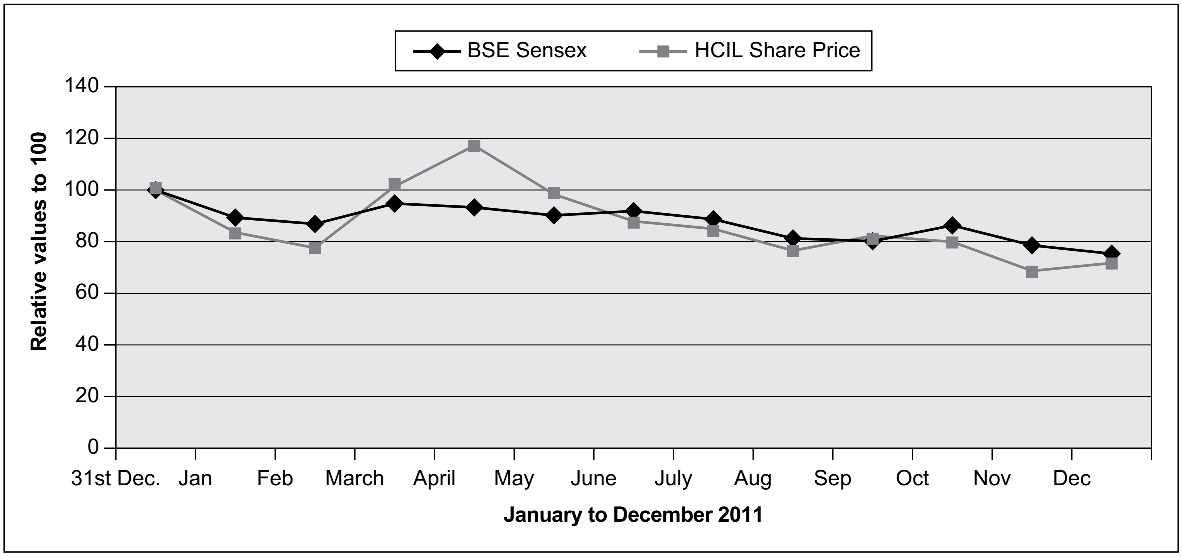
There are no arrears of listing fees to be paid to the Stock Exchanges.

Share Price Data

Share Price of HeidelbergCement India Ltd. at BSE & NSE during the financial year ended 31st December 2011.

	BSE		NSE	
Month	**High (Rs.)**	**Low (Rs.)**	**High (Rs.)**	**Low (Rs.)**
January	45.70	35.45	45.50	35.25
February	40.80	33.05	41.00	33.00
March	44.35	32.25	44.60	32.00
April	54.00	42.65	54.70	43.00
May	50.15	41.05	50.85	41.00
June	43.70	36.65	43.30	36.00
July	40.40	35.65	39.75	35.30
August	37.00	31.25	39.50	30.10
September	40.15	32.90	39.90	32.90
October	37.20	33.20	36.75	33.15
November	35.35	28.60	35.40	28.25
December	30.65	25.05	30.60	24.65

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



Shareholding Pattern as on 31st December 2011

Category	No. of Equity Shares	% of Equity share holding
Promoters	15,53,40,196	68.55
Mutual Funds & UTI	49,96,757	2.20
Financial Institutions & Banks	17,244	0.01
Central /State Government	3,28,440	0.14
Insurance Companies	36,08,864	1.59
FIIs	1,48,67,703	6.56
NRIs & OCBs	13,75,545	0.61
Bodies Corporate	1,23,20,530	5.44
Trusts	8,59,488	0.38
Resident Individuals	3,28,98,349	14.52
Total	**22,66,13,116**	**100.00**

Distribution Schedule of Equity Shares as on 31st December 2011

No. of equity shares of Rs. 10 each	No. of shareholders	% of shareholders	No. of shares held	% of shareholding
1-500	47614	83.03	8218560	3.63
501-1000	5142	8.97	4372163	1.93
1001-2000	2255	3.93	3591148	1.58
2001-3000	772	1.35	2030433	0.90
3001-4000	311	0.54	1139342	0.50
4001-5000	357	0.62	1717523	0.76
5001-10000	456	0.79	3518881	1.55
10001 and above	441	0.77	202025066	89.15
Total	**57348**	**100.00**	**226613116**	**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 2011, 98.82% 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. Integarted 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 duly transferred Share Certificates are normally returned to the shareholders within a period of 20 to 25 days from the date of lodgement.

Outstanding warrants and their implications on equity

As on 31st December 2011, 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
E-mail-Ids : vijayagopal@integratedindia.in
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 2011.

Sd/-
Ashish Guha
CEO & Managing Director

Place: Gurgaon
Date: 13th February 2012

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 2011, 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 one complaint was received from a shareholder which was resolved satisfactorily. As on 31st December 2011 there are no pending investor complaints.

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 : 13th February 2012

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

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., Bukhtarmipskaya 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 Cement Corp., Norcem AS, S.A. Cimenteries CBR, Tvornica Cementa Kakanj d.d., Civil and Marine Inc., HeidelbergCement 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, 2011 and also the Profit and Loss account and the Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
    i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
    ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
    iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
    iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
    v. On the basis of the written representations received from the directors, as on December 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on December 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
    vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
        a) in the case of the balance sheet, of the state of affairs of the Company as at December 31, 2011;
        b) in the case of the profit and loss account, of the profit for the year ended on that date; and
        c) in the case of cash flow statement, of the cash flows for the year ended on that date.

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

Sd/-

per Manoj Gupta
Partner
Membership No.: 83906

Place: Gurgaon
Date: February 13, 2012

Annexure referred to in paragraph 3 of our report of even 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, no major weakness has been noticed in the internal control system in respect of these areas. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the company.

(v) In our opinion, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, provision of clause 4(v) (b) of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.

(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 (Rs. in lacs)	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax Act and Various State Sales Tax Act	Sales Tax	623.89	1998-99 to 2004-05	Supreme Court
		7915.90	1994-95 to 2009-10	High Court
		413.79	1995-98 to 2002-03,2005-06 to 2009-10	Tribunal
		45.32	1989-90 to 1992-93 and 2000-02	Deputy Commissioner (Appeals)

Name of Statute	Nature of dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where dispute is pending
		63.30	1984-85	Deputy Commissioner
		0.11	2000-01	Additional Commissioner
		57.00	1999-00 to 2002-03	Joint Commissioner
		1.27	1997-98, 2002-03 and 2003-04	Assessing Officer, Sales Tax
		5.84	2004-05	Trade Tax Department
Income Tax Act	Income Tax	27.49	2007-08	Income Tax Tribunal
Central Excise Act	Excise Duty and Cenvat	79.69	2007-08	Supreme Court
		218.66	1995-96 to 2000-01	High Court
		380.20	1992-93, 1996-97 and 1999-2000 to 2003-04 and 2007-08	Central Excise and Service Tax Tribunal
		48.44	2005-06 and 2007-08	Commissioner of Central Excise (Appeal)
Finance Act 1994 (Amended - 2009)	Service Tax	14.02	2004-05 and 2009-10	Commissioner of Central Excise

(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 holder and financial institution.

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

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

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

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

(xvi) 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 Rs. 21,950 lacs of which Rs. 21,950 lacs 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 a 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 13, 2012

Balance Sheet

as at December 31, 2011

		Schedules		December 31, 2011 Rs. in Lacs	December 31, 2010 Rs. in Lacs
SOURCES OF FUNDS	**Shareholders' Funds**				
	Share Capital	A		**22,662.21**	22,662.21
	Reserves and Surplus	B		**58,896.20**	55,663.42
	Loan Funds				
	Unsecured Loans	C		**77,691.18**	-
	Deferred Tax Liabilities (net)	D		**3,308.83**	3,012.02
	Total			**162,558.42**	81,337.65
APPLICATION OF FUNDS	**Fixed Assets**	E			
	Gross Block			**98,987.02**	94,945.81
	Less: Accumulated Depreciation			**64,483.54**	62,213.70
	Net Block			**34,503.48**	32,732.11
	Capital Work-in-Progress including Capital Advances (Note 3 of Schedule S)			**110,829.46**	42,796.60
				145,332.94	75,528.71
	Intangible Assets	E			
	Net Block			**258.75**	312.75
	Capital Work-in-Progress			**-**	19.42
				258.75	332.17
	Current Assets, Loans and Advances				
	Inventories	F		**11,070.16**	7,115.42
	Sundry Debtors	G		**2,427.26**	2,428.27
	Cash and Bank Balances	H		**31,070.63**	21,948.78
	Other Current Assets	I		**65.26**	156.09
	Loans and Advances	J		**25,334.86**	14,662.95
			(I)	**69,968.17**	46,311.51
	Less: Current Liabilities and Provisions				
	Current Liabilities	K		**41,785.14**	29,998.90
	Provisions	L		**11,216.30**	10,835.84
			(II)	**53,001.44**	40,834.74
	Net Current Assets		**(I-II)**	**16,966.73**	5,476.77
	Total			**162,558.42**	81,337.65
	Notes to Accounts	S			

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

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

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 13, 2012

Sd/-
Anil Kumar Sharma
Chief Financial Officer

Sd/-
Rajesh Relan
Company Secretary

Sd/-
P.G. Mankad
Chairman

Sd/-
S.Krishna Kumar
Director

Sd/-
Ashish Guha
CEO & Managing Director

Sd/-
Pradeep V. Bhide
Director

Sd/-
Dr. Albert Scheuer
Director

Sd/-
Daniel R. Fritz
Director

Profit and Loss Account

for the Year ended December 31, 2011

		Schedules		December 31, 2011 Rs. in Lacs		December 31, 2010 Rs. in Lacs
INCOME	Gross Sales			**112,662.56**		98,537.07
	Less: Excise Duty			**(14,398.07)**		(11,983.21)
	Net Sales			**98,264.49**		86,553.86
	Other Income	M		**1,712.81**		3,008.30
	Total			**99,977.30**		89,562.16
EXPENDITURE						
	Raw Materials Consumed	N		**23,092.38**		21,037.85
	Decrease/ (Increase) in Inventories	O		**310.64**		102.21
	Personnel Expenses	P		**7,855.40**		6,467.20
	Operating and Other Expenses	Q		**60,958.91**		49,054.08
	Depreciation/amortization	E	**3,298.44**		3,110.89	
	Less: Transferred from Revaluation Reserve		**158.56**		226.01	
	Net Depreciation/amortization			**3,139.88**		2,884.88
	Financial Expenses	R		**383.75**		421.31
	Total			**95,740.96**		79,967.53
	Profit for the year before Tax			**4,236.34**		9,594.63
	Provision for Tax					
	Current tax		**(1,128.83)**		(1,899.56)	
	Less: MAT credit entitlement		**106.55**		-	
	Net Current Tax Liability			**(1,022.28)**		(1,899.56)
	Deferred Tax Charge			**(296.81)**		(1,365.12)
	Total Tax Expenses			**(1,319.09)**		(3,264.68)
	Net Profit for the year after tax			**2,917.25**		6,329.95
	Balance brought forward from previous year			**9,707.53**		4,777.75
	Profit available for appropriation			**12,624.78**		11,107.70
	Appropriations:					
	Interim Dividend on Preference Shares			-		(43.59)
	Tax on Interim Dividend on Preference Shares			-		(7.24)
	Transfer to Capital Redemption Reserve			-		(1,349.34)
	Profit carried to Balance Sheet			**12,624.78**		9,707.53
	Earnings Per Share (Refer Note No. 13 of Schedule S) Basic and Diluted [Nominal value of shares Rs. 10/- (Previous Year Rs. 10/-)]			**1.29**		2.77
	Notes to Accounts	S				

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

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

For 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/-
Dr. Albert Scheuer
Director

Place: Gurgaon
Date: February 13, 2012

Sd/-
Rajesh Relan
Company Secretary

Sd/-
S. Krishna Kumar
Director

Sd/-
Pradeep V. Bhide
Director

Sd/-
Daniel R. Fritz
Director

Schedule A: Share Capital

		December 31, 2011 Rs. in Lacs	December 31, 2010 Rs. in Lacs
Authorised			
230,000,000	(Previous year: 230,000,000) equity shares of Rs. 10/- each	**23,000.00**	23,000.00
5,000,000	(Previous year: 5,000,000) preference shares of Rs. 100/- each	**5,000.00**	5,000.00
		28,000.00	28,000.00
Issued			
226,631,309	(Previous year: 226,631,309) equity shares of Rs. 10/- each	**22,663.13**	22,663.13
Subscribed and Paid-Up			
226,613,116	(Previous year: 226,613,116) equity shares of Rs. 10/- each	**22,661.31**	22,661.31
18,193	Amount paid-up on 18,193 Shares Forfeited	**0.90**	0.90
		22,662.21	22,662.21

i. Of the above 155,340,196 (Previous Year: 155,340,196) equity shares of Rs. 10/- each are held by Cementrum I B.V, the holding company. The ultimate holding company is HeidelbergCement AG.

ii. Equity Shares include 1,422,235 (Previous Year: 1,422,235) shares of Rs. 10/- each allotted as fully paid-up Bonus Shares by capitalisation of General Reserve.

iii. Equity shares include 67,721,681 (Previous Year: 67,721,681) equity shares of Rs. 10/- each issued as fully paid up to the shareholders of erstwhile Indorama Cement Ltd. and 881,670 (Previous Year: 881,670) equity shares of Rs. 10/- each issued as fully paid to the shareholders of erstwhile HeidelbergCement India Pvt. Ltd. pursuant to the scheme of amalgamation for consideration other than cash.

Schedule B: Reserves and Surplus

		December 31, 2011		December 31, 2010
Capital Reserve				
As per Last Accounts		**5,496.92**		5,496.92
Capital Subsidy Reserve				
As per Last Accounts		**64.25**		64.25
Security Premium				
As per Last Accounts		**37,071.23**		37,071.23
Revaluation Reserve				
Opening Balance	**1,724.15**		1,950.16	
Less: Adjustment on account of depreciation on revalued amount of assets	**158.56**	**1,565.59**	226.01	1,724.15
Capital Redemption Reserve				
Opening Balance	**1,599.34**		250.00	
Additions during the year	**-**	**1,599.34**	1,349.34	1,599.34
Hedging Reserve Account (Refer Note no. 9 of Schedule S)		**474.09**		0.00
Profit and Loss Account		**12,624.78**		9,707.53
		58,896.20		55,663.42

Schedule C: Unsecured Loans

	December 31, 2011 Rs. in Lacs	December 31, 2010 Rs. in Lacs
Term loan from Banks (Secured by 100% unconditional and irrevocable Corporate Guarantee of HeidelbergCement AG, Germany, the ultimate holding company)	**30,000.00**	-
External Commercial Borrowings (ECB) from Cementrum I B. V., the holding company	**47,691.18**	-
	77691.18	-

Due within one year Rs. Nil (previous year Rs. Nil).

Schedule D: Deferred Tax Liability (net)

	December 31, 2011 Rs. in Lacs	December 31, 2010 Rs. in Lacs
Deferred Tax Liabilities		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	**4,314.94**	4,310.34
Effect of expenditure allowed for tax purposes in the current year/ earlier years but will be debited to profit and loss account in the following years	**934.15**	773.63
Gross Deferred Tax Liabilities	**5,249.09**	5,083.97
Deferred Tax Assets		
Effect of expenditure debited to profit and loss account in the current year but allowable for tax purposes in following years	**1,814.85**	1,934.74
Provision for doubtful debts and advances	**125.41**	137.21
Gross Deferred Tax Assets	**1,940.26**	2,071.95
Net Deferred Tax Liability	**3,308.83**	3,012.02

Schedule E. Fixed Assets

Rs. in Lacs

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.01.2011	Additions/ Adjustments	Sales/ Adjustments	**As at 31.12.2011**	At 01.01.2011	Sales/ Adjustments	For the Year *	**At 31.12.2011**	**As at 31.12.2011**	As at 31.12.2010
Tangible Assets- (A)										
Freehold Land	2,077.42	473.19	-	**2,550.61**	-	-	-	-	**2,550.61**	2,077.42
Leasehold Land	153.51	64.27	-	**217.78**	131.36	-	9.27	**140.63**	**77.15**	22.15
Buildings	9,059.37	242.40	13.51	**9,288.26**	3,107.44	7.70	208.49	**3,308.23**	**5,980.03**	5,951.93
Railway Siding	1,241.21	19.77	86.85	**1,174.13**	1,000.83	72.64	48.60	**976.79**	**197.34**	240.38
Plant and Machinery	80,163.81	4,104.45	923.58	**83,344.68**	56,932.45	870.45	2,699.04	**58,761.04**	**24,583.64**	23,231.36
Furniture, Fittings and Equipments	1,370.12	167.08	58.92	**1,478.28**	646.22	40.74	235.16	**840.64**	**637.64**	723.90
Vehicles	880.37	83.13	30.22	**933.28**	395.40	28.32	89.13	**456.21**	**477.07**	484.97
Sub Total	94,945.81	5,154.29	1,113.08	**98,987.02**	62,213.70	1,019.85	3,289.69	**64,483.54**	**34,503.48**	32,732.11
Previous Year	91,318.66	4,544.37	917.22	**94,945.81**	59,960.68	825.41	3,078.43	**62,213.70**	**32,732.11**	31,357.98
Intangible Assets- (B)										
Acquired Computer Software	470.63	39.44	-	**510.07**	157.88	-	93.44	**251.32**	**258.75**	312.75
Sub Total	470.63	39.44	-	**510.07**	157.88	-	93.44	**251.32**	**258.75**	312.75
Previous Year	353.86	116.77	-	**470.63**	85.99	-	71.89	**157.88**	**312.75**	267.87
TOTAL (A+B)	95,416.44	5,193.73	1,113.08	**99,497.09**	62,371.58	1,019.85	3,383.13	**64,734.86**	**34,762.23**	33,044.86
Previous Year	91,672.52	4,661.14	917.22	95,416.44	60,046.67	825.41	3,150.32	62,371.58	33,044.86	–

Notes:

(a) Certain Fixed Assets were revalued based on current replacement cost by approved valuers on 1.7.1981, 31.3.1990 and 31.3.1992. These had resulted in increase in book value of fixed assets by Rs.26,330.06 lacs (gross) and accumulated depreciation by Rs.4,752.78 lacs resulting in net increase of Rs.21,577.28 lacs which were credited to Revaluation Reserve.

(b) Gross Block of Freehold Land, Building, Railway Siding and Plant and Machinery include Rs.288.68 lacs (Previous Year Rs.288.68 lacs), Rs.2,066.58 lacs (Previous Year Rs.2,068.30 lacs), Rs.161.95 lacs (Previous Year Rs.175.66 lacs) and Rs.15,737.96 lacs (Previous Year Rs.16,136.50 lacs) respectively on account of revaulation. Further Accumulated Depreciation of Building, Railway Siding and Plant and Machinery include Rs.1,120.65 Lacs (Previous Year Rs.1,084.06 lacs), Rs.160.19 lacs (Previous Year Rs.166.90 lacs) and Rs.15,408.74 lacs (Previous Year Rs.15,694.04 lacs) respectively on account of revaulation.

(c) Depreciation for the year includes Rs.158.56 lacs (Previous year: Rs.226.01 lacs) in respect of increased value of Fixed Assets due to revaluation and an equivalent amount has been transferred from Revaluation Reserve.

* Depreciation of Rs. 84.69 lacs (Previous Year: Rs.39.43 lacs) has been tranferred to expenditure during construction period. Refer Note No.3 of Schedule S.

Schedule F: Inventories (at lower of cost and net realisable value except scrap stock which is valued at NRV)

	December 31, 2011 Rs. in Lacs	December 31, 2010 Rs. in Lacs
Raw Materials (including Stock in Transit Rs.54.97 lacs (Previous year: Rs.54.26 lacs))	**5,103.94**	1,402.41
Stores and Spares (including Stock in Transit Rs.146.09 lacs (Previous year:Rs.Nil))	**3,232.12**	2,717.13
Packing Materials (including Stock in Transit Rs.18.29 lacs (Previous year:Rs.Nil))	**100.86**	52.00
Stock in Process	**1,099.29**	1,257.16
Scrap Stock	**116.52**	173.38
Finished Goods (including Stock in Transit Rs.22.05 lacs (Previous year: Rs.233.88 lacs))	**1,417.43**	1,513.34
	11,070.16	7,115.42

Schedule G: Sundry Debtors

Unsecured		
Debts outstanding for a period exceeding six months		
Considered good	**293.95**	566.01
Considered Doubtful	**291.68**	366.22
Other Debts		
Considered good	**2,133.31**	1,862.26
	2,718.94	2,794.49
Less: Provision for Doubtful Debts	**291.68**	366.22
	2,427.26	2,428.27
Included in Sundry Debtors are:		
- Dues from Company under the Same Management: Cochin Cements Limited	**55.59**	-

Schedule H: Cash and Bank Balances

Cash on hand	**11.69**	7.04
Cheques on hand	**308.60**	82.92
Balances with Scheduled Banks:		
On Current Accounts	**1,630.34**	1,359.59
On Deposit Accounts	**29,120.00**	20,499.23
	31,070.63	21,948.78

Schedule I: Other Current Assets

Interest accrued on deposits and others	**65.26**	136.73
Unamortised Premium on Forward Contracts	**-**	19.36
	65.26	156.09

Schedule J: Loans & Advances

	December 31, 2011 Rs. in Lacs	December 31, 2010 Rs. in Lacs
Unsecured		
Considered good		
Advances recoverable in cash or in kind or for value to be received	**1,307.67**	822.45
VAT credit (Input) receivable	**69.80**	47.54
Balances with customs, excise, etc.	**2,590.93**	779.82
Deposits with Government Departments and Others	**14,391.12**	11,696.69
Advance Income Tax/ Tax Deducted at Source (Net of Provision Rs. 4,807.34 lacs (Previous year: Rs. 3,903.27 lacs))	**606.89**	785.13
MAT Credit Entitlement	**414.45**	531.32
Derivative Assets*	**5,954.00**	-
Considered Doubtful		
Advances recoverable in cash or in kind or for value to be received	**94.33**	61.70
Deposits with Government Departments and Others	**0.52**	0.52
	25,429.71	14,725.17
Less: Provision for Doubtful Advances	**94.85**	62.22
	25,334.86	14,662.95

*Refer Note no.9 of Schedule S

Schedule K: Current Liabilities

	December 31, 2011 Rs. in Lacs	December 31, 2010 Rs. in Lacs
Sundry Creditors		
a) Dues of Micro and Small Enterprise*	**240.33**	193.88
b) Dues of Creditors other than Micro and Small Enterprise	**28,101.64**	19,555.17
Advance from Customers	**2,398.51**	2,056.58
Trade Deposits	**7,313.13**	5,626.17
Book Overdraft from Banks	**293.31**	305.16
Forward Contracts	**-**	70.58
Interest Accrued but not due on Loans from Banks and others**	**533.51**	-
Other Liabilities	**2,904.71**	2,191.36
	41,785.14	29,998.90

* Refer Note No.15 of Schedule S

** includes Rs. 404.48 lacs payable to Cementrum I B.V., the holding company

Schedule L: Provisions

	December 31, 2011 Rs. in Lacs	December 31, 2010 Rs. in Lacs
Provision for Wealth Tax	**0.61**	1.05
Provision for Leave Encashment	**547.50**	496.44
Provision for Gratuity*	**1,249.12**	1,174.90
Provision for Litigations**	**9,419.07**	9,163.45
	11,216.30	10,835.84

* Refer Note No. 12 of Schedule S

** Refer Note No. 8 (b) of Schedule S

Schedule M: Other Income

	December 31, 2011 Rs. in Lacs	December 31, 2010 Rs. in Lacs
Interest (gross)		
Bank Deposits (TDS Rs.69.35 lacs (Previous year: Rs.154.93 lacs))	**712.07**	1,670.45
Others (TDS Rs.7.66 lacs (Previous year: Rs.9.70 lacs))	**96.63**	91.68
Rent	**25.18**	24.61
Profit on sale of Long Term Non Trade Investment	**-**	108.00
Scrap Sale	**530.28**	391.23
Profit on Sale of Fixed Assets	**8.28**	22.43
Provision/Liabilities no longer required written back	**119.56**	440.63
Exchange Rate Difference (net)	**-**	33.90
Miscellaneous Income	**220.81**	225.37
	1,712.81	3,008.30

Schedule N: Raw Materials Consumed

Opening Inventories	**1,402.41**	839.23
Add: Purchases and Lime stone raising cost	**26,793.91**	21,601.03
	28,196.32	22,440.26
Less: Closing Inventories	**5,103.94**	1,402.41
	23,092.38	21,037.85

Schedule O: Decrease/(Increase) in Inventories

Closing Inventories		
Finished Goods	**1,417.43**	1,513.34
Stock-in-Process	**1,099.29**	1,257.16
Scrap	**116.52**	173.38
	2,633.24	2,943.88
Opening Inventories		
Finished Goods	**1,513.34**	835.68
Stock-in-Process	**1,257.16**	2,149.12
Scrap	**173.38**	61.29
	2,943.88	3,046.09
Decrease/(Increase) in Inventories	**310.64**	102.21

Schedule P: Personnel Expenses

Salaries, Wages, Bonus and Allowances	**6,813.49**	5,592.98
Contribution to Provident Fund	**423.68**	357.40
Gratuity Expenses (Refer note 12 of Schedule S)	**229.65**	210.30
Other Post Employment Funds	**44.23**	40.80
Workmen & Staff Welfare Expenses	**344.35**	265.72
	7,855.40	6,467.20

Schedule Q: Operating and Other Expenses

		December 31, 2011 Rs. in Lacs	December 31, 2010 Rs. in Lacs
Stores and Spares		**3,879.28**	3,621.05
Packing Materials Consumed		**4,008.49**	3,286.64
Increase/(Decrease) of Excise duty on Inventories		**(25.11)**	129.29
Power and Fuel		**25,919.89**	19,462.37
Freight and Forwarding		**13,766.30**	11,542.31
Rent		**233.99**	218.21
Rates and Taxes		**3,265.88**	2,852.69
Insurance		**91.80**	93.94
Repairs and Maintenance			
- Plant and Machinery		**863.06**	821.44
- Buildings		**424.17**	244.39
- Others		**41.11**	59.07
Commission on Sales		**3,303.03**	2418.89
Other Selling Expenses		**540.31**	491.31
Advertisements		**844.18**	711.71
Travelling & Conveyance		**506.99**	363.78
Communication Cost		**183.63**	193.37
Legal & Professional fees		**183.36**	161.45
Technical Knowhow Fees		**1,578.93**	1385.42
Directors' Fees		**9.20**	9.80
Auditor's remuneration *		**103.57**	109.42
Exchange Rate Difference (net)	**6,348.56**		
Less: Gain on derivative #	**6,293.18**	**55.38**	-
Provision for Doubtful Debts and Advances		**37.85**	4.65
Loss on Fixed Assets discarded		**75.42**	-
Loss on Fixed Asset Sold		**16.29**	76.07
Provision for Wealth Tax		**0.61**	0.96
Sundry Balances written off		**15.56**	3.65
Provision for Obsolescence of raw materials		**112.50**	-
Miscellaneous Expenses		**923.24**	792.20
		60,958.91	49,054.08

* Refer Note No. 14 of Schedule S

Refer Note No. 9 of Schedule S

Schedule R: Financial Expenses

Interest		
- on Term Loans	**-**	6.95
- on Others	**211.94**	279.75
Bank Charges & Guarantee Commission	**171.81**	134.61
	383.75	421.31

Schedule S: Notes to Accounts

1. **NATURE OF OPERATIONS**

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. **STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

(a) 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 accounting policies are consistent with those used in the previous year.

(b) Use of Estimates

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

(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. Most of the Plant and Machinery have been considered as continuous process plant based on technical evaluation and reports.

(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 Rs.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 Life (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 using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. 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.

A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

(g) Investments

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

(h) 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. Cost is determined on a weighted average basis and includes cost incurred in bringing 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.

(i) 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.

(j) 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.

(k) 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 Profit & Loss Account on a straight line basis over the lease period.

(l) 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.

(iv) ***Forward Exchange Contracts not intended for trading or speculation purposes***

The premium or discount arising at the inception of forward exchange contracts (not for hedging firm commitment/highly probable forecast transactions) is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

(m) Derivative financial instruments and hedge accounting

The Company has adopted the principles of AS 30 "Financial Instruments: Recognition and Measurement" in respect of its derivative financial instruments that are not covered by AS 11 "Accounting for the effects of changes in Foreign Exchange Rates".

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 profit and loss account, 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 profit and loss account.

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.

(n) 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 Profit and Loss Account 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 Profit and Loss Account 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 Profit and Loss Account 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.

(v) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation using projected unit credit method at the end of each financial year.

(vi) Actuarial gains/ losses are immediately taken to Profit and Loss Account and are not deferred.

(vii) Expenses incurred under Voluntary Retirement Scheme are charged to Profit & Loss account immediately.

(o) Income Taxes

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the 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 profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

(p) 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.

(q) Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and are adjusted to reflect the current best estimates.

(r) 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.

(s) 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.

3. The Capital Work-in-progress relating to tangible fixed assets includes capital advances amounting to Rs. 5,388.74 lacs (Previous year: Rs. 15,077.68 lacs) and inventory of capital items in transit amounting to Rs. 1,987.16 lacs (Previous Year: Rs. 2,089.73 lacs).

Capital work-in-progress includes expenditure during construction period on substantial expansion of existing units of the company.

(Rs. in lacs)

Particulars	**Opening**	**Addition during the year**	**Closing**
Salaries, Wages, Bonus and Allowances	428.50	834.48	1,262.98
Contribution to Provident Fund	21.75	30.11	51.86
Workmen & Staff Welfare Expenses	13.84	2.21	16.05
Stores and Spares	5.04	22.46	27.50
Rent	57.79	65.56	123.35
Rates and Taxes	7.50	12.59	20.09
Insurance	74.62	66.44	141.06
Travelling & Conveyance	81.17	142.72	223.89
Communication Cost	5.81	11.53	17.34
Legal & Professional expenses (Including Retainers fees)	605.34	1,311.60	1,916.94
Interest on term loan	-	286.54	286.54
Interest Income	-	(255.16)	(255.16)
Interest on others	-	2,506.09	2,506.09
Bank Charges & Guarantee Commission	32.08	176.96	209.04
Miscellaneous Expenses	73.55	401.77	475.32
Depreciation	39.43	84.69	124.12
Closing Balance	**1,446.42**	**5,700.59**	**7,147.01**

4. 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

(Rs. in lacs)

Particulars	**2011**	2010
Segment Revenue		
Within India	**98,114.26**	85,664.20
Outside India	**150.23**	889.66
Total	**98,264.49**	86,553.86
Segment Debtors		
Within India	**2,427.26**	2,428.27
Outside India	**-**	-
Total	**2,427.26**	2,428.27

Notes:

All the assets including additions made in the current year are located in India.

5. 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	Heidelberg Cement Technology Center Scancem International Ans HeidelbergCement Asia Pte Ltd Cochin Cements Limited HC Fuels Limited PT Indocement Tunggal Prakarsa Tbk HC Trading Malta Limited HeidelbergCement Norway
Key Management Personnel	Mr. Sushil Kumar Tiwari, Whole time Director (w.e.f. April 29, 2011)

(b) Transactions with related parties

(Rs. in lacs)

Particulars	Enterprises where control exists		Fellow Subsidiary		Key Management Personnel		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
Transactions with Cementrum I B.V.:								
- Redemption of Preference Shares	**-**	1,349.34	**-**	-	**-**	-	**-**	1,349.34
- Dividend on Preference Shares	**-**	43.59	**-**	-	**-**	-	**-**	43.59
- ECB taken*	**41,398.00**	-	**-**	-	**-**	-	**41,398.00**	-
- Interest on ECB	**847.35**	-	**-**	-	**-**	-	**847.35**	-
Transactions with HeidelbergCement AG:								
- Corporate Guarantee Charges paid	**155.60**	57.47	**-**	-	**-**	-	**155.60**	57.47
- Assignment Cost paid	**170.84**	35.05	**-**	-	**-**	-	**170.84**	35.05
- Other Receipts	**6.46**	-	**-**	-	**-**	-	**6.46**	-
- Expenses Reimbursed	**0.40**	-	**-**	-	**-**	-	**0.40**	-
- WAN Charges paid	**-**	70.75	**-**	-	**-**	-	**-**	70.75
- Guarantees Given in Company's favour	**58,600.00**	3,985.45	**-**	-	**-**	-	**58,600.00**	3,985.45
Transactions with Cochin Cements Limited:								
- Expenses Recovered	**-**	-	**470.99**	399.18	**-**	-	**470.99**	399.18
- Sale	**-**	-	**1,787.05**	1,383.53	**-**	-	**1,787.05**	1,383.53
- Loan Repaid	**-**	-	**-**	315.13	**-**	-	**-**	315.13
- Interest Income	**-**	-	**-**	20.83	**-**	-	**-**	20.83
Transactions with HeidelbergCement Asia Pte Limited:								
- Technical Know How Fee paid	**-**	-	**1,578.93**	1,385.42	**-**	-	**1,578.93**	1,385.42
- Expenses Reimbursed	**-**	-	**1.82**	-	**-**	-	**1.82**	-
Transactions with PT Indocement Tunggal Prakarsa Tbk								
- ERP Maintenance Charges paid	**-**	-	**45.45**	-	**-**	-	**45.45**	-
Transactions with Scancem International Ans								
- Expenses Reimbursed	**-**	-	**-**	11.60	**-**	-	**-**	11.60
Transactions with HeidelbergCement Norway								
- Expenses Reimbursed	**-**	-	**9.88**	-	**-**	-	**9.88**	-
Transactions with HC Trading Malta Limited								
- Purchase of Material	**-**	-	**1,684.98**	1,235.81	**-**	-	**1,684.98**	1,235.81
Transaction with Key Management Personnel								
- Managerial Remuneration	**-**	-	**-**	-	**48.41**	-	**48.41**	-

Particulars	Enterprises where control exists		Fellow Subsidiary		Key Management Personnel		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
Balance outstanding at the year end								
Receivable								
- Cochin Cements Ltd	**-**	-	**55.59**	-	**-**	-	**55.59**	-
Payable								
- Cementrum I B.V.								
Interest accrued but not due on ECB	**404.48**	-	**-**	-	**-**	-	**404.48**	-
- HeidelbergCement AG	**347.86**	119.00	**-**	-	**-**	-	**347.86**	119.00
- HeidelbergCement Technology Center	**-**	-	**-**	24.00	**-**	-	**-**	24.00
- HeidelbergCement Norway	**-**	-	**9.88**	-	**-**	-	**9.88**	-
- HC Trading Malta	**-**	-	**18.66**	-	**-**	-	**18.66**	-
- Scancem International	**-**	-	**3.55**	2.99	**-**	-	**3.55**	2.99
- HeidelbergCement Asia Pte Limited	**-**	-	**372.13**	275.15	**-**	-	**372.13**	275.15
Loan								
- Cementrum I B.V.*	**47,691.18**	-	**-**	-	**-**	-	**47,691.18**	-
Guarantees Outstanding								
- HeidelbergCement AG	**63,171.01**	15,085.45	**-**	-	**-**	-	**63,171.01**	15,085.45

*Difference of Rs. 6,293.18 lacs in ECB loan amount received & payable to Cementrum IBV as at December 31, 2011 is on account of restatement of ECB loan at closing exchange rate.

6. 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 are taken on a non-cancellable lease. The Company has recognized Rs. 258.13 lacs (Previous year: Rs. 267.39 lacs) in respect of cancellable operating leases and Rs. 47.42 lacs (Previous year: Rs. 34.07 lacs) 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:

(Rs. in lacs)

S. No.	Particulars	2011	2010
(i)	Not later than one year;	**63.61**	34.07
(ii)	Later than one year and not later than five years;	**19.62**	34.07
(iii)	Later than five years;	**-**	-

Out of the total rent recognised, Rs. 6.00 lacs (Previous year Rs.25.46 lacs) relating to residential accommodation provided to the employees has been shown under Personnel Expenses.

7. **CAPITAL COMMITMENTS**
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs.21,489.72 lacs (Previous year: Rs.84,109.97 lacs).

8. **CONTINGENCIES**
(a) Contingent Liabilities not provided for

(Rs. in lacs)

Particulars	2011	2010
A. Disputed Statutory claims/levies:		
Excise Duty/Service Tax	**478.25**	636.35
Income Tax	**27.49**	-
Sales Tax/Trade Tax	**9,275.28**	8,565.64
Entry Tax	**678.75**	605.18
Differential Royalty on Limestone	**16,053.25**	13,999.51

Particulars	2011	2010
B. Claims against the Company not acknowledged as Debts		
Claims by various Suppliers of goods and Services	**204.35**	132.35
Electricity charges	**807.61**	786.80
Claims by customers and others	**83.03**	250.71
C. Show cause notices for levy		
Excise Duty / Service Tax	**709.25**	508.80
Sales Tax	**53.94**	54.00

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 liability has been made in these financial statements.

(b) Provision for Litigation

(Rs. in lacs)

Particulars	Balance as at January 1, 2011	Additions during the period	Amounts reversed during the period	Balance as at December 31, 2011
Trade Tax Uttranchal, Jhansi (UP)	217.26	-	-	**217.26**
Turnover Tax, Jhansi (UP)	5.84	-	-	**5.84**
Entry Tax, Jhansi (UP)-Cement	2,780.96	-	-	**2,780.96**
Entry Tax, Jhansi (UP)-Clinker	693.37	-	-	**693.37**
M.P. Commercial Tax, Damoh (MP)	0.53	-	-	**0.53**
Haryana Sales Tax, Damoh (MP)	0.79	-	-	**0.79**
Provision taken for Cess on Captive Power, Damoh (MP)	867.52	-	-	**867.52**
9% Entry Tax on HSD & LDO, Damoh (MP)	357.82	-	-	**357.82**
UP- Entry Tax (Cement), Damoh (MP)	1,421.05	-	-	**1,421.05**
Service Tax (GTO), Damoh & Jhansi	34.62	-	-	**34.62**
Power Deficit Bill –MPSEB, Damoh (MP)	148.00	5.93	-	**153.93**
Entry Tax on R.M, Damoh (MP)	801.32	154.74	-	**956.06**
Entry Tax on HDPE Bags (3%), Damoh (MP)	94.64	-	-	**94.64**
Entry Tax on Limestone (9%), Damoh (MP)	38.75	-	-	**38.75**
Entry Tax on Limestone (Differential), Damoh (MP)	1,014.92	-	-	**1,014.92**
Bihar Sales Tax, Damoh (MP)	38.69	-	-	**38.69**
Rural Infrastructure and Road Development Tax, Damoh (MP)	368.48	76.68	-	**445.16**
Service Tax on outward freight, Raigad (Maharashtra)	107.95	-	-	**107.95**
Environment protection fees, Ammasandra (Karnataka)	144.61	-	-	**144.61**
Input reversal on hiring of equipments, Damoh (MP)	26.33	18.27	-	**44.60**
TOTAL	**9,163.45**	**255.62**	**-**	**9,419.07**

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.

9. CROSS CURRENCY INTEREST RATE SWAP

The Company has a cross currency interest rate swap agreement with a bank for ECB Loan of USD 90,000,000 whereby the Company pays a fixed rate of interest of 7.65% to 9.55% (for various tranches of loan) and receives a variable rate equal to LIBOR 6M+250 bps on the loan amount. The swap is being used to hedge the ECB loan taken on floating interest rate of LIBOR 6M+250 bps.

The loss on account of restatement of ECB amounting to Rs. 6,293.18 lacs has been charged off to Profit and loss account 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 Rs.474.09 lacs has been taken to "Hedging Reserve Account" under Reserve & Surplus.

10. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

Forward contracts outstanding as at Balance Sheet Date

Particulars	Currency	2011	2010	Purpose
Forward Exchange contract	Euro	-	5,829,600	For hedging future payments to be made to creditors

Cross currency interest rate swap outstanding as at Balance Sheet date

Particulars	Currency	2011	2010	Purpose
Cross Currency Interest Rate Swap	USD	**90,000,000**	-	For hedging future payments to be made for repayment of ECB Loan

Unhedged Foreign Currency Exposure

Particulars	Currency	2011			2010		
		Amount in foreign currency	**Exchange Rate**	**Rs. (in lacs)**	Amount in foreign currency	Exchange Rate	Rs. (in lacs)
Creditors for Imports	USD	**38,012.70**	**52.99**	**20.14**	622,094.33	44.71	278.14
	NOK	**111,470.00**	**8.86**	**9.88**	-	-	-
	SGD	**4,614.11**	**40.87**	**1.89**	-	-	-
	Euro	**1,621,014.35**	**68.61**	**1,112.16**	239,058.38	59.82	143.00

11. Excise duty on sales amounting to Rs.14,398.07 lacs (Previous Year Rs.11,983.21 lacs) has been reduced from sales and decrease in the excise duty on closing inventories amounting to Rs. 25.11 lacs (previous year increase of Rs. 129.29 lacs) has been considered as an income (expense in the previous year) in the Profit & Loss Account.

12. 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 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 funded defined contribution schemes and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the 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 certificate issued by the Actuary, there is no deficit in the fund.

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

Profit and Loss Account

Net employee benefit expense (recognised in Employee Cost)

(Rs. in lacs)

Particulars	**Gratuity**	
	2011	2010
Current service cost	**128.07**	107.86
Interest cost on benefit obligation	**141.66**	123.76
Expected return on plan assets	**(52.71)**	(40.39)
Net actuarial (gain)/ loss recognized	**12.63**	26.28
Past service cost / (credit) recognized	**-**	(7.21)
Net benefit expense	**229.65**	210.30
Actual Return on plan assets	**58.04**	81.79

Balance Sheet

Details of Provision for gratuity

(Rs. in lacs)

Particulars	**Gratuity**	
	2011	2010
Defined benefit obligation	**2,073.45**	1,828.82
Fair value of plan assets	**(824.33)**	(653.92)
	1,249.12	1,174.90
Less: Unrecognised past service cost	**-**	-
Plan liability	**1,249.12**	1,174.90

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

(Rs. in lacs)

Particulars	**Gratuity**	
	2011	2010
Opening defined benefit obligation	**1,828.82**	1,605.26
Current service cost	**128.07**	107.86
Interest cost on benefit obligation	**141.66**	123.76
Actuarial (gain)/ loss recognized	**17.96**	67.68
Past service cost / (credit) recognized	**-**	(7.21)
Benefits paid	**(43.06)**	(68.53)
Closing defined benefit obligation	**2,073.45**	1,828.82

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

(Rs. in lacs)

Particulars	**Gratuity**	
	2011	2010
Opening fair value of plan assets	**653.92**	512.37
Expected return	**52.71**	40.39
Contribution by employer	**155.43**	128.28
Actuarial gain/(loss) recognized	**5.33**	41.41
Benefits paid	**(43.06)**	(68.53)
Closing fair value of plan assets	**824.33**	653.92

The Company expects to contribute Rs. 160.00 lacs to gratuity in 2012.

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

Particulars	2011	2010
Discount rate	**9.0%**	8.0%
Expected rate of return on assets	**8.5%**	8.0%
Employee Turnover	**6.5%**	5.0%

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	2011 (%)	2010 (%)
Investments with insurer	**98.03**	97.78
Investments in government bonds	**0.12**	0.14
Bank balance	**1.85**	2.08
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:

(Rs. in lacs)

Particulars	Gratuity				
	2011	2010	2009	2008	2007
Defined benefit obligation	**(2,073.45)**	(1,828.82)	(1,605.26)	(1,546.00)	(1,689.78)
Plan assets	**824.33**	653.92	512.37	675.53	695.39
Surplus / (deficit)	**(1,249.12)**	(1,174.90)	(1,092.89)	(870.47)	(994.39)
Experience loss/(gain) on plan liabilities	**17.96**	67.68	185.47	(181.18)	(342.68)
Experience loss/(gain) on plan assets	**(5.33)**	(41.41)	43.75	(40.52)	11.97

Contribution to Defined Contribution Plans

(Rs. in lacs)

Particulars	2011	2010
Provident Fund	**346.25**	257.32
Other Post Employment Funds	**44.23**	40.80
Total	**390.48**	298.12

13. Earning Per Share (EPS)

(Amount in Rs.)

Particulars	2011	2010
Net profit as per profit and loss account	**291,725,000**	632,995,000
Less: Preference dividend and tax thereon	**-**	5,082,439
Net profit for calculation of basic/diluted EPS	**291,725,000**	627,911,561
Weighted average number of equity shares in calculating basic/diluted EPS [Nominal value of shares Rs.10 (Previous Year Rs.10)]	**226,613,116**	226,613,116
Earning per share	**1.29**	2.77

14. Auditors' Remuneration

(Rs. in lacs)

Particulars	2011	2010
As auditor		
- Audit Fees	**93.00**	98.00
- Tax Audit	**7.00**	7.00
Reimbursement of expenses	**3.57**	4.42
Total	**103.57**	109.42

15. 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.

(Rs. in lacs)

S. No.	Particulars	2011	2010
(i)	the principal amount and the interest due thereon remaining unpaid to any supplier		
	- Principal amount	**240.33**	193.88
	- Interest thereon	**-**	-
(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 enterprise for the purpose of disallowance as a deductible expenditure under section 23 of this Act	**-**	-

16. Supplementary Statutory Information

16.1 Earnings in foreign currency (accrual basis)

(Rs. in lacs)

Particulars	2011	2010
Other Receipt	6.46	-

16.2 Expenditure in foreign currency (on accrual basis)

(Rs. in lacs)

Particulars	2011	2010
Know-how	**1,578.93**	1,385.42
Consultation Fee	**79.84**	-
Corporate Guarantee Charges	**155.60**	57.47
Interest	**847.35**	-
Others	**200.11**	121.30
Total	**2,861.83**	1,564.19

16.3 Value of imports calculated on CIF basis

(Rs. in lacs)

Particulars	2011	2010
Raw Materials	**1,684.98**	1,237.26
Components and spare parts	**110.61**	360.34
Capital goods	**5,654.21**	1,640.81
Total	**7,449.80**	3,238.41

17. Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956

17.1 Licensed & Installed Capacity

Class of Goods	Unit	Licensed Capacity	Installed Capacity	
			2011	2010
Cement	Tonnes (Annual)	Licensed capacity is not applicable in view of the Company's product having been de-licensed as per the licensing policy of the Government of India.	3,067,000*	3,067,000*

*As per the technical assessment made by the management

17.2 Details of Production, Sales and Stocks of Finished Goods

Classes of Goods	Opening Stock		Production	Sales		Closing Stock	
	Qty (MT)	Value (Rs. in lacs)	Qty (MT)	Qty (MT)	Value (Rs. in lacs)	Qty (MT)	Value (Rs. in lacs)
Cement	**58,479**	**1,483.64**	**2,800,289**	**2,810,505**	**1,10,019.63**	**48,263**	**1,377.22**
	(36,372)	(801.15)	(2,631,361)	(2,609,254)	(95,760.98)	(58,479)	(1,483.64)
Ground Granulated Blast Furnace Slag (GGBS)	**1,410**	**29.70**	**21,551**	**20,679**	**709.74**	**2,282**	**40.21**
	(2,568)	(34.53)	(15,993)	(17,151)	(575.34)	(1,410)	(29.70)

Notes:
1. Figures in brackets are for the previous year.
2. Sales exclude clinker sale of 68,964 MT (Previous year 81,449 MT) amounting to Rs.1,933.19 lacs (Previous year: Rs.2,200.75 lacs).
3. Production of Cement is net of 53,393 MT (Previous year 14,364 MT) used for internal consumption.
4. Production of GGBS is net of 58,007 MT (Previous year 66,817 MT) used as internal consumption for manufacturing of cement.
5. Sales value is inclusive of excise duty.

17.3 Consumption of raw materials

Particulars	Quantity (MT)		Value (Rs. in lacs)	
	2011	**2010**	**2011**	**2010**
Limestone	**2,092,817**	1,937,977	**3,334.56**	2,910.73
Pozzolona	**647,173**	610,221	**2,884.14**	2,472.32
Slag	**405,170**	306,096	**3,222.66**	2,084.06
Gypsum	**143,800**	155,231	**3,372.83**	3,236.63
Clinker Purchased	**292,674**	277,856	**7,651.93**	7,575.18
Others*	-	-	**2,626.26**	2,758.93
Total	**-**	**-**	**23,092.38**	21,037.85

* It is not practicable to furnish quantitative information in view of the large number of items which differ in size and nature, each being less than 10% in value of the total.

17.4 Imported and indigenous raw material consumed:

Particulars	Percentage of total consumption		Value (Rs. in lacs)	
	2011	2010	**2011**	2010
Imported	**8.55**	7.60	**1,974.67**	1,598.95
Indigenous	**91.45**	92.40	**21,117.71**	19,438.90
Total	**100.00**	100.00	**23,092.38**	21,037.85

17.5 Imported and indigenous stores and spares consumed:

Particulars	Percentage of total consumption		Value (Rs. in lacs)	
	2011	2010	**2011**	2010
Imported	**5.97**	6.90	**231.40**	250.00
Indigenous	**94.03**	93.10	**3,647.88**	3,371.05
Total	**100.00**	100.00	**3,879.28**	3,621.05

17.6 Imported and indigenous packing materials consumed:

Particulars	Percentage of total consumption		Value (Rs. in lacs)	
	2011	2010	**2011**	2010
Imported	**-**	-	**-**	-
Indigenous	**100.00**	100.00	**4,008.49**	3,286.64
Total	**100.00**	100.00	**4,008.49**	3,286.64

18. Managerial remuneration:

(Rs. in lacs)

Particulars	2011	2010
Salary	**41.62**	-
Contribution to Superannuation fund	**3.77**	-
Contribution to provident fund	**3.02**	-
Total	**48.41**	-

Note:

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.

19. Net Dividend remitted in foreign exchange

Particulars	2011	2010
Period to which it relates	-	**December 12, 2006 to May 11, 2010**
No. of Non Resident Shareholders	-	**1**
No. of Preference shares held on which dividend was due	-	**1,349,336**
Amount Remitted (Euro 735,168) (Rs. in lacs)	-	**414.57**

19. Previous Year Comparatives

Previous year's figures have been regrouped where necessary to confirm to this year's classification.

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/-	Sd/-	Sd/-	Sd/-	Sd/-
Per Manoj Gupta	**Anil Kumar Sharma**	**P.G. Mankad**	**Ashish Guha**	**Dr. Albert Scheuer**
Partner	*Chief Financial Officer*	*Chairman*	*CEO & Managing Director*	*Director*
Membership No. 83906				
	Sd/-	Sd/-	Sd/-	Sd/-
Place: Gurgaon	**Rajesh Relan**	**S. Krishna Kumar**	**Pradeep V. Bhide**	**Daniel R. Fritz**
Date: February 13, 2012	*Company Secretary*	*Director*	*Director*	*Director*

Cash Flow Statement

for the Year ended December 31, 2011

	December 31, 2011 Rs. in Lacs	December 31, 2010 Rs. in Lacs
A. Cash flow from operating activities		
Net profit before taxation	**4,236.34**	**9,594.63**
Adjusted for:		
Depreciation	**3,139.88**	2,884.88
Loss on sale of fixed assets (net)	**83.43**	53.64
Profit on sale of Long Term Non Trade Investment	**-**	(108.00)
Unrealised foreign exchange loss (net)	**33.03**	-
(Profit) on sale of Assets held for sale	**-**	-
Provision for Wealth Tax	**0.61**	0.96
Interest income	**(808.70)**	(1,762.13)
Provision for Obsolescence of raw materials	**112.50**	-
Provision for Doubtful Debts and Advances	**37.85**	**4.65**
Sundry balances written off	**15.56**	**3.65**
Provision/Liabilities no longer required, written back	**(119.56)**	**(440.63)**
Interest expenses	**211.94**	**286.70**
Operating profit before working capital changes	**6,942.88**	10,518.35
Movements in working capital :		
Decrease/(Increase) in sundry debtors	**(4.21)**	(217.42)
Decrease/(Increase) in inventories	(4,067.24)	(661.38)
Decrease/(Increase) in loans and advances	**(5,041.87)**	(3,008.67)
Increase/(Decrease) in current liabilities and provisions	8,106.06	1,430.25
Cash generated from operations	5,935.62	8,061.13
Direct taxes paid (net of refunds)	(728.22)	(2,419.19)
Net cash from operating activities	**5,207.40**	**5,641.94**
B. Cash flows from investing activities		
Purchase of fixed assets	**(68,223.79)**	(33,415.91)
Proceeds from sale of fixed assets	**9.80**	38.17
Proceeds from sale of investments	**-**	120.00
Proceeds from Repayment of Loan given to Fellow Subsidiary	**-**	315.13
Proceeds of deposit matured (with maturity more than three months)	2,102.00	31,219.01
Interest received	**880.17**	1,996.00
Net cash from / (used in) investing activities	**(65,231.82)**	**272.40**

C. Cash flows from financing activities		
Repayment of long-term borrowings	**-**	(200.00)
Proceeds from Long-term borrowings	**71,398.00**	-
Redemption of Preference Share Capital	**-**	(1,349.34)
Dividend on Preference Share Capital	**-**	(414.57)
Tax on dividend paid	**-**	(70.29)
Interest paid	**(149.73)**	(251.71)
Net cash (used in) financing activities	**71,248.27**	(2,285.91)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**11,223.85**	3,628.43
Cash and cash equivalents at the beginning of the year	**19,846.78**	16,218.35
Cash and cash equivalents at the end of the year	**31,070.63**	19,846.78
Components of cash and cash equivalents		
Cash and Cheques on hand	**320.29**	89.96
With banks		
- on current accounts	**1,630.34**	1,359.59
- on deposit accounts	**29,120.00**	20,499.23
Cash and Bank balances as per Schedule H	**31,070.63**	21,948.78
Less: Fixed deposits not considered as cash equivalents	**-**	(2,102.00)
Cash & Cash Equivalent in Cash Flow Statement	**31,070.63**	19,846.78

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/-	Sd/-	Sd/-	Sd/-	Sd/-
Per Manoj Gupta	**Anil Kumar Sharma**	**P.G. Mankad**	**Ashish Guha**	**Dr. Albert Scheuer**
Partner	*Chief Financial Officer*	*Chairman*	*CEO & Managing Director*	*Director*
Membership No. 83906				
	Sd/-	Sd/-	Sd/-	Sd/-
Place: Gurgaon	**Rajesh Relan**	**S. Krishna Kumar**	**Pradeep V. Bhide**	**Daniel R. Fritz**
Date: February 13, 2012	*Company Secretary*	*Director*	*Director*	*Director*

Information Pursuant to Part IV of Schedule VI to the Companies Act, 1956 of HeidelbergCement India Limited as at 31.12.2011

I. Registration Details

Company Identification No. (CIN): L 2 6 9 4 2 H R 1 9 5 8 F L C 0 4 2 3 0 1

Balance Sheet Date: 3 1 - 1 2 - 2 0 1 1 (Date, Month, Year)

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

Public Issue: NIL	Rights Issue: NIL
Bonus Issue: NIL	Private Placement: NIL
	- Equity: NIL
	- Preference: NIL

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

Total Liabilities: 16255842	Total Assets: 16255842

Sources of Funds

Paid-up Capital: 2266221	Reserves and Surplus: 5889620
Secured Loans: NIL	Unsecured Loans: 7769118
Deferred Tax Liability: 330883	

Application of Funds

Net Fixed Assets: 14559169	Investments: NIL
Net Current Assets: 1696673	Misc. Expenditure: NIL
Accumulated Losses: NIL	Deferred Tax Assets: NIL

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

Turnover: 11266256	Total Expenditure: 9574096
Profit/(Loss) before Tax: 423634	Profit/(Loss) after Tax: 291725
Earning Per Share after Extraordinary Item Rs.: 1.29	Dividend Rate %: NIL

V. Generic Names of Three Principal Products / Services of Company

(as per monetary terms)

Item Code No. (ITC Code): 2523 29

Product Description: PORTLAND CEMENT

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 53nd Annual General Meeting of the Company held on Wednesday, the 25th April 2012 at 9.30 A.M. at Epicentre, Apparel House, Sector 44, Institutional Area, Gurgaon, Haryana.

Folio No.: ________________ Name of the Member ________________

DP-ID: ________________

Client-ID: ________________

No. of Shares held: ________________ Signature of the Member or Proxy ________________

HeidelbergCement India Limited

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

PROXY

Folio No.: ________________ No. of Shares held: ________________

DP-ID: ________________

Client-ID: ________________

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 53nd Annual General Meeting of the Company to be held on Wednesday, the 25th April 2012 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.