Dalmia
BHARAT ENTERPRISES

Between the challenge and the answer lies the 'How'. 'How' is the definition of ability, application and execution. In less than favourable times, 'How' rises to include lateral thinking, creativity and strategic intent. Dalmia Bharat hinged the year on 'How' and performed better than the industry. The exclamation mark conveys 'How' and all that is outstanding, remarkable and distinctive in its appeal.

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DALMIA BHARAT ENTERPRISES LIMITED (DBEL) IS ENGAGED IN THE BUSINESS OF CEMENT, REFRACTORIES AND POWER. SHARES OF THE COMPANY, WHICH IS A DE-MERGED ENTITY OF DALMIA (CEMENT) BHARAT LIMITED, ARE LISTED ON THE NATIONAL STOCK EXCHANGE (NSE), THE BOMBAY STOCK EXCHANGE (BSE) AND THE MADRAS STOCK EXCHANGE (MSE) SINCE JANUARY 2011.

IT ACHIEVED AN ANNUAL CONSOLIDATED TOTAL INCOME OF ₹2,418 CRORE WITH CONSOLIDATED EBITDA OF ₹588 CRORE FOR THE YEAR ENDING MARCH 31, 2012.

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OUR VALUES

Learning

Fire represents our Value of Learning. The fire within is a source of curiosity. It promotes learning. Applied creatively, learning fosters innovation.

Teamwork

Water represents our Value of Team Work, Trust, Mutual Respect, Flow and Collaboration. Being the best solvent, it absorbs and mixes with all elements.

Speed

Air represents our Value of Speed. Air empowers and evokes passion; and nurtures growth. Air denotes the fastest mode of travel.

Excellence

Earth represents our Value of Excellence. Focused around the Sun, Earth's ability to withstand extreme heat and pressure is essential for taking on big challenges.

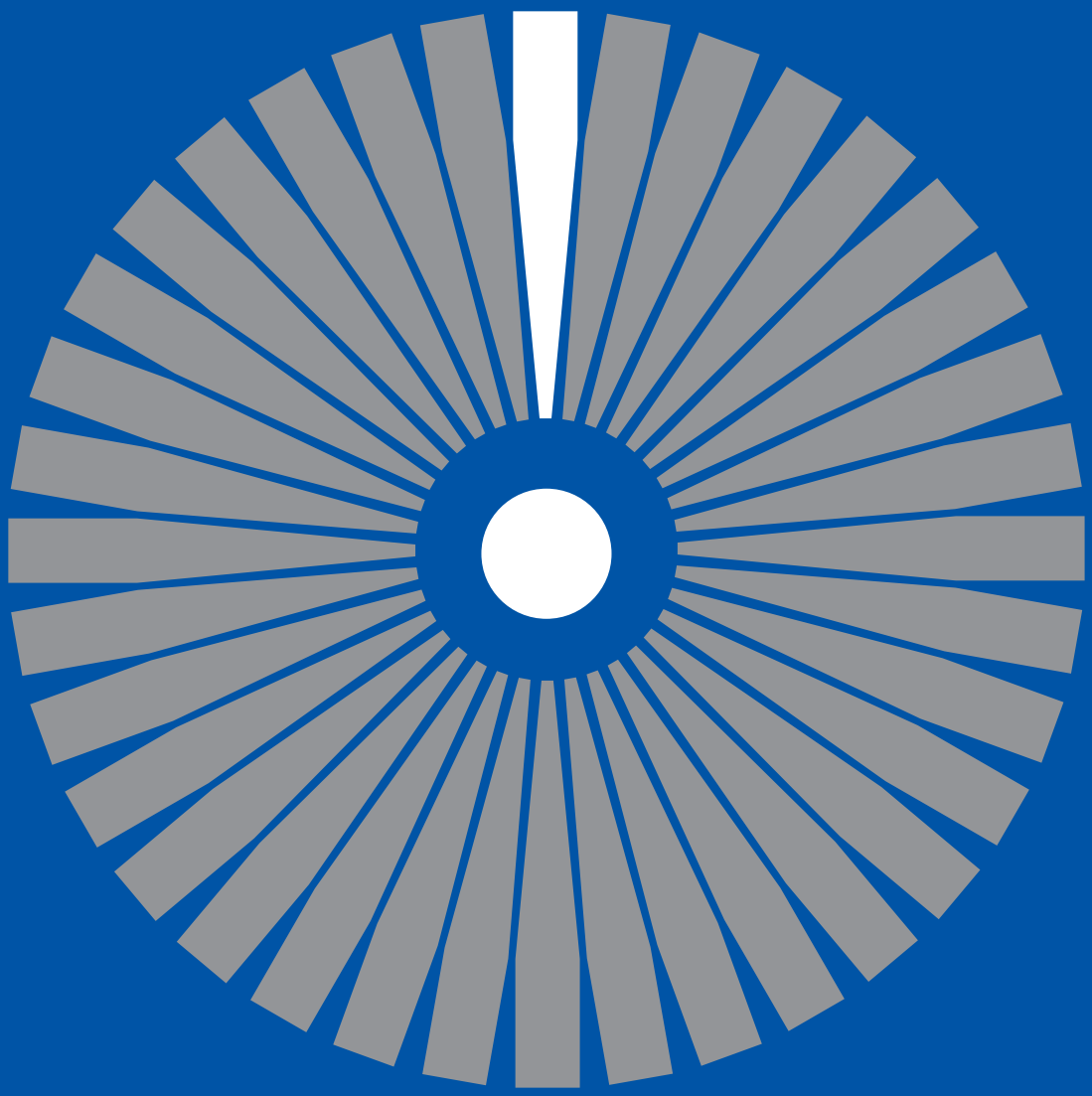
Our Values are captured in the Acronym of 'Let's Excel': **LE**: Learning **T**: Teamwork **S**: Speed **Excel**: Excellence

HO

OW

It was a difficult year, which saw the cement industry face unprecedented challenges. A year in which average performance evoked surprise. A better than average performance raises the inevitable question: "HOW" was the Company able to swim against the tide?

By lateral thinking, self-actualising our intrinsic strengths, applying creative solutions, we manoeuvred turbulence in the industry to post results which raise eyebrows. This report narrates the "HOW" of our business play on a turf strewn with obstacles.



Reasonable people and organisations adapt themselves to the world. Unreasonable people and organisations persist in trying to make the world adapt to themselves. All progress, therefore, depends on the productively unreasonable.

Our answer to HOW we have travelled our journey of excellence, improving our operational performance through several value-enhancing initiatives…

STRATEGIC BLUEPRINT

Our business portfolio comprises cement, refractories and thermal power. It is steered by a talent pool of 1,256 employees.

STRATEGIC PARTNERSHIP

Our partnership with Kohlberg Kravis and Roberts (KKR), forged in FY11 through our subsidiary Dalmia Cement (Bharat) Limited (DCBL), marked an inflection point in our growth trajectory. KKR currently holds 15% stake in DCBL.

For the next stage of its growth, DCBL plans both greenfield and brownfield expansions. The Company also operates cement capacity and refractories through its listed entity, OCL India Limited, in which it holds 45% stake.

Collaborating with best-in-class equity partners and leading private equity players - KKR and Actis - we have continuously delivered higher than market growth (our five-year CAGR is more than the market growth).

Proven capabilities in project execution, strong customer relations, complemented by well-synchronised logistic and marketing initiatives, have been the key contributors in our growth. We grew at an accelerated rate, from 13% in FY11 to 17% in FY12, in the southern markets.

With a lower than industry average capex spread across four locations in three states (Tamil Nadu, Andhra Pradesh, Odisha), we have an attractive project portfolio. We achieved significant volume growth of 17% year-on-year at 5.4 MnT for FY12, which was significantly ahead of industry growth.

Pioneers in super specialty cement

Committed to innovation and operational improvement

STRATEGIC INITIATIVES DURING FY12

Following the de-merger of our business over a year ago, we have continually improved our performance through various value-enhancing initiatives.

With a strong focus on expanding across the north-eastern region, we agreed to acquire 50% stake in Assam-based Calcom Cement, for a consideration of ₹238 crore. This acquisition gives us access to an expandable capacity of 2.1 MnT PA along with the much-needed fillip to expand and grow our footprint.

As part of our growth strategy, we have continually focused on augmenting capacities and improving efficiencies. We demonstrated this by commissioning two greenfield projects: at Ariyalur and Kadapa and one in OCL Limited. We commissioned a split grinding unit at Kapilas and a brownfield expansion at Rajgangpur, Odisha. With these, we stand at 15.6 MnT capacity, (post commissioning of Calcom capacity).

Other strategic initiatives in this direction included commissioning of the Cross Country Conveyor Belt (CCBC); commissioning of Captive Power Plant (CPP) Unit I & II at OCL, Rajgangpur; completion of negotiations on the Cement Mill order for OCL Grinding Unit at Midnapur (West Bengal).

We also continued to grow in our core markets of Tamil Nadu, Kerala, Andhra Pradesh and Karnataka, where we are confident of better growth rates in the coming quarters, backed by demand from both, trade and non-trade sectors.

We completed work on railway sidings at Kadapa, Andhra Pradesh. The logistic cost advantage accruing from this will reduce operational costs.

On the strength of bulk supplies, we secured long-term orders from several leading infrastructure players. We also secured a substantial order due to conversion of PPC (Portland Pozzolana Cement) to PSC (Portland Slag Cement). This enabled us to expand our project portfolio in the eastern region.

Enhancing operational excellence

We are committed to a culture of continuous improvement and innovation at the grassroots. Our operating mantras of asset optimisation and our position as a least cost producer have enabled us to build a strong foundation of technological and operational excellence. This is evident from our improved level of capacity utilisation at 66%.

In our endeavour to continuously embed sustainability across our operations, we initiated work on Alternate Fuel & Raw Materials (AFR) during the year. To strengthen operational efficiencies, we increased the usage of pet coke and adopted high moisture coal to optimise fuel usage at our plants. These measures will have a positive impact on reducing variable cost, making us a leaner and more efficient organisation.

Our initiatives towards captive power generation – optimisation of the performance of turbine efficiency and reduction in specific steam consumption – resulted in savings. We also achieved reduction of auxiliary power consumption to secure better energy savings.

Strong capabilities in project execution

Logistics is another area where we focused, cutting down on time and reducing wastage through improved transportation systems.

Our strong quality and safety thrust found endorsement in the implementation of Integrated Management Systems (ISO 9001, ISO 14001 & OHSAS 18001) in our Ariyalur unit. We commenced the implementation phase of our engagement with M/s DuPont Safety Solutions across the cement business, to further scale our health, safety and environment protection parameters to global standards.

KYC (Know Your Customer) process implementation to enhance quality of customers entering the system and measures to improve our IT network added considerable thrust to our excellence focus.

Power & Refractories

Our Power and Refractories businesses continued to progress in alignment with the Cement business. We sold 9.35 crore units of power to the grid during the year.

Intensive strategic interventions enabled us to report the highest ever revenue in our Refractories business. We are offering to take the cement project order for refractory application on turnkey basis; the cement industry segment continues to be our focus area.

Endorsing our Success Story

The success of our growth strategy is endorsed by the various awards and recognitions that we bagged during 2011-12.

- Green Tech Environment Award 2011 for Dalmiapuram by Greentech Foundation.
- ISO 9001, 14001 Certification for Environment protection for Ariyalur unit, and ISO 18000 for OHSAS (Occupational Health and Safety Management Systems).
- Ariyalur unit conformed to the Quality Management System Standard: ISO, certified by Det Norkse Veritas.
- Best Manufacturing Award for the years 2010-11 & 2011-12 consecutively among the Group companies for Ariyalur.
- Best SHE (Safety, Health & Environment) Unit Award by the Group for the year 2011-12 for Ariyalur plant.
- 18 prizes for mines in Tamil Nadu across categories during TNKMSA safety week celebration organised in the state.
- Awards for Energy Efficiency and Environmental Management including Confederation of Indian Industry (CII), Bureau of Energy Efficiency (BEE) and National Council of Cement Building Material (NCCB).

Higher than market growth and increasing market share

LETTER TO THE SHAREHOLDERS

"The de-merger had a strong positive impact on your Company, enabling us to leverage the resultant enhanced focus to combat challenges faced by the industry during the year"

Dear Shareholders

A year ago, we aligned our strategic roadmap to new and emerging economic and industry demands through our de-merger. The benefits of this strategic manoeuvre are manifest across our business fabric.

The de-merger has left a strong positive impact on your Company, enabling us to leverage the resultant enhanced focus to combat challenges faced by the industry during the year.

INDIAN ECONOMY AND THE CEMENT INDUSTRY

During FY12, the country's economy grew by 6.9%, which was below expectations. Focus on controlling inflation led to tighter monetary policies and higher interest rates, which affected growth. High current account deficit has resulted in weakening of the rupee. High fiscal deficit of 5.9% of GDP has resulted in limited elbowroom for the Government on manoeuvrability. Thus, overall there are lot of challenges on the economic front in the short run, though the long run outlook for the economy is still quite positive.

Indian cement sector witnessed demand growth of 9.6% in FY12, despite above mentioned challenges. In south India, overall growth was healthy at 9%. However, cost of coal, logistics cost and continued unabated infrastructure constraints adversely affected the real effective capacity.

COMPANY'S PERFORMANCE

Our growth in sales of 17%, when other major players had close to flat growth in the region, is attributed to continued focus on marketing and brand building activities, as also to significant increase in sales in Andhra Pradesh and Karnataka on account of low base effect. Steps were taken to switch to alternate cheaper fuels like pet coke, lignite to reduce the impact of coal price increase. Commissioning of railway siding at Kadapa in FY13 should help in controlling logistics cost. Our consolidated net income stood at ₹2,363 crore and EBITDA at ₹588 crore, giving an EBITDA margin of 25%.

GROWTH PLANS

Company has agreed to acquire 50% stake in Calcom Cement Ltd., Assam, with an expandable capacity of 2.1 MnT, which would give us a presence in the new markets of the North-East. This region is growing at a healthy rate and should provide better margins on account of location as well as tax incentives. Your Company is going ahead with one greenfield unit in Karnataka with a capacity of 2.5 MnT through its 100% subsidiary and continues to look for acquisition opportunities.

Before we conclude, we would also like to reiterate that our strategic focus and initiatives, particularly towards enhancing operational execution, shall continue to be the cornerstone of our growth strategy, as they were in the year gone by.

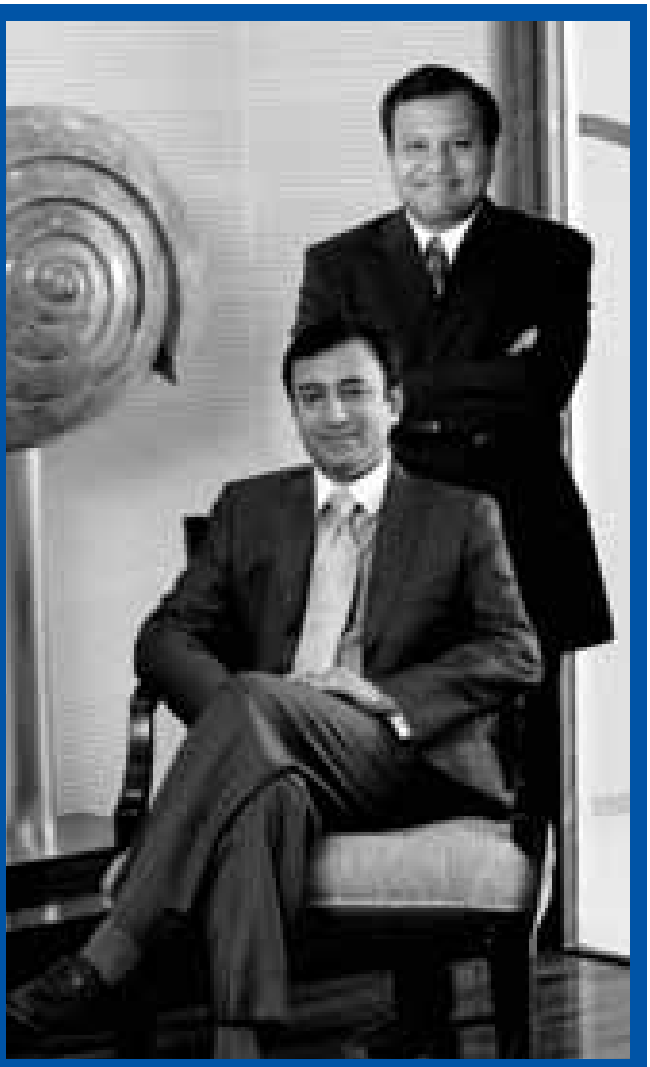
ACKNOWLEDGEMENT

Your Company continues to be on its path of sustained value creation and its success so far could not have been achieved without the unstinting support and confidence of all its stakeholders - employees, customers, suppliers, investors, lenders, government and community. We express our sincere gratitude to each one of our stakeholders and urge them to travel together into a bright, promising and profitable future.

Jai Hari Dalmia
Managing Director

Yadu Hari Dalmia
Managing Director

THE TALKING POINTS



"With a strong strategic focus in place, it shall be our continued endeavour to deliver on the growth of both operating metric and earnings."

Q. How would you describe fiscal 2011-12 for the Company?

Strategic Brand and Marketing initiatives: The year in review witnessed a very competitive external environment. We strengthened our position by increased focus on strategic brand promotion and marketing initiatives in our key markets of southern India; this helped us gain better realisations.

Growth through Inorganic route: Due to the current situation of capacity overhang in the cement space, consolidation opportunities need to be leveraged to shorten the time horizon for growth. Convinced on growth in North-East, your Company acquired a 50% stake in Assam based Calcom Cements Ltd., as part of its inorganic growth plan. Calcom has a partly commissioned 2.1 MnT capacity, with expansion of clinker capacity by 1 MnT under implementation.

Look within: The year was also a year of introspection. We evaluated internal processes and systems while devising strategies to optimise efficiencies. In order to curtail the adverse effect of ever increasing coal prices and Rupee devaluation in international currency markets, we opted for alternative fuel usage at our plants, worked on our efficiencies and started using high moisture coal which we purchased at lower rates.

Q. What were the key highlights of the Company's operations during the year?

Sales better than Competitors: Our sales saw a growth of 17% with 5.4 MnT. This was aided by phenomenal growth in Andhra Pradesh (44%), Karnataka (29%) and Tamil Nadu (21%), indicating the ramping up of our new production units at Kadapa and Ariyalur. We outperformed the overall growth of the industry in south India (including Maharashtra) which was 9% in FY12.

Better Realisations and Recovery of Increased Input Cost: The cement industry faced challenges in the form of increased input costs for the second successive year, particularly hikes in fuel and logistics costs. Your Company was able to mitigate this by passing on the increase in costs through gradual improvement in realisation.

Improved Operational Efficiencies: Riding on higher diesel prices, logistics costs posed fresh challenges. To address these we focused on a judicious mix of rail and road transport, while optimising our energy consumption, using alternate fuels.

Reinforcing Sustainable Performance: Your Company commenced construction of railway siding at its Kadapa unit; this will grant better access to cement markets of Maharashtra and Karnataka. In our associate Company OCL India Ltd., a 27 MW capacity captive power plant was commissioned at Rajgangpur in February 2012, another power plant of 27 MW in OCL will be commissioned in FY13. These initiatives have given us the advantage of energy self-dependence.

Q. KKR's investment in the previous fiscal was a key strategic development for the Company. How has this impacted the Company's performance?

The KKR investment began to yield significant benefits, enhancing our capacity (which now stands at 15.6 MTPA, including the capacity of OCL & post commissioning of Calcom capacity), and market share through organic as well as inorganic routes. We have also benefited from the de-leveraging of our balance sheet and have gained access to the best international governance and business practices.

Q. Can you take us through the key reasons behind the Calcom Cement acquisition?

The North-East is a fast growing market. We realised the importance of gaining a stronghold in the north-east, particularly in Assam. And Calcom is possibly one of the only projects available in Assam. Most other capacities are centred in Meghalaya. We were also impressed with Calcom's excellent infrastructure, which will give us access to other markets in the region. We clearly foresee opportunity in the region. Potential for long-term sectoral growth in that part of the country is immense. With this acquisition, we have gained the enviable advantage of being an early entrant in that region.

Q. This being the first year of operations post the de-merger, what, in your opinion, were the benefits of the de-merger?

The de-merger was a well thought out strategic initiative aimed at enhancing our fund-raising flexibility. It gave us vital advantage, and insulated us from the volatility in other businesses. It enabled us to fast-track implementation of our growth plans, increase business and investor focus from the creation of pure play business entities. The mirror split resulting from the de-merger has ensured continuation of experience and understanding of the promoters to all Group businesses.

Q. What are the key factors that shall drive growth for the Company?

With a strong strategic focus it shall be our continued endeavour to deliver growth on both operating metrics as well as earnings. Our thrust on improving our operating efficiencies and keeping our balance sheet strong, remains. We are cognizant of the need to keep pace with changing market scenarios and industry demands through a business approach that is flexible in action while remaining rooted in our core values and principles.

We firmly believe that winning cement companies are those which manage their operations in a way which consistently improves their production volumes and efficiencies. These are the companies which are able to weather adverse conditions to sustain the momentum of their growth at every step of the way. This is our business mantra as we move forward.

Q. Do you plan to undertake any major capacity additions in the coming months? What are the initiatives that you propose to enable better progress for the Company?

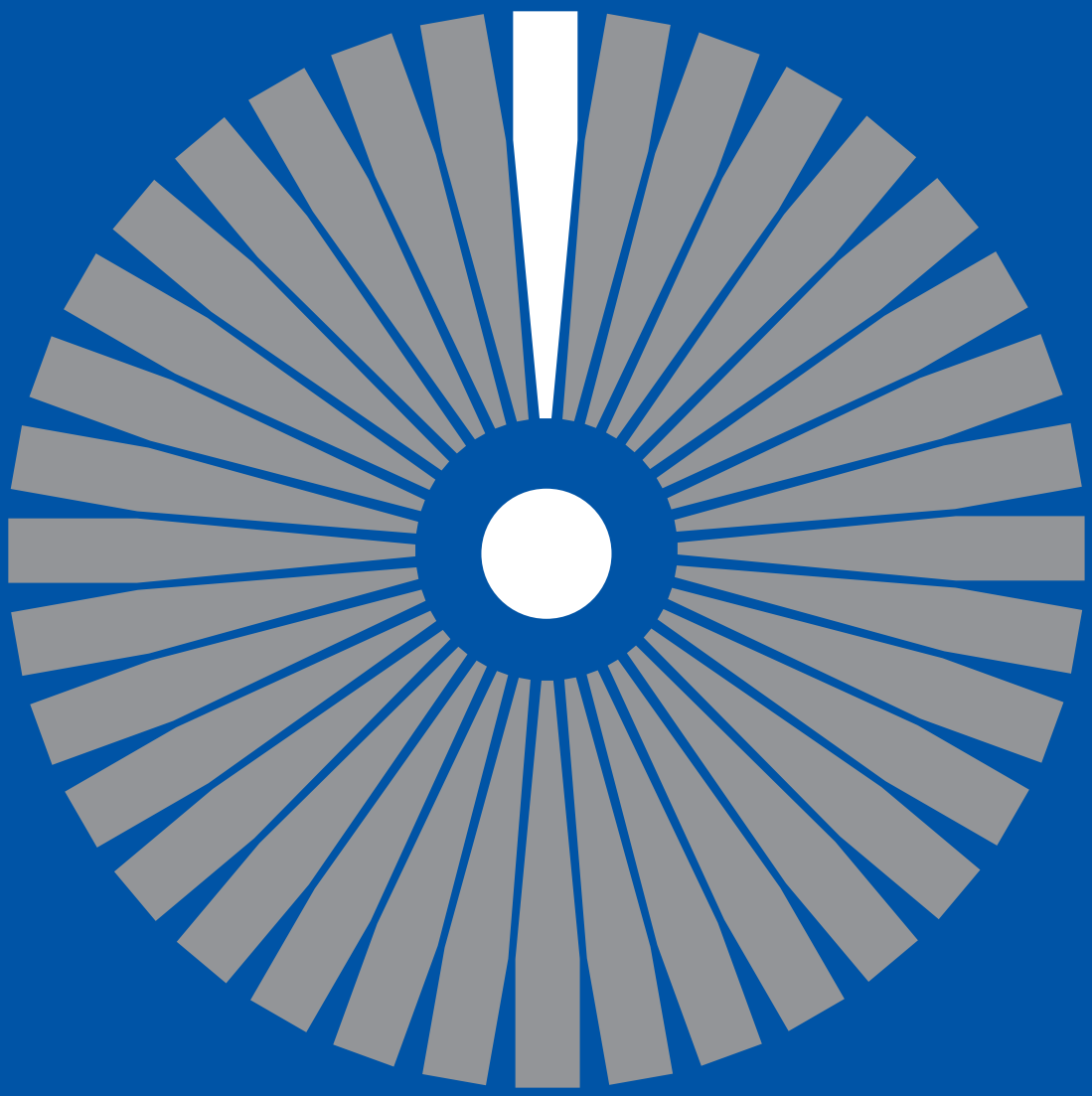
With industry capacities on a surplus, and likely to remain so in the coming months, we are not planning any major further expansion at this juncture, barring one greenfield project of 2.5 MnT, which shall be developed over the next two to three years, in south India.

On the operations front, we shall take additional measures to optimise the fuel mix, and increase pet coke and indigenous coal usage. Higher fly ash usage and reduction in heat rate will also be addressed and we shall strengthen our focus on AFR (Alternative Fuel and Raw Materials).

After introducing a growth-oriented business model, we shall continue to enhance our engagement with institutional buyers. We will build on our operating matrices through better price positioning, expansion of direct retail network, strengthening of technical services team, expansion of outdoor marketing presence, optimisation of fleet mix and greater railway movement to improve logistics during the coming months. These initiatives shall help us further enhance our excellence parameters and enable us to boost toplines and bottomlines.

Gautam Dalmia
Director

Puneet Yadu Dalmia
Director



Value creation that does not go beyond business cannot have a lasting impact. Holistic growth of an organisation becomes possible only if it reaches out to people and communities at large.

HOW we touched the lives of those we live with...

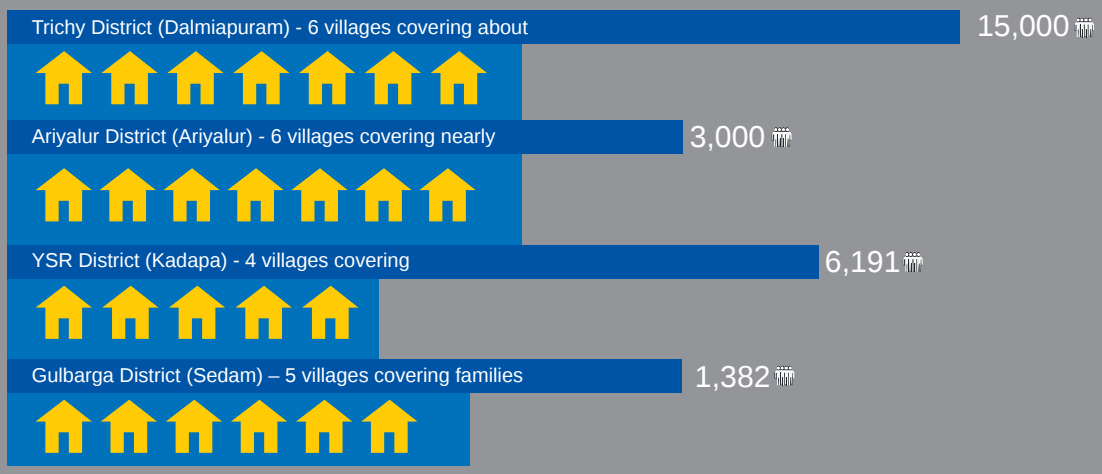
BEYOND BUSINESS

Businesses operate in an environment influenced by multiple factors. As they practise mundane management, they impact and are responsible to a variety of stakeholders. They must provide requisite value for communities in which they operate. They must also proactively demonstrate sensitivity and responsibility towards the environment.

Since its inception, your Company has been conscious of its responsibility towards the environment and the communities in which it operates. Well before Corporate Social Responsibility (CSR) became a concept, we institutionalised and practised it consistently. This consistent best practice grounded in ethical business operations has been an incremental feature of your Company.

With the formation of Dalmia Bharat Group Foundation in 2010, our CSR practice was given formal structure. The Foundation focuses on four areas: education, healthcare, livelihood enhancement and civic infrastructure.

Strong focus on CSR through the Dalmia Bharat Group Foundation



NEW PROGRAMMES

Livelihood and Income Generation

We have endeavoured to improve the quality of life in villages around factory locations. We have done this through microcredit loans, vocational skill building and animal husbandry programmes. These initiatives have benefited atleast 1,000 direct beneficiaries, whose average earnings increased from ₹1,500 to ₹4,000 per month. As many as 189 women members in self help groups (SHG) supported by us have created considerable small savings. These have been augmented by financial support from NABARD of ₹3 lakh.

Micro loans for buying milch cattle and for setting up small businesses have had an appreciable impact on livelihoods. Those trained on vocational skills are either working or self-employed.

As our in-house facility for training and developing skills in construction related trades, the Dalmia Institute of Construction (DIC) continues to lay emphasis on the development of a dedicated livelihood programme for rural youth in the rapidly growing construction sector. The institute has been established with the aim of addressing substantial gaps between demand and availability of well-trained supervisory manpower for the construction industry.

Health & Sanitation

Initiatives through camps, immunisation, pre and post natal care, weekly clinics in collaboration with primary healthcare and state departments of health have improved the health of almost 6,000 men, women and children. The initiative also comprises enhanced hygiene through mass awareness programmes. Proactive facilitation with Integrated Child Development Services (ICDS) and regular seasonal precautions with support from the Department of Health on effective service deliveries has yielded better healthcare. We facilitated 100% immunisation of children less than a year in age and 100% registration of pregnant mothers for ante-natal check-up and institutional deliveries. The project provided for the construction of 55 ISLs (Individual Sanitary Latrines) in collaboration with the Department of Rural Water Supply, Government of Andhra Pradesh.

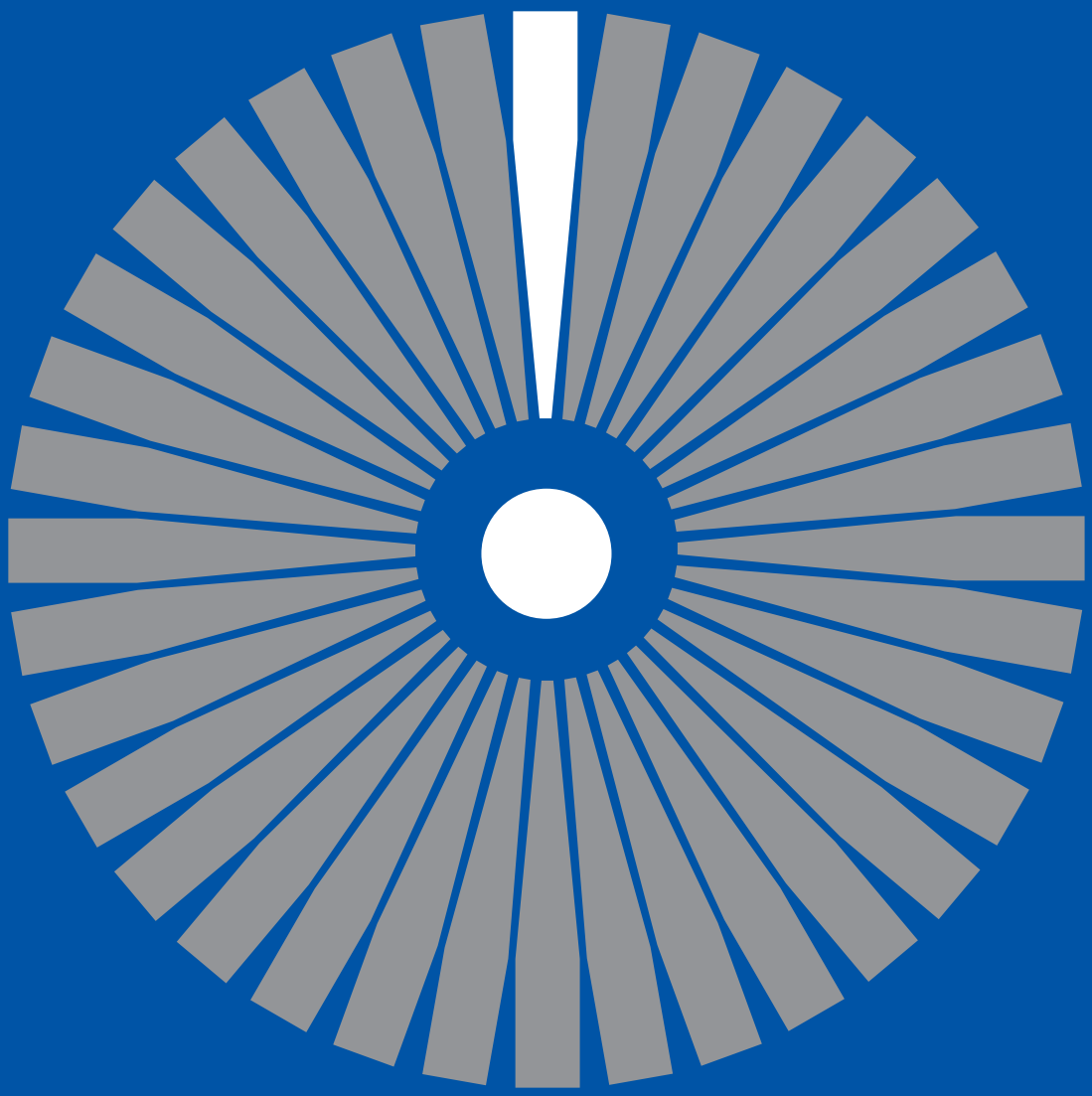
Dalmia Hospital at Dalmiapuram

All of Dalmiapuram's residents, as well as those from the surrounding 20 villages, are assured of medical care at our hospital. A total of 5,249 people, other than our employees, were treated at the hospital.

Education

In order to raise the bar on the standard of education, several initiatives were undertaken. To maintain teacher-pupil ratio at an optimal 1:40, we sponsored compensation for teachers at the school. This ensured presence of teachers, filling up of vacancies and dedicated teaching. Eighty three students benefited. More than 1,200 students were direct beneficiaries because of repair and construction of toilets in schools, construction of compound walls and provision of sports and recreational facilities. To enable holistic development of children, many extra curricular and sports activities received financial support. Many talents were recognised and honoured. Provision of furniture and utensils at Anganwadi centres benefited 103 children. Prizes for school toppers from the Government middle school encouraged academic distinction. Fifty five meritorious students were recognised for their efforts. With basic computer education, 123 people enhanced their employability and 150 adults received the gift of literacy at our Adult Learning Centres. Of these, 90 were illiterate women who are now able to read and write with ease.

Vivekananda Matriculation School and Dalmia Higher Secondary School, supported by Dalmiapuram unit, provide education to more than 2,300 children altogether.



Our planet stands on the brink of disaster as a result of environmental degradation driven by businesses working to the exclusion of their own interests. Humanity faces annihilation unless strong measures are taken to make growth environment-friendly and sustainable.

HOW we are doing our bit in ensuring a sustainable tomorrow...

GROWING SUSTAINABLY

The need for businesses to graduate from sustained profits to sustainable growth cannot be overstated. We have concertedly kept our systems and operations clean and largely pollution-free. We have resolutely kept our plants and the areas around them green. We have determinedly made re-cycling and water harvesting an integral business methodology. We have intensively reduced the heat rate and optimised fuel mix at our plants to keep the environment fresh and healthy.

Each of these measures may not, by themselves, be enough to make a transformational difference; but together, they have drastically improved the environmental health of the regions in the vicinity of our plants.

As part of our Energy Conservation and Environmental Management focus, simple innovative ideas and well planned execution of projects help manage energy with greater efficiency, yielding impressive cumulative results which reduce power consumption. Ideas and techniques have been employed to conserve water and prevent pollution / wastage. Alternate fuels are used extensively to save energy. Larger quantities of eco-friendly masonry cement were produced to save energy. This year too, trees were planted extensively to promote green cover and promote a healthier environment.

Our green initiative: Dalmia Cement EcoTouch, was launched, in collaboration with Exnora Panruti, in Cuddalore district of Tamil Nadu, in September 2011.

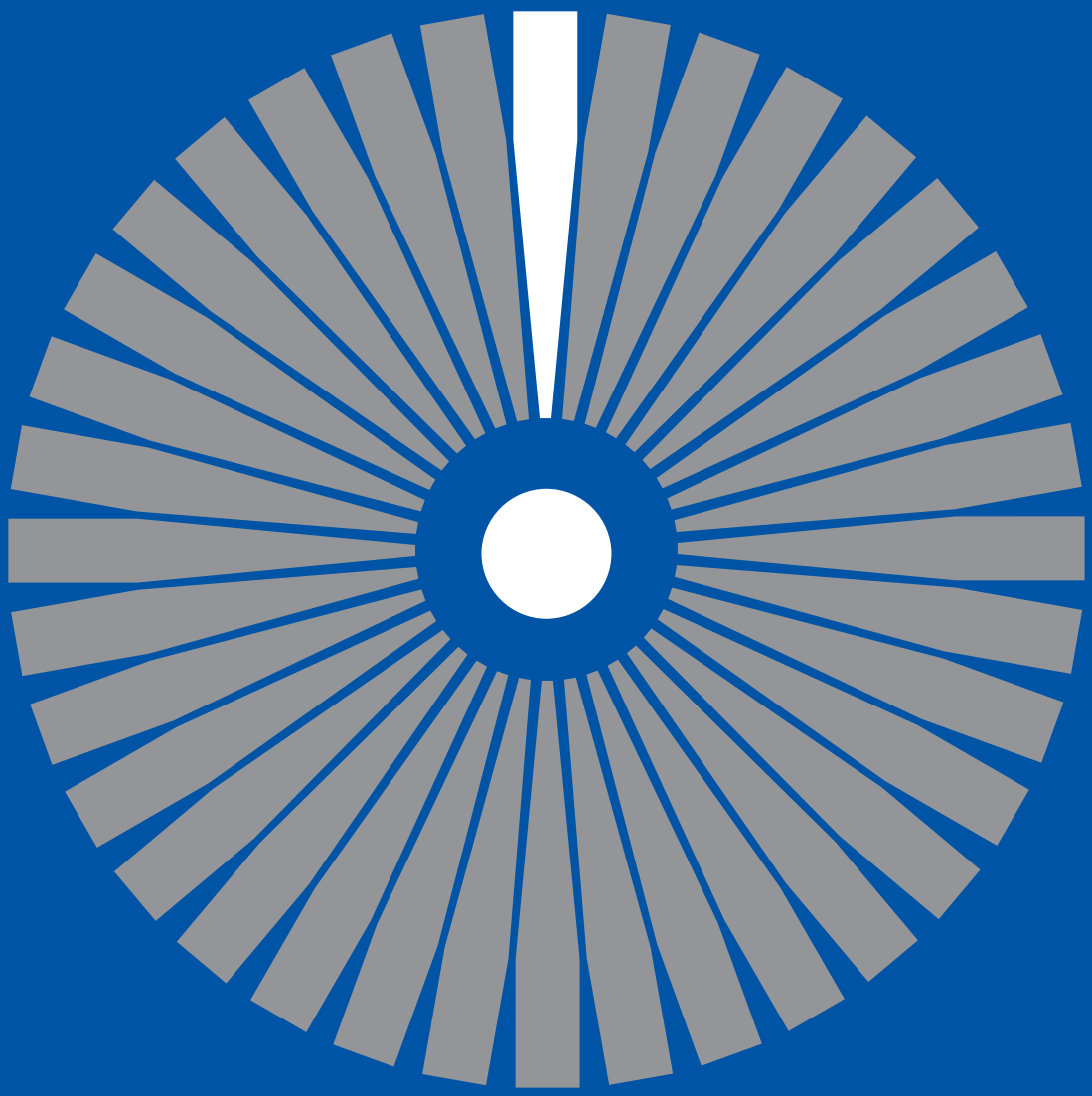
The focus on PSC (Portland Slag Cement), which is blended cement, is widely acknowledged to reduce our carbon footprint and we are increasingly moving towards PSC variety of cement from the traditional OPC (Ordinary Portland Cement) to maximise this benefit.

For tapping solar energy more effectively, we phased mercury-based lighting systems inside our plants and are using solar water heaters at our guest houses.

Re-cycling and re-use of solid and liquid waste in our process is another key component of our environment-friendly systems. Rainwater harvesting is a key focus area of engagement and we are continuously working to create awareness on the same in our catchment areas.

Our green focus shall continue to gather momentum as we initiate consistently better processes and systems to keep pace with the environmental movement, which is fast becoming a basic premise of growth in the cement industry.

Electrostatic Precipitators installed at Dalmiapuram plant to reduce pollution



Challenges demand and inspire responses. They motivate every member of an organisation to deliver the best. The performance and success of an organisation can be gauged in a challenging environment.

Our mantra for success is underlined by this simple philosophy. It finds an answer to HOW we are always looking for challenges to boost our future growth...

TOWARDS SELF-ACTUALISATION

It is our firm belief that every challenge, imaginatively and coherently addressed, brings out the best in an organisation and generates resilience.

Potential for growth in the cement industry is immense, notwithstanding some recent challenges that we have faced. With our inherent strengths, which we are well-poised to continuously leverage, we have mapped out an exciting growth trajectory for the future.

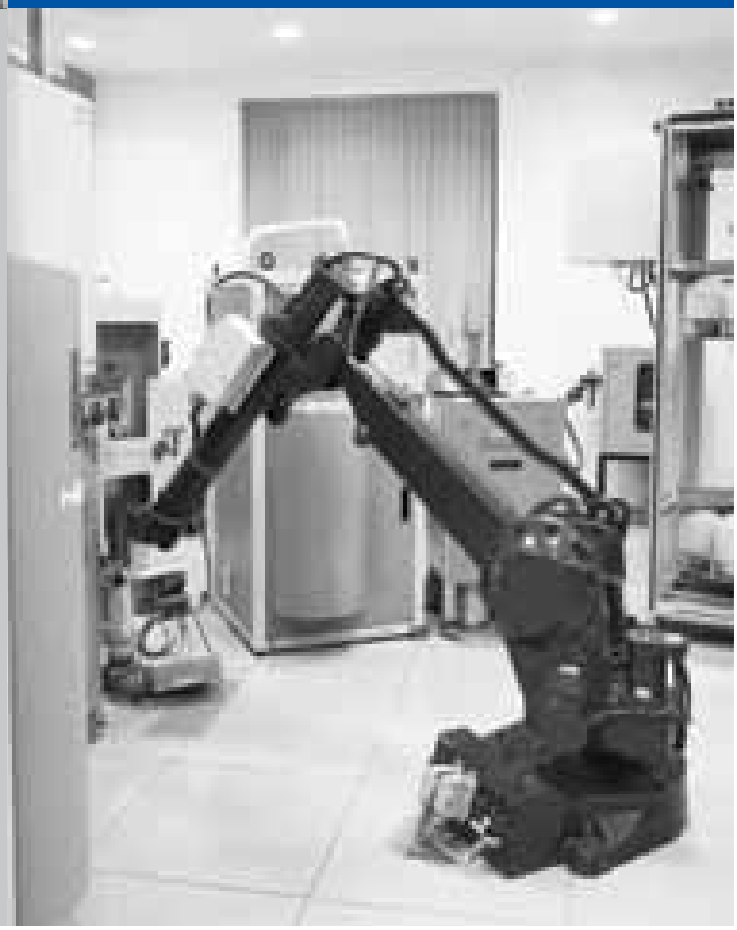
Our strategic roadmap for FY13 will see us focussing on optimisation of fuel mix and increased pet coke and indigenous coal usage. A more aggressive approach on price shall enable us to keep our targets on track. On the procurement front, we shall explore options of joint procurement/swaps with industry peers to create better price advantage.

Greater focus on special/branded cement to boost institutional sales

Enhanced institutional sales, expansion of direct retail network and concentration of marketing and sales efforts in 15 districts shall help us further grow our leadership position in the industry.

On the Logistics front, we shall ensure better systems, including increase of dedicated trucks percentage, shifting to destination-based freight in Tamil Nadu, increase in rail movement through our new railway siding in Kadapa, optimisation of fleet mix, etc.

Cumulatively, these initiatives shall help us to meet our growth targets during the year to come and beyond.



FINANCIAL HIGHLIGHTS

Particulars	FY ending	FY12	FY11
Total Operating Income	₹ crore	2,363	1,768
Operating Profit (EBITDA)	₹ crore	588	386
Cash Profits	₹ crore	369	238
Profits before Tax (PBT)	₹ crore	270	71
Profit after Tax (PAT)	₹ crore	143	50
Share Capital^	₹ crore	16	16
Reserves & Surplus	₹ crore	2,875	2,761
Loan Funds	₹ crore	1,829	1,930
Net Block*	₹ crore	3,571	3,709
Net Current Assets	₹ crore	491	814
Operating Profit Margin	%	24	21
Net Profit Margin	%	6	3
Return on Average Net Worth	%	5	2
EPS (fully diluted)	₹	17.67	6.13
Cash EPS (fully diluted)	₹	45.44	29.33
Net Debt Equity Ratio	x	0.46	0.46
Interest coverage	x	3.05	1.41
Current Ratio	x	1.78	3.05
Dividend Rate	%	75	63
Dividend Payout Ratio	%	10	20
Share Price	₹	144	185
Market Capitalisation#	₹ crore	11,671	15,020

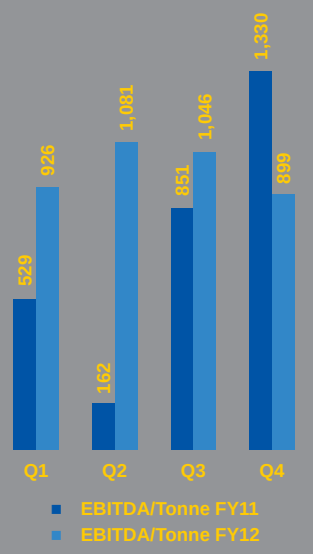
Previous year figures have been regrouped/rearranged wherever necessary to make them comparable with those of current year.

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

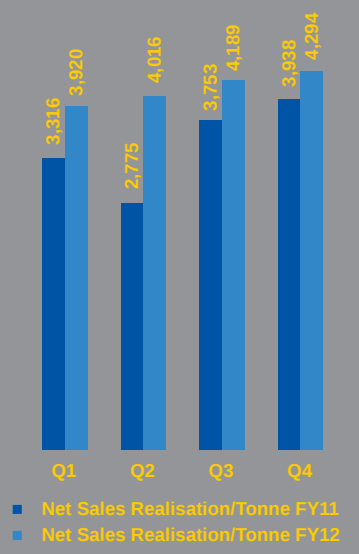
* Includes Capital Work in Progress

Based on shares outstanding at year end

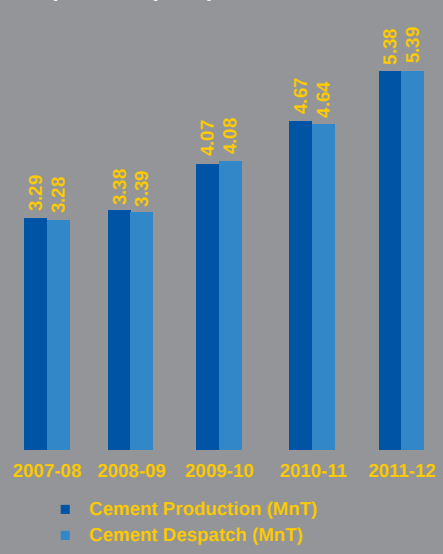
Cement - EBITDA per Tonne (₹)



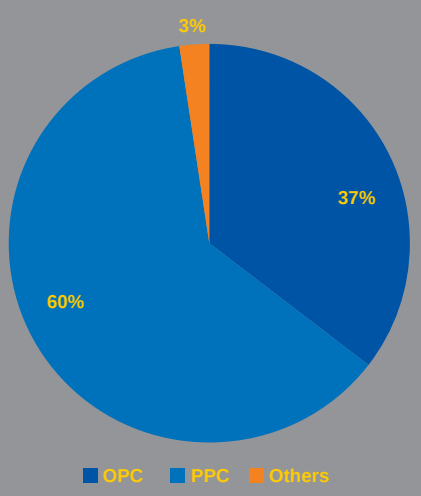
Cement - Net Sales Realisation per Tonne (₹/MT)



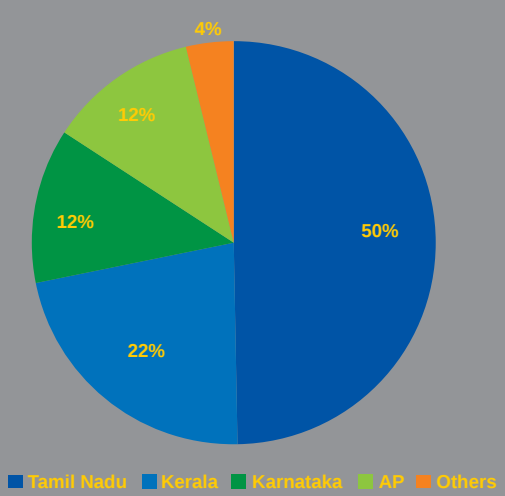
Cement - Production & Despatches (MnT)



Cement - Product Mix FY12 (%)



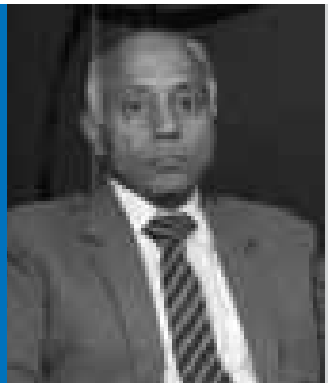
Cement - Geographic Mix FY12 (%)



Board of Directors

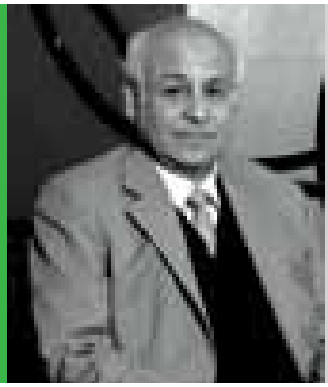
Pradip Kumar Khaitan
Chairman and Independent Non-Executive Director

Mr. Pradip Kumar Khaitan has over 46 years experience across industry. He was co-opted as a Director of the Company in February 2011. He holds LL.B. degree from the University of Calcutta. A partner in Khaitan & Co., Solicitors and Advocates, he has extensive legal and commercial experience. Mr. Khaitan serves as director for several public limited companies: CESC Limited, Electrosteel Castings Limited, Graphite India Limited, Hindustan Motors Limited, India Glycols Limited, OCL India Limited, Pilani Investment & Industries Corporation Limited, TCPL Packaging Limited, Dhunseri Petrochem & Tea Limited, VISA Steel Limited, Warren Tea Limited and Woodlands Multispeciality Hospital Limited.



Jai Hari Dalmia
Managing Director

Mr. J. H. Dalmia holds a B.E. degree in Electrical Engineering from Jadavpur University and a Master's degree in Electrical Engineering from the University of Illinois, Urbana, Champagne. He was co-opted as a director of the Company in February 2011 and elevated to Managing Director in April 2011. Mr. J.H. Dalmia has more than 40 years of experience across industries; with a special focus on refractory, sugar and cement sectors. A holder of various patents, Mr. J. H. Dalmia is keenly involved in research and development.



Yadu Hari Dalmia
Managing Director

Mr. Y. H. Dalmia holds a B.Com (Hons.) degree from the University of Delhi and is a Fellow of the Institute of Chartered Accountants of India. He was co-opted as a Director and later elevated to Managing Director of the Company in February 2011. He holds about 39 years of experience in the cement industry. Mr. Y. H. Dalmia has served as President of the Cement Manufacturers Association and is a well known figure in the cement industry.

Gautam Dalmia
Non-Executive Director

Mr. Gautam Dalmia holds B.S. and M.S. degrees in Electrical Engineering from Columbia University. He has 19 years of experience in the cement and sugar industries. Mr. Dalmia was co-opted as a Director of the Company in February 2011. As Managing Director of group companies, Dalmia Cement (Bharat) Limited and Dalmia Bharat Sugar and Industries Limited, he is directly responsible for managing the operations of the cement and sugar businesses and leads execution of projects. He also provides leadership to the commercial functions for the group.

Puneet Yadu Dalmia
Non-Executive Director

Mr. Puneet Yadu Dalmia holds a B.Tech. degree from the Indian Institute of Technology, Delhi and is a gold medallist from the Indian Institute of Management, Bangalore, with specialisation in Strategy and Marketing. He was co-opted as a Director of the Company in February 2011. Mr. Dalmia has 15 years of experience in cement industry, having started his career as the co-founder and chaired one of the most profitable e-recruitment websites in India, which was later acquired by monster.com, a Nasdaq listed multinational company. Mr. Puneet Yadu Dalmia, as Managing Director of group companies, Dalmia Cement (Bharat) Limited and Dalmia Bharat Sugar and Industries Limited, conceptualised the growth strategy and governance architecture of the group to focus on its core businesses and is spearheading the growth plans for the group.

Donald Macinnes Peck
Independent Non-Executive Director

Mr. Donald Macinnes Peck holds a masters and a doctorate in Economic History from the University of Oxford. He was nominated as a Director of the Company in October 2010. Mr. Peck's expertise lies in emerging markets investing, both in the equity investment/fund management business. His previous appointments with the International Finance Corporation and investment banks, Lloyds Bank and Morgan Grenfell, grant him a wide perspective of business and financial dynamics. He has also served with CDC Capital Partners, leading the development of its equity investment business and establishing its fund management business worldwide. Having run the CDC/Actis private equity business in India from 1995 to 2007, Mr. Peck became one of the senior founding partners in Actis in 2004.

N. Gopalaswamy

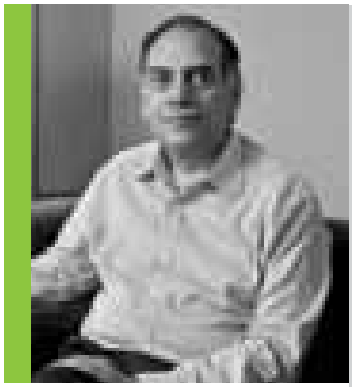
Independent Non-Executive Director

Mr. N. Gopalaswamy holds a B.Sc. degree in Chemistry from Madras University and a B.E. degree in Chemical Engineering from Annamalai University. He is a member of the Institute of Industrial Engineers, USA, the Indian Institution of Industrial Engineering, the Indian Institute of Chemical Engineering, and the Institution of Engineers (India). He is a Council Member of the Tiruchirapalli Productivity Council and has over 44 years of experience in the cement industry.

Bharat Anand

Independent Non-Executive Director

Mr. Bharat Anand is partner, Khaitan & Co. He was co-opted as a Director of the Company in October 2010. Mr. Anand is a graduate in Economics from the University of Delhi; he studied Law at the University of Cambridge, as a Cambridge Commonwealth Trust Scholar. Prior to joining Khaitan & Co., Mr. Anand worked at the London offices of Freshfields. He has advised several multinationals on their Indian investments and joint ventures. He regularly advises Indian entities engaging in offshore investments and acquisitions. The U.K. based RSG Consulting featured Mr. Anand in their list of top 25 'second generation lawyers' in India.



V.S. Jain

Independent Non-Executive Director

Mr. V.S. Jain is a fellow member of the Institute of Chartered Accountants of India and Institute of Cost and Works Accountant of India. He graduated from Shri Ram College of Commerce, University of Delhi. Mr. Jain began his professional career with Indian Oil Corporation and was engaged over 26 years in various capacities. He was responsible for financial strategies and implementation and financial appraisal of projects. As Executive Director, his responsibilities included international negotiations for procurement of crude and petroleum products. He was later selected as the Chairman of Steel Authority of India, until July 2006. Post retirement, Mr. Jain was associated with the Jindal Group as Managing Director and CEO of Jindal Stainless Limited. He was also nominated as a Member of the Public Enterprises Selection Board, which post he held till July 2011.

CORPORATE INFORMATION

Board of Directors

Mr. Pradip Kumar Khaitan
Chairman and Independent Non-Executive Director

Jai Hari Dalmia
Managing Director

Yadu Hari Dalmia
Managing Director

Gautam Dalmia
Non-Executive Director

Puneet Yadu Dalmia
Non-Executive Director

Donald Macinnes Peck
Independent Non-Executive Director

N. Gopalaswamy
Independent Non-Executive Director

Bharat Anand
Independent Non-Executive Director

V.S. Jain
Independent Non-Executive Director

Auditors
Statutory Auditors
S.S.Kothari Mehta & Co.

Internal Auditors
KPMG
Building No. 10, 8th Floor,
Tower – B,
DLF Cyber city, Phase – II
Gurgaon – 122002, India

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

Registered Office
Dalmiapuram 621 651
District Tiruchirapalli, Tamil Nadu

Bankers
Punjab National bank
Axis Bank Limited
Bank of Baroda
BNP Paribas
Canara Bank
Central Bank of India
Corporation Bank
Oriental Bank of Commerce
Indian bank
Vijaya Bank
Lakshmi Vilas Bank
United Bank of India
Landesbank Baden-Wurttemberg
State Bank of India
Yes Bank
ICICI Bank Ltd.
IDBI Bank
The Hong Kong and Shanghai Banking Corporation Limited
DBS Bank Ltd.
Vijaya Bank
State Bank of Mysore

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC SCENARIO AND OUTLOOK

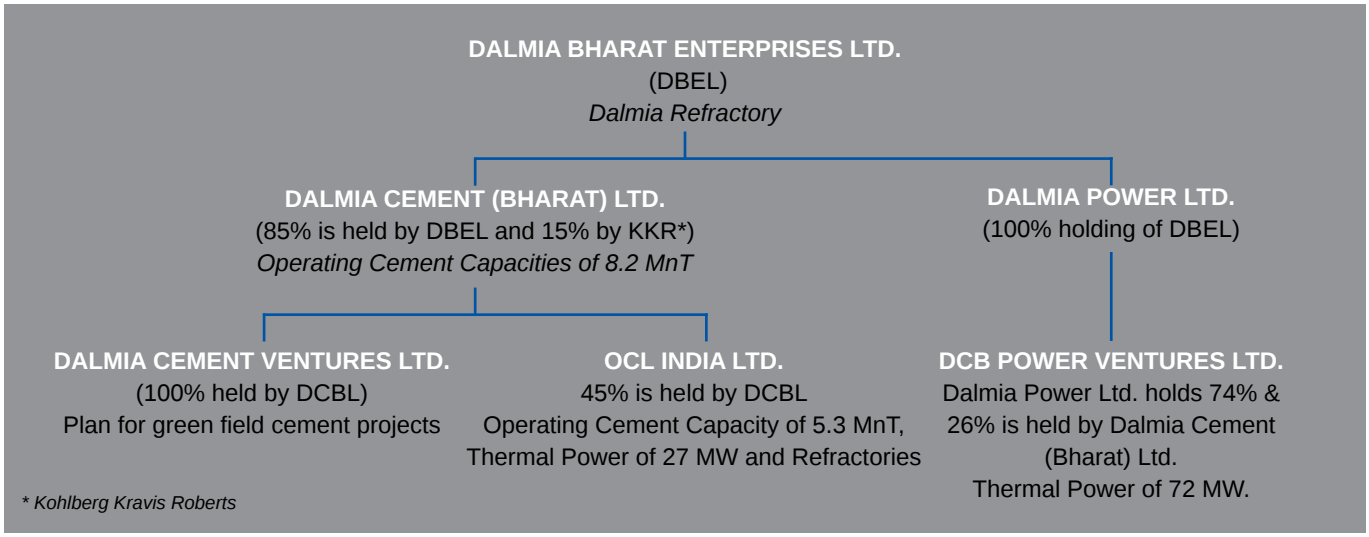
During the year, the Indian economy grew only by 6.9%, against 8.5% in the two preceding years, mainly on account of poor industrial growth of only 3.9%. Near double digit inflation, for the past 2 years, forced the government, to follow tight monetary policy, which impacted growth. During the latter part of the year, inflation moderated & it is expected to stabilise, though some uncertainty remains. Fiscal deficit increased to 5.9% of GDP, against 4.6% projected earlier. High crude prices, impact of which could not be passed to the consumers to rein in inflation, resulted in steep increase in subsidies. Fiscal deficit target for FY13 is 5.1% of GDP, which could be challenging; infrastructure bottlenecks have started appearing with lot of power capacity idling for want of fuel.

During FY13, it is expected that the economy would grow at 7.6%. Government is committed to keep central subsidies within 2% of GDP, by reducing leakages & partly passing the burden of high crude prices. Trade deficit during FY12 ballooned to $185 billion, 56% higher than FY11, which is a matter of grave concern. Current account deficit for FY12 is estimated at about $67 billion, 4% of GDP. While exports grew by 21%, imports grew by 31%. Growth in exports, in the last few months of the year, was in single digit, due to global slowdown. With high crude prices not so encouraging on export front, on

account of uncertainties in Europe, reigning in current account deficit, is going to be challenging. Thus, rupee is expected to be under pressure.

BUSINESS OVERVIEW

As reported last year, your Company was carved out of Dalmia Bharat Sugar & Industries Limited, formerly known as Dalmia Cement (Bharat) Limited as a result of business restructuring, wherein, cement business and related captive power plants vested in the Company as shown below:



Dalmia Refractories (Dalmia Bharat Enterprises Limited)

Dalmia Refractories is servicing most of the producers in the Indian cement industry and continues to get the product manufactured on job work basis. The production volume for FY12 for the refractory business which got manufactured on job work basis was 50,667 MT, as compared to 49,414 MT in the previous year, reflecting an increase of 3%. Sales volume increased by 5% year-on-year to touch 49,493 MT. Slowdown in capacity addition in cement industry has adversely affected the demand emanating from project orders. The Unit continues to depend on imports for its key raw material (refractory grade Bauxite) from China. Its structured "Customer Contact Programme" helped it maintain its leadership position, which further enabled it to increase its market share in cement maintenance for Alumina refractories.

Financial Highlights

Total Income for DBEL standalone for the year ended 31st March, 2012 stood at ₹181 crore, as compared to ₹148 crore, indicating an increase of 23% over the previous year. EBITDA for FY12 stood at ₹19 crore as against ₹18 crore for FY11, indicating an increase of 9%.

Outlook

While long-term outlook for cement industry, to which our refractory business caters, is expected to be good, in the short-term, capacity addition in cement industry would continue to be low because of significant supply demand mismatch. The fragmented and competitive nature of this business will continue to pressurise margin.

34% increase in DBEL consolidated total income

Successfully commissioned Railway siding at Kadapa (AP)

The Company will continue to explore opportunities to diversify into non-cement sectors such as steel, glass and coke-oven.

Cement business [Dalmia Cement (Bharat) Ltd.]

Industry overview, developments & outlook

During FY12, all India domestic consumption grew by about 9.6%, to reach 237 MnT (Million Tonnes). Of late, cement demand seems to be reviving strongly including in South, except Andhra Pradesh, due to political turmoil in the State. New capacity added during the year was about 23 MnT, as compared to 33 MnT in FY11, indicating slowing down in capacity addition. The all India capacity as on 31st March, 2012 stood at 332 MnT and it is expected to reach 406 MnT by the end of FY15.

During FY12, the total consumption in South (including Maharashtra) grew by 9% reaching 95 MnT. During the year, about 11 MnT of new capacity was added in South. Capacity in southern region as on 31st March, 2012 stood at 152 MnT and is expected to reach 186 MnT by the end of FY15. Though in the short-term, demand-supply mismatch poses challenges, in our opinion the long-term outlook of the industry remains positive.

Following two consecutive years of sluggish demand, more meaningful demand growth can reasonably be expected in coming years. Infrastructure spends are expected to improve during the 12th Five-Year Plan (2012-17) where typically 15% of the Plan expenditure is spent. It is expected that the investment in infrastructure is expected to touch 10% of GDP during the 12th Five-Year Plan from the range of 5-6% it has seen during 11th Plan.

Housing is expected to be the biggest demand driver for cement. Urban housing too will generate better demand, with increasing affordability and the potential of slow return to a softer interest rate cycle. Rural housing and construction activity is also expected to pick up.

Going forward, we continue to expect stronger demand scenario coupled with uncertainty for input costs which are likely to increase further. This might neutralise the impact in contribution attained due to higher demand and would likely result into stable EBITDA.

Financial overview

During FY12, the cement business continued to surge ahead with better growth in demand in South, and lower new capacity addition. Infrastructure bottlenecks (e.g. non availability of coal, power cuts etc.) significantly impacted the effective capacity of the industry. DCBL's clear approach to address the challenges of achieving asset optimisation and maximising cost efficiencies yielded fairly good results.

All round increases in input costs continued unabated. Prices of imported coal went up steeply by about 15%. However, the Company was able to control power costs from CPPs, by switching to alternate fuels. Similarly, increase in diesel cost impacted logistics cost.

Healthy growth in cement consumption in the South has helped the Company to pass on the cost increases. This, coupled with increased sales volume of 17%, has helped the Company to improve its EBITDA.

With steep increase in the price of imported coal, the Company switched partially to alternate fuels, like pet coke and lignite. Also, a good portion of imported coal was contracted at fixed rates. All this helped to some extent in containing the increase in energy costs.

Increase in freight and logistics costs was controlled by optimising the lead distances. The work of the Railway siding at Kadapa (Andhra Pradesh) was successfully completed in April 2012. This will help serve long distance markets from the location and reduce usage of trucks. During the year, sale of surplus power from CPP has dropped to 935 lakh KWH from 1,541 lakh KWH in FY11 on account of lower rates offered by TNEB. During FY13, this window of opportunity may go down further with improved power situation in TN.

OCL India Ltd. in which the Company has a stake of 45%, had an EBITDA of ₹207 crore vs ₹314 crore in FY11. Sales volume decreased from 3.34 MnT to 3.17 MnT. A 27 MW Captive Power Plant was commissioned in FY12, and second unit of same capacity is expected to be commissioned in FY13, to facilitate supply of uninterrupted power. OCL has also taken the decision to instal a Grinding Unit of 1 MT in West Bengal, which should get commissioned in FY14.

Marketing Initiatives

The process of brand building continued in the year with significant investments in all key markets. The key strategy has been (a) building brand awareness and (b) increasing conversion scores. This resulted in enhanced visibility and awareness of the brand especially in the new markets of Andhra Pradesh and Karnataka, and consequently increase in overall market shares.

The “TecMobile” Service was extended to more markets. Its unique concrete testing service has become very popular in disseminating right information and guidance right at the customers doorstep. Responding to the very positive response, the Company has planned significant investments for this initiative in the coming year.

Go Green

The Company's "Go Green" initiative, which includes building on the flora and fauna around the facilities, continued with the same momentum.

Approximately 80,000 trees have so far been grown in and around the Company's Dalmiapuram (in Tamil Nadu), extensive lawns have been developed around all the facilities and almost 1,000 trees are planted around the Government Hospital in Panruti (Tamil Nadu).

As part of its efforts towards recycling and reusing the solid waste/liquid waste, DCBL utilised about 1,399 MT of lime sludge in the cement kiln in FY12 and plans to co-process substantial amount of lime sludge during FY13 also.

In FY12, Alternate Fuel Feeding system was installed in the Dalmiapuram plant for utilising Municipal Solid Waste (MSW).

A high capacity plastic shredder was installed and waste plastics are now shredded and utilised in the kiln as a fuel substitute.

DCBL's sustainable development teams are looking at mechanisms to utilise industrial waste from chemical, steel, sugar, pharmaceutical, automobiles and other industries, as well as exploring the possibility to use bio fuels like rice husk, sawdust, etc.

The Company is planning to install a waste heat recovery power project at its Kadapa unit, to generate about 5 MW of power. This is a resource of renewable energy from waste.

Quality, Safety & Awards

Integrated Management System (ISO 9001, ISO 14001 & OHSAS 18001) was implemented in the Ariyalur unit during the year. With this, the entire cement business got certified for all the three systems, including OHSAS.

Progress continued to be made in the implementation of DuPont Safety Engagement, which will enable the Company to further improve its safety standards and bring in safety excellence in the work place.

The Company's green initiatives have been appreciated and have won various awards.

To sharpen its focus on sustainability, the Company has commenced working on the Cement Sustainability Initiative Forum (CSIF is a part of World Business Council for Sustainable Development); DCBL is amongst the three Indian Cement Companies to do so.

Growth Plans

During January 2012, the Company agreed to acquire 50% stake in Assam based Calcom Cement Ltd. The Company has an installed cement grinding capacity of 1.7 MnT, and is executing a new clinkerisation unit of 3000 TPD, with which its clinker capacity would go up to 1.3 MnT by FY14. The Company is eligible for all the financial incentives available to units in North-East. Total cement demand in North-East is estimated at about 6 MnT (growing at 10% plus) of which about 2 MnT is moving from mainland.

Cement business is also planning a Greenfield 2.5 MnT capacity through DCBL's 100% subsidiary, Dalmia Cement Ventures Limited, and it is expected to go on stream by FY15; orders for main machinery have already been placed.

ISO 9001, ISO 14001 & OHSAS 18001 certified

CONSOLIDATED FINANCIALS

Profit & Loss Account Analysis

Total Income

The Company's Total Income stood at ₹2,418 crore in FY12; this was primarily driven by improved realisations and increased volumes in cement sales by 17% from 4.6 MnT in FY11 to 5.4 MnT in FY12.

Operating Expenditure

- Total operating expenditure of the Company stood at ₹1,775 crore in FY12.
- Power & Fuel cost incurred in FY12 was at ₹673 crore, which was higher on account of increase in the prices of imported coal and higher production also.
- Freight cost stood at ₹317 crore in FY12. Higher cement despatch and increased diesel prices led to increase in logistics cost.
- Employee cost stood at ₹144 crore in FY12, on account of salary hikes and new recruitments.
- Other expenses incurred during the year stood at ₹389 crore.

Operating EBITDA

Operating EBITDA improved significantly in FY12 at ₹588 crore from ₹386 crore in FY11, witnessing a jump of 52%; improved cement realisations and better operational efficiencies were the major contributor.

Depreciation

Since there was no substantial capex undertaken during the year, the Depreciation cost stood almost stagnant at ₹182 crore in FY12.

Financial Charges

Repayment of the debt outstanding during the year led to decrease in the Financial Charges from ₹172 crore in FY11 to ₹151 crore in FY12.

Other Income

Other Income for the year was ₹55 crore, mainly on the back of profit on sale of investments of ₹26 crore, Interest from Bank Deposits ₹16 crore and Dividend Income from Current Investments ₹13 crore.

Total Tax Expense

Total Tax Expense stood at ₹123 crore, which mainly includes current tax of ₹77 crore, MAT Credit charge of ₹6 crore and Deferred Tax of ₹40 crore.

Net Profit

Net Profit was to the tune of ₹148 crore in FY12. Consolidated Net Profit after considering the share in OCL, associate Company's Profit and Minority Interest, stood at ₹143 crore.

Balance Sheet Analysis

Capital Structure

The Company's paid up Equity Capital stood at ₹16.24 crore as on March 31, 2012, comprising 8,11,89,303 equity shares of ₹2 each (Fully paid up).

Of the above:

(i) 8,09,39,303 shares were allotted as fully paid-up pursuant to scheme of arrangement between the Company and Dalmia Cement Bharat Limited, DCB Power ventures limited, Dalmia Bharat Sugar and Industries Limited (formerly Dalmia Cement (Bharat) Limited) without payment being received in cash.

Reserves & Surplus

The Company's Reserves and Surplus was to the tune of ₹2,875 crore in FY12. Of this, the surplus in Profit & Loss Account was ₹143.45 crore and appropriations to Debenture Redemption Reserve were attributed to the tune of ₹9.8 crore.

Loan Profile

The Total Loan funds of the Company stood ₹1,829 crore in FY12. Long-term Secured loans at ₹1,429 crore comprise 78% of the total loan funds. Out of the total Long-term Secured

Loans, ₹102.4 crore is to be repaid during FY13.

Total Assets

Total Assets of the Company increased to ₹5,642 crore in FY12. The Company's Net Fixed Assets as proportion of Total Assets were at 63% at the end of the year.

Fixed Assets

The Company continues to upgrade its infrastructure and technology across its manufacturing facilities. Capital Work-In-Progress for the year was ₹116.5 crore, taking the Net Fixed Assets to ₹3,571 crore.

Investments

Cumulative investments of the Company stood at ₹1,194 crore including strategic investment of ₹454 crore in OCL (45.4% stake), ₹16.5 crore in Quoted equity and other investments in money market mutual funds stood at ₹415 crore.

Inventories

Inventories stood at ₹261.5 crore in FY12 comprising 61% of stores spares of ₹158.4 crore, Work In Progress of ₹37.4 crore, Raw Material Inventory of ₹25.7 crore and Finished Goods Inventory of ₹40 crore.

Sundry Debtors

The debtors of the Company stood at ₹135.5 crore in FY12, of which only ₹4 crore are more than six months old.

Loans and Advances

Total Loans and Advances amounted to ₹412 crore, comprising 7.3% of the Company's total assets. Short-Term Loans and Advances were ₹225 crore, primarily on account of deposits and balances with Government departments and other authorities.

Cash & Bank Balance

The Company had a Cash & Bank Balance of ₹66 crore on 31st March, 2012.

Current Liabilities

Current Liabilities was at ₹633 crore comprising mainly of sundry creditors of ₹151 crore, and also includes Short-Term Borrowings and Current Maturity of Long-Term Borrowings.

CSR

The Company is committed to help the development of local communities and focuses on key developmental areas of Children, Education, Health and Sanitation, Livelihood Generation and Environment and Physical Infrastructure. The Company, along with the 'Dalmia Bharat Group Foundation', its corporate foundation for CSR, actively collaborates with renowned and responsible NGOs like CARE India and HOPE Foundation to implement its CSR programmes. During the year, DBEL's CSR activities continued around its plants in Dalmiapuram, Ariyalur and Kadapa. Details of the Company's CSR activities are carried in another section of this report.

Dalmia Bharat Group Foundation

HUMAN RESOURCES

On the employee front, talent management remains a key challenge across the cement business. The Company is committed to attract, develop and retain high quality talent to produce top quality results. The Company promotes a culture of high commitment and entrepreneurial approach across all its management positions to foster overall organisational growth.

There are well-defined processes for career development, and as a step in this direction, challenging assignments with commensurate responsibilities are given to identify employees, even at young age. The Company takes immense pride in the knowledge and intellectual capital that the professional employee force brings to the organisation. To usher development and push the motivation bar even further, the Company has introduced various special activities/schemes, including:

- **Employee Outreach Programme for Sales & Marketing:** Through these interactions, the Human Resource Department had in-depth discussions with its team & heads to better understand their issues and problems. This is a recurring programme where sales personnel are contacted by the HR department, who, record their issues and then resolve them to their satisfaction.

- **RAG (Red, Amber, Green):** This R-A-G methodology was adopted to pick insights from employees across the business to gauge their feelings about their workspace and if they were planning to leave. Based upon this, employees were classified into RED (Planning to leave), AMBER (Thinking about leaving) and GREEN (Not thinking about leaving). The HR department then, along with key stakeholders, worked closely with the employees to change their status (from Red to Amber and from Amber to Green).

- **PLDPP (Performance Linked Deferred Payment Plan):** To incentivise and share the Company's success with its employees and generate wealth for them, the Company has developed a unique programme called the Performance Linked Deferred Payment Plan.

- **Open House Session:** An open house session was conducted with the sales and marketing team to identify the roadblocks in achieving their targets. A decision-making council was formed to enable the team garner desired results. This successful exercise was also carried forward to other units.

- **Employee Happiness Bell:** The Company gauges the happiness quotient and provides a medium to express happiness & satisfaction at the workplace; the Company installed a "Bell" in the Chennai office to promote the culture of happiness in the work place.

The Company is confident that all these measures will enable powerful interpersonal communication and enhance the employee satisfaction.

As on March 31, 2012, the total number of employees in the Company are 1,256.

RISKS & CONCERNS

Economic Uncertainty

The cement sector is prone to the uncertainty in economic environment that may impact the demand, cost of production and selling price. Indian economy did show resilience to the global economic downturn, but is presently facing challenges on many fronts. The Company regularly monitors the economic trends and tries to hedge itself from the risk of uncertainty with an astute balance between its short-term and long-term strategies.

Competition

Courtesy its commodity nature and inherent cyclicality, cement

sector continues to be competitive. The rising competition may impact the revenues and profitability. The Company makes consistent investment in marketing and promotions towards keeping the distribution channel aligned as well as retaining the brand superiority in the mind of its customers. The same helps the Company perform better in the competitive markets.

Regulations

Shift in Government policies – across taxes & levies, import & export, royalty on natural resource, land & environment laws, non-availability of energy & transport infrastructure – may adversely impact the cement sector.

Credit & Liquidity

Maintaining an adequate level of credit and liquidity is critical for Capex & Opex requirement for cement players. Though presently there are no constraints, fluid global economic situation could pose challenges.

Currency fluctuation

Indian cement sector's exposure to currency risk arises out of importing coal for operations and machinery & equipment for expansion. High current account deficit and inflation could put pressure on the rupee. The Company hedges major transactions in foreign currency, by taking forward contracts in the currency market, as considered appropriate.

INTERNAL CONTROL SYSTEMS

The Company has an appropriate and adequate system of internal control to ensure that all its assets are safeguarded. The Company has established an internal audit department which ensures adequate review of the whole Company's internal control systems through its audit partners M/s KPMG. The effectiveness of the internal controls is continuously monitored by the Corporate Audit Department. The Corporate Audit's main focus is to provide to the Audit Committee and the Board of Directors an independent, objective and reasonable assurance of the adequacy and effectiveness of the organisation's risk management control & governance process. The Corporate Audit group also follows up the implementation of the remedial actions and improvement in business processes as per review by the audit committee and senior management. The audit activities are undertaken as per the annual audit plan, which is developed based on the risk profile of the business process and in consultation with outsourced firms and the statutory auditors. The audit plan is approved by the audit committee, which regularly reviews compliance to the approved plan. The audit department also does suitable enhancements to the audit plan based on the current business operating scenario.

INFORMATION TECHNOLOGY (IT) & INFORMATION MANAGEMENT SYSTEM (IMS)

The Company views IT as an important enabler to its business objective and leverages its advantages towards a robust IMS.

The Company successfully rolled out SAP for corporate function to manage all the corporate functions e.g. Finance, Commercial and Human Resources smoothly. The Company has also rolled SAP Project System functionality to manage Capex projects effectively. This will bring the visibility of project status with respect to schedule, budget, inventory etc.

The Company has also successfully upgraded SAP EHP to ensure business continuity and enhance the performance and scalability.

The Company launched its Intranet "SPARSH" in September 2011, which is acting as a single platform for employee engagement, collaboration & knowledge management, leading to excellence in all endeavours.

The Company launched its corporate website with the vision of "One Dalmia" along with four businesses websites which

enables them to communicate and market better to their stakeholders.

The Company has invested in Sales Force Automation to increase sales force productivity, which will provide better customer service, close deals and retain existing customers and also help in engaging customers more effectively than ever before. This system is expected to be available to the sales team in early FY13.

The Company has initiated implementation of an ERP Solution in Refractory business, which is expected to go live in the first half of FY13.

Successfully rolled out SAP for corporate function

Directors' Report for the year ended March 31, 2012

The Directors' have pleasure in submitting the Annual Report and Audited Statements of Account of the Company for the year ended March 31, 2012.

FINANCIAL RESULTS

(₹ in Crore)

	FY12	FY11
Net Sales Turnover	**156.79**	**134.56**
Profit before interest, depreciation and tax (EBITDA)	**43.30**	**30.25**
Less: Interest and Financial Charges	1.30	1.44
Profit before depreciation and tax (PBDT)	**42.00**	**28.81**
Less: Depreciation	0.31	0.21
Profit before tax (PBT)	**41.69**	**28.60**
Provision for current tax	9.16	7.41
Provision for deferred tax	(0.28)	(0.11)
Prior year tax charge	0.27	-
MAT credit charge/(entitlement)	0.14	(0.14)
Profit after tax (PAT)	**32.40**	**21.44**
Add: (i) Surplus brought forward	7.55	0.10
Profit available for appropriation	**39.95**	**21.54**
APPROPRIATIONS:		
General Reserve	3.25	2.20
Proposed Dividend	12.17	10.15
Dividend Distribution tax thereon	1.97	1.64
Balance carried forward	22.56	7.55
	39.95	**21.54**

DIVIDEND

Your Directors have decided to recommend a maiden final dividend amounting to ₹1.50 per equity share of ₹2/- each as against a dividend of ₹1.25 per equity share paid in the immediately preceding year.

OPERATIONS AND BUSINESS PERFORMANCE

Please refer to the chapter on Management Discussion and Analysis for a detailed analysis of the performance of the Company during 2011-12.

CORPORATE GOVERNANCE

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

LISTING OF SHARES

The Company's shares are listed on the Madras Stock Exchange, National Stock Exchange and Bombay Stock Exchange and the listing fees for the year 2012-13 has been paid.

INDUSTRIAL RELATIONS

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

EMPLOYEES' PARTICULARS

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

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE TRANSACTIONS

A statement giving details of Foreign Exchange transactions, in accordance with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988, forms a part of this report as Annexure – A. As the Company is getting its goods manufactured on job work basis, the details regarding Conservation of Energy, Technology Absorption are not applicable and are thus not furnished.

SUBSIDIARIES

The Annual Report of Dalmia Cement (Bharat) Limited is attached.

The Central Government vide Notification No. 5/12/2007 – CL III, dated February 8, 2011 has given a general exemption to all Companies in terms of Section 212(8) of the Companies Act, 1956 from attaching the Annual Reports of its Subsidiaries. Accordingly, the Directors' Report and audited accounts of the Company's Subsidiaries, Dalmia Power Limited, DCB Power Ventures Limited, Kanika Investment Limited, and the Subsidiaries of Dalmia Cement (Bharat) Limited, viz., Ishita Properties Limited, Shri Rangam Properties Limited, Geetee Estates Limited, D. I. Properties Limited, Hemshila Properties Limited, Arjuna Brokers & Minerals Limited, Shri Radha Krishna Brokers & Holdings Limited, Dalmia Minerals & Properties Limited, Sri Subramanya Mines & Minerals Limited, Sri Swaminatha Mines & Minerals Limited, Sri Shanmugha Mines & Minerals Limited, Sri Dhandauthapani Mines and Minerals Limited, Sri Trivikrama Mines and Properties Limited,

Sri Madhusudhana Mines and Properties Limited, Dalmia Cement Ventures Limited, Cosmos Cements Limited, Sutnga Mines Private Limited, Rajputana Properties Private Limited and Golden Hills Resort Private Limited for the year ended March 31, 2012 are not being enclosed with this Annual Report. Any Member desiring to inspect the detailed Annual Reports of any of the aforementioned subsidiaries may inspect the same at the Head Office of the Company and that of the subsidiaries concerned. In event a Member desires to obtain a copy of the Annual Report of any of the aforementioned subsidiaries, he may write to the Registered Office of the Company specifying the name of the subsidiary whose Annual Report is required. The Company shall supply a copy of such Annual Report to such Member. The Annual Report of the aforementioned Subsidiaries are available at the Company's website www.dalmiabharatenterprises.com.

FIXED DEPOSITS

The Company has not accepted any fixed deposits from public till date.

DIRECTORS

Mr. V. S. Jain was co-opted as Additional Director on the Board of Directors of the Company in the Meeting held on November 7, 2011. He holds office till the conclusion of the ensuing Annual General Meeting. The Company has received a Notice from a Shareholder together with requisite deposit as required under the provisions of section 257 of the Companies Act, 1956 to the effect that he intends to propose the name of Mr. V. S. Jain for being appointed as a Director of the Company.

Mr. Asanka Rodrigo ceased as Alternate Director to act in place of Mr. Donald M. Peck on November 7, 2011.

Mr. Donald M. Peck and Mr. Bharat Anand, Directors, retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

Shareholdings in the Company by its Directors as at March 31, 2012, are as under:

Name of the Director	No. of Shares of ₹2/- each held
Shri Jai H. Dalmia	16,35,010
Shri Y. H. Dalmia	7,51,880
Shri Gautam Dalmia	7,51,990
Shri Puneet Yadu Dalmia	7,42,055

CONSOLIDATED FINANCIAL STATEMENTS

In compliance with the Accounting Standard 21 on Consolidated Financial Statements, this Annual Report also includes Consolidated Financial Statements for the financial year 2011-12.

CEO/CFO REPORT ON ACCOUNTS

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

DIRECTORS RESPONSIBILITY STATEMENT

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

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

(b) the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

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

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

AUDITORS

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

For and on behalf of the Board

Place : New Delhi
Dated : May 18, 2012

P. K. Khaitan
Chairman

Annexure – A

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

A. CONSERVATION OF ENERGY

(a) Energy Conservation measures taken:

Not Applicable

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

Not Applicable

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

Not Applicable.

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

Not applicable

B. TECHNOLOGY ABSORPTION

Not applicable

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

(i) Refractory products were exported during the year.

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

(i) Used: ₹0.26 Crore

(ii) Earned: ₹3.60 Crore

Report on Corporate Governance

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

DBEL (Dalmia Bharat Enterprises Limited) believes in good Corporate Governance. Your Company's corporate governance practices are driven by strong Board oversight, timely disclosures, transparent accounting policies and high levels of integrity in decision-making.

In India, corporate governance standards for listed companies are regulated by the Securities and Exchange Board of India (SEBI) through Clause 49 of the listing agreement of the Stock Exchanges. The Equity Shares of the Company were listed on January 27, 2011 on the Bombay Stock Exchange Limited, National Stock Exchange and Madras Stock Exchange.

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

BOARD OF DIRECTORS

Composition of the Board

As on March 31, 2012 the Company's Board comprised nine members — two Executive Directors, four Non-executive Directors and three Independent Non-executive Directors. The Chairman of the Board of Directors is a Non-executive Director. The composition of the Board is in conformity with Clause 49 of the listing agreement, which stipulates that if the Chairman is Non-executive, and is not related to the promoters or persons occupying management positions at the Board level or at one level below the Board, one-third of the Board should be independent, or else, 50 per cent of the Board should comprise independent Directors.

Number of Board Meetings

The Board of Directors met five times during the year on 26-5-2011, 10-8-2011, 7-11-2011, 10-2-2012, and 26-3-2012. The maximum gap between any two meetings was less than 4 months.

Directors' Attendance Record and Directorships Held

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

Table 1: Composition of the Board of Directors

Name of the Director	Category	Attendance Particular			No. of other Directorhips and Committee Memberhips/Chairmanships		
		Number of Board Meetings		Last AGM	Other Directorhips@	Committee Member-ships #	Committee Chairman-ships #
		Held	Attended				
Mr. P. K. Khaitan Chairman	Non-Executive	5	4	No	14	4	1
Mr. J. H. Dalmia Managing Director	Executive	5	3	No	6	-	-
Mr. Y. H. Dalmia Managing Director	Executive	5	4	No	3	1	-
Mr. N. Gopalaswamy	Independent Non-Executive	5	5	Yes	8	4	2
Mr. Donald M. Peck	Independent Non Executive	5	1	No	1	-	-
Mr. Gautam Dalmia	Non-Executive	5	4	No	4	1	1
Mr. Puneet Yadu Dalmia	Non-Executive	5	4	No	8	2	-
Mr. Bharat Anand	Independent Non-Executive	5	3	No	-	-	-
Mr. V. S. Jain	Independent Non-Executive	3	3	No	-	-	-
Mr. Asanka Rodrigo * Alternate Director	Independent Non-Executive	3	Nil	No	-	-	-

* Ceased as alternate Director effective November 7, 2011.

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

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

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

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

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

Information Supplied to the Board

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

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

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

Remuneration Paid To Directors

The details of remuneration paid, during the year, to the Executive Directors and the Non-Executive Directors is presented in Table 2.

Table 2: Details of remuneration paid to Directors for 2011-12 (₹ Lakh)

Name of the Director	Category	Sitting Fees	Salary and Perquisites	Retirement Benefits	Commission@	Total
Mr. P. K. Khaitan	Non-Executive	0.90	—	—	5.00	5.90
Mr. N. Gopalaswamy	Independent Non-Executive	1.90	—	—	5.00	6.90
Mr. Donald M. Peck	Independent Non-Executive	0.40	—	—	5.00	5.40
Mr. J. H. Dalmia Managing Director	Executive	—	23.86	1.30	—	25.16
Mr. Y. H. Dalmia Managing Director	Executive	—	23.70	1.30	—	25.00
Mr. Gautam Dalmia	Non-Executive	0.80	—	—	—	0.80
Mr. Puneet Yadu Dalmia	Non-Executive	0.80	—	—	—	0.80
Mr. Bharat Anand	Independent Non-Executive	1.20	—	—	5.00	6.20
Mr. V. S. Jain	Independent Non-Executive	0.60	—	—	2.00	2.60

@Commission paid on net profit only.

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

The appointment of Mr. Y. H. Dalmia, as Managing Director has been made for a period of five years effective February 11, 2011 and the appointment of Mr. J. H. Dalmia as Managing Director has been made for a period of five years with effect from April 1, 2011.

The Company has also paid an amount of ₹10.1 Lakh to M/s. Khaitan & Co., Solicitors and Advocates (a firm in which Mr. P. K. Khaitan and Mr. Bharat Anand are Partners), for the professional services rendered by them including their appearances opinions on various matters and for appearances of other Advocates/Senior Advocates engaged by them in defending legal cases on behalf of the Company.

Code of Conduct

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

Risk Management

DBEL has a risk management framework in place. Under this framework the management identifies and monitors business risks on a continuous basis, and initiates appropriate risk mitigation steps as and when deemed necessary. DBEL has established procedures to periodically place before the Board the risk assessment and minimisation procedures being followed by the Company and steps taken by it to mitigate those risks through a properly defined framework.

Committees of the Board

The Company has four Board-level Committees – Audit Committee, Remuneration Committee, Investment Committee and Shareholders Grievance Committee.

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

a) **Audit Committee**

As on March 31, 2012, the Audit Committee constituted of Mr. N. Gopalaswamy as the Chairman of the Committee, Mr. Donald M. Peck, Mr. Y. H. Dalmia (co-opted on May 26, 2011) and Mr. Bharat Anand as its members. The Audit Committee met four times during the period on 26-5-2011, 10-8-2011, 7-11-2011 and 10-2-2012. The details of attendance of the Directors in the Meetings of the Audit Committee are given in Table 3.

Table 3: Attendance record of DBEL's Audit Committee during 2011-12

Name of Members	Category	Status	No. of Meetings	
			Held	Attended
Mr. N. Gopalaswamy	Independent	Chairman	4	4
Mr. Donald M. Peck	Independent	Member	4	1
Mr. Y. H. Dalmia	Executive	Member	4	1
Mr. Bharat Anand	Independent	Member	4	3

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

All members of the Audit Committee have requisite accounting and financial management expertise. The Chairman of the Audit Committee attended the Annual General Meeting of the Company held on August 26, 2011.

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

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

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

- Investigate any activity within its terms of reference and to seek any information it requires from any employee.

- Obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, when considered necessary.

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

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

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

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

b) Shareholders Grievance Committee

As on March 31, 2012, the Shareholders Grievance Committee comprised of Mr. Bharat Anand as its Chairman, Mr. Y. H. Dalmia and Mr. Gautam Dalmia, as its members. The terms of reference to this Committee is to look into and redress the unresolved complaints received from investors, in coordination with the Company's Registrars and Share Transfer Agent. The Committee did not meet during the period. During the period, 39 complaints were received from investors and all of them were resolved in time to the satisfaction of the concerned investors. At the close of the year there were no cases pending in respect of share transfers. Table 4 gives the details:

Table 4: Nature of complaints received and attended to during 2011-12:

Nature of Complaint	Pending as on April 1, 2011	Received during the year	Answered during the year	Pending as on March 31, 2012
1. Transfer / Transmission / Duplicate	Nil	3	3	Nil
2. Non-receipt of Dividend/Interest/Redemption Warrants	Nil	14	14	Nil
3. Non-receipt of securities/electronic credits	Nil	15	15	Nil
4. Complaints received from:				
- Securities and Exchange Board of India	Nil	1	1	Nil
- Stock Exchanges	Nil	2	2	Nil
- Registrar of Companies/ Department of Company Affairs	Nil	Nil	NIL	Nil
5. Others	Nil	4	4	Nil
Total	Nil	39	39	Nil

The name and designation of the Compliance Officer is as follows: -

- Ms. Nidhi Bisaria, Company Secretary

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

c) **Remuneration Committee**

As on March 31, 2012, the Remuneration Committee comprised of Mr. N. Gopalaswamy, Mr. P. K. Khaitan and Mr. Donald M. Peck as its members. The Committee met once during the year on March 26, 2012 and Mr. P. K. Khaitan and Mr. N. Gopalaswamy attended the meeting. The terms of reference to this Committee is to consider the payment of remuneration to persons of the Board level and one level below the Board, and consider the grant of stock options to various employees under the Employees Stock Option Plan.

d) **Investment Committee**

This Committee was formed by the Board in its meeting held on November 7, 2011 and comprises of Mr. J. H. Dalmia, Mr. Y. H. Dalmia, Mr. Gautam Dalmia, and Mr. Puneet Yadu Dalmia, as its members. The Committee was vested with the powers of making investments in securities quoted on the stock exchanges upto a total limit of ₹10 Crore. The Committee did not meet any time during the year.

Subsidiary Companies

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

As on March 31, 2012, under this definition, DBEL has a 'material non-listed Indian subsidiary', namely, Dalmia Cement (Bharat) Limited. Mr. N. Gopalaswamy, an Independent Non-executive Director has been co-opted as a member on the Board of Directors of this subsidiary.

Shares and Convertible Instruments held by Non-Executive Directors

Table 5 gives details of the shares and convertible instruments held by the Non-Executive Directors as on March 31, 2012.

Table 5: Details of the shares and convertible instruments held by the Non-Executive Directors as on March 31, 2012

Name of the Director	Category	Number of shares held	Number of convertible instruments held
Mr. P. K. Khaitan	Non-Executive	Nil	Nil
Mr. N. Gopalaswamy	Independent Non-Executive	Nil	Nil
Mr. Donald M. Peck	Independent Non-Executive	Nil	Nil
Mr. Bharat Anand	Non-Executive	Nil	Nil
Mr. Gautam Dalmia	Non-Executive	751990	Nil
Mr. Puneet Yadu Dalmia	Non-Executive	810055	Nil
Mr. V. S. Jain	Independent Non-Executive	Nil	Nil

MANAGEMENT

Management Discussion and Analysis

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

Disclosures

Related party transactions in the ordinary course of business have been disclosed at Note No. 38 to the financial statements in the Annual Report. No transactions were made that had the possibility of injuring the Company's interests. The Company complied with the regulatory requirements on capital markets. No penalties/strictures have been imposed against it.

The Company has declared a maiden dividend, since its incorporation in 2006, only in 2011. As such, the question of complying with the requirements of Section 205C of the Companies Act, 1956 by remitting all amounts due to be credited to the Investor Education & Protection Fund does not arise at this point of time.

Disclosure of Accounting Treatment in Preparation of Financial Statements

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

Details of Non-Compliance by the Company

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

Code for Prevention of Insider-Trading Practices

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

CEO/ CFO certification

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

SHAREHOLDERS

Reappointment/Appointment of Directors

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

Mr. V. S. Jain was appointed as an Additional Director in the Meeting of the Board of Directors held on November 7, 2011. Accordingly, in terms of section 255 of the Companies Act, 1956 he holds office till the conclusion of the ensuing Annual General Meeting of the Company. The Company has received a Notice from a shareholder, pursuant to the provisions of section 257 of the Companies Act, 1956, to the effect that he proposes to signify the name of Mr. V. S. Jain for being appointed as a Director of the Company at the ensuing Annual General Meeting.

At the ensuing Annual General Meeting, Mr. Bharat Anand and Mr. Donald M. Peck, Directors of the Company retire by rotation and are eligible for re-appointment.

Means of Communication with Shareholders

The Board of Directors of the Company approves and takes on record the unaudited financial results in the format prescribed by the Stock Exchanges within 45 days of the close of every quarter and such results are published in one financial newspaper, viz., Business Standard and one Regional Newspaper, Dinamani, within the stipulated time. The Company also publishes its annual audited results in these newspapers within the period of 60 days from the close of the financial year.

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

General Body Meetings

Table 6 gives the details of the last three Annual General Meetings (AGMs).

Table 6: Details of last three AGMs

Financial year	Date	Time	Location
2010-11	August 26, 2011	9.00 a.m.	Community Centre, Dalmiapuram, Dist. Tiruchirapalli, Tamil Nadu, 621651
2009-10	August 27, 2010	2.00 p.m.	Community Centre, Dalmiapuram, Dist. Tiruchirapalli, Tamil Nadu, 621651.
2008-09	July 31, 2009	2.00 p.m.	Community Centre, Dalmiapuram, Dist. Tiruchirapalli, Tamil Nadu, 621651.

The details of Special Resolutions in respect of the last three Annual General Meetings are given in Table 7.

Table 7: Details of Special Resolutions passed in last three Annual General Meetings

Date of Meeting	Type of Meeting	Particulars
August 26, 2011	AGM	• Resolution pursuant to the provisions of sections 198, 269 and 309 of the Companies Act, 1956, to approve the appointment and payment of minimum remuneration, in the event of loss or inadequacy of profits, of upto an amount of ₹48 Lakh per annum to Mr. J. H. Dalmia, Managing Director of the Company for a period of 5 years effective April 1, 2011. • Resolution pursuant to the provisions of sections 198, 269 and 309 of the Companies Act, 1956, to approve the appointment and payment of minimum remuneration, in the event of loss or inadequacy of profits, of upto an amount of ₹48 Lakh per annum to Mr. Y. H. Dalmia, Managing Director of the Company for a period of 5 years effective February 11, 2011. • To approve the payment of commission of upto 1% of the net profits of the Company to the Non-wholetime Directors of the Company in terms of section 309 of the Companies Act, 1956. • To approve the issue of 16,00,000 Equity Shares of ₹2/- each in the capital of the Company under the Employee Stock Option Plan, 2011, pursuant to the provisions of section 81(1A) of the Companies Act, 1956, at a price of upto the latest available closing market price prior to the date of grant of such options.

Date of Meeting	Type of Meeting	Particulars
August 26, 2011 (contd.)		• Resolution seeking approval of shareholders pursuant to section 81(1A)(a) read with sections 292(1)(a)/ 292(1)(b)/ 292(1)(c) of the Companies Act, 1956 for issuance and allotment of further securities convertible into equity shares to the extent of ₹15,000 million which upon conversion of all securities would give rise to the issue of equity capital of an aggregate face value of ₹4 Crore.
August 27, 2009	AGM	• Permitting amendment in the Articles 12 and 13 of the Articles of Association of the Company relating to issue of new certificate in marketable lots and in lieu of worn out and defaced certificates without any cost. • Authorising issue and allotment of 80939303 equity shares of ₹2/- each to persons other than the existing shareholders of the Company in terms of the Scheme of Arrangement approved by the Madras High Court vide its order dated July 29, 2010 resulting in the increase in issue and paid–up capital of the Company by ₹16.19 Crore. (The above resolutions were adopted unanimously)

Postal Ballot

During the year ended March 31, 2012, the shareholders have not been approached for passing of any Resolution by way of Postal Ballot.

COMPLIANCE

Mandatory Requirements

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

Adoption of Non-Mandatory Requirements

Allthough it is not mandatory, Remuneration Committee and Investment Committee of the Board are in place. Details of the said Committees have been provided under the head "Committees of the Board" above.

ADDITIONAL SHAREHOLDER INFORMATION

Annual General Meeting

Date: August 18, 2012
Time: 11.15 a.m.
Venue: Community Centre Premises,
Dalmiapuram - 621651, Dist. Tiruchirapalli, Tamil Nadu

Financial Calendar

Financial year: April 1, 2012 to March 31, 2013

For the year ended March 31, 2013, results will be announced on:

- First quarter: By mid-August, 2012
- Second quarter: By mid-November, 2012
- Third quarter: By mid-February, 2013
- Fourth quarter: By end May, 2013

Book Closure

The dates of book closure are from August 14, 2012 to August 18, 2012 inclusive of both days.

Dividend Payment

The final dividend of ₹1.50 per equity share will be paid on or after August 30, 2012, subject to approval by the shareholders at the Annual General Meeting.

Listing

The Equity Shares is listed on the following Stock Exchanges:

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

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

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

Stock Codes:

Bombay Stock Exchange	:	DALMIABHA (533309)
National Stock Exchange	:	DALMIABEL
ISIN (for Dematerialised Shares)	:	INE439L01019

The Company has not issued any debentures.

Stock Market Data

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

Table 1: High, lows of Company's shares for 2011-12 at BSE and NSE

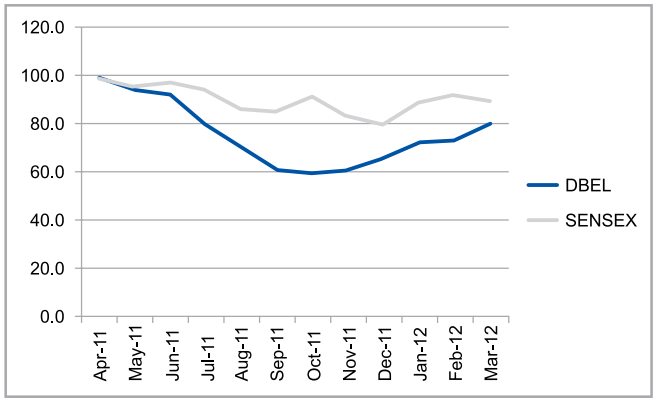
Month	BSE			NSE		
	High	Low	Close	High	Low	Close
April, 2011	198.00	160.25	177.30	194.00	175.50	177.30
May, 2011	185.00	160.05	168.00	184.00	160.05	168.05
June, 2011	180.25	147.20	164.35	180.30	146.05	167.70
July, 2011	172.00	141.50	141.85	172.85	135.35	142.30
August, 2011	158.00	114.05	127.55	156.00	111.00	127.00
September, 2011	149.90	102.50	108.65	129.00	102.00	108.00
October, 2011	121.95	101.15	107.00	114.60	99.25	106.75
November, 2011	113.90	87.00	108.85	114.35	89.00	107.65
December, 2011	130.90	104.95	117.45	125.85	104.95	119.25
January, 2012	154.90	116.20	129.15	153.50	116.50	129.70
February, 2012	146.00	120.35	129.95	145.95	122.00	129.35
March, 2012	159.95	125.50	143.75	149.00	126.20	143.00

Table 2: Stock Performance over past 5 years

	% of Change in					
	Company's Share		Sensex	Nifty	Company in comparison with	
	BSE	NSE			Sensex	Nifty
FY 2011-12	-22	-23	-9	-9	-14	-13
2 years *	N/A	N/A	N/A	N/A	N/A	N/A
3 years *	N/A	N/A	N/A	N/A	N/A	N/A
5 years *	N/A	N/A	N/A	N/A	N/A	N/A

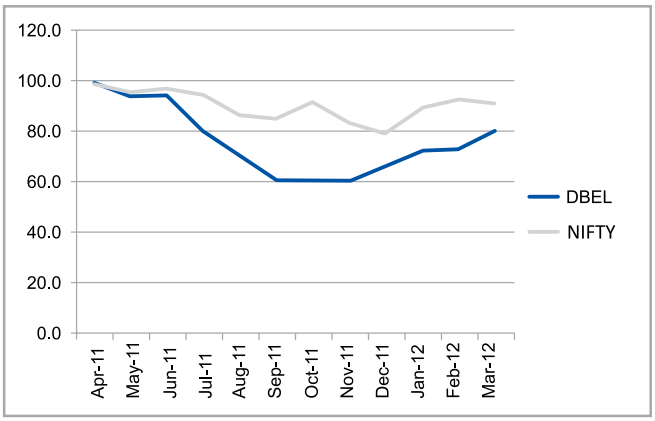
* Not Applicable as the Company got listed on January 27, 2011.

Chart A: DBEL's Share Performance versus BSE Sensex



Note: Share prices and Sensex indexed to 100 as on 1st working day of the financial year 2011-12, i.e. April 1, 2011

Chart B: DBEL's Share Performance versus NIFTY



Note: Share prices and NIFTY indexed to 100 as on 1st working day of the financial year 2011-12, i.e. April 1, 2011

Distribution of Shareholding

Table 3 and 4 lists the distribution of the shareholding of the equity shares of the Company by size and by ownership class as on March 31, 2012.

Table 3: Shareholding pattern by size

Sl No.	No. of Equity shares held	No. of shareholders	% of shareholders	No. of Shares held	% of Shareholding
1	1 - 500	8906	73.1	1185520	1.46
2	501 - 1000	1259	10.3	959893	1.18
3	1001 - 2000	1002	8.2	1496046	1.84
4	2001 - 3000	357	2.9	901820	1.11
5	3001 - 4000	179	1.5	645201	0.79
6	4001 - 5000	100	0.8	452257	0.56
7	5001 - 10000	200	1.6	1376335	1.70
8	10001 and above	184	1.5	74172231	91.36
	Total	**12187**	**100.0**	**81189303**	**100.00**

Table 4: Shareholding Pattern by ownership

Particulars	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Promoters @	19	0.2	6200820	7.6
Promoters Bodies Corporate @	27	0.2	41701178	51.4
Central/State Governments	4	0.0	128155	0.2
Financial Institutions	2	0.0	1601246	2.0
Mutual Funds	1	0.0	2500	0.0
Foreign Institutional Investors	21	0.2	9338645	11.5
Insurance Companies	2	0.0	968096	1.2
Bodies Corporates	322	2.6	2651176	3.3
Overseas Corporate Bodies	0	0.0	0	0.0
Foreign Corporate Bodies	2	0.0	4470588	5.5
NRI/Foreign Nationals	120	1.0	186401	0.2
Individuals/Others	11667	95.7	13940498	17.2
Total	**12187**	**100.0**	**81189303**	**100.00**

Note: @ The Promoters have not pledged the shares of the Company against any loan drawn by them. This disclosure may be treated as a disclosure as required under Clause 35 of the Listing Agreement and under Regulation 31 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulation, 2011.

Dematerialisation of Shares

As on March 31, 2012, 95.91% shares of the Company were held in the dematerialised form. The Promoters of the Company hold their entire shareholding in dematerialised form.

Outstanding GDRs/ADRs/Warrants/Options

NIL

Details of Public Funding Obtained in the last three years

NIL

Registrar and Transfer Agent

For Equity Shares:
Karvy Computershare Private Limited,
Plot Nos. 17 to 24, Vittal Rao Nagar,
Madhapur, HYDERABAD - 500081.

Share Transfer System

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

Registered Office Address:
Dalmia Bharat Enterprises Limited
Dalmiapuram -621651,
Dist. Tiruchirapalli,
Tamil Nadu
Phone: 04329 – 235131
Fax: 04329 235111

Address for Correspondence
Dalmia Bharat Enterprises Limited
Shares Department
Dalmiapuram – 621651
Dist. Tiruchirapalli
Tamil Nadu
Phone: 04329 - 235131
Fax: 04329 235111

Auditors' Certificate on Corporate Governance

To THE MEMBERS,

DALMIA BHARAT ENTERPRISES LIMITED

We have reviewed the implementation of Corporate Governance procedures by **Dalmia Bharat Enterprises Limited ('the Company')** during the year ended March 31, 2012 as stipulated in clause 49 of the listing agreement of the said Company with the Stock Exchanges, with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of 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 and the representations made by the directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned clause in listing agreement.

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

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

Arun K. Tulsian
Partner
Membership No. 089907

Place : New Delhi
Date : May 18, 2012

To
The Board of Directors,
Dalmia Bharat Enterprises Limited
Registered Office: Dalmiapuram – 621651
District Tiruchirapalli
Tamil Nadu

Dear Sirs,

I do hereby certify that all the Members of the Board of Directors of the Company and the Senior Management Personnel have affirmed their compliance with the Code of Conduct laid down by the Board of Directors of the Company in their Meeting held on February 11, 2011.

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

Y. H. Dalmia
Chief Executive Officer

Place : New Delhi
Date : May 18, 2012

To
The Board of Directors,
Dalmia Bharat Enterprises Limited
Registered Office: Dalmiapuram – 621651
District Tiruchirapalli
Tamil Nadu

Dear Sirs,

1. We have reviewed the Balance Sheet, Profit and Loss account and all its Schedules and Notes on Accounts, as well as the Cash Flow Statements as at March 31, 2012 and certify that to the best of our knowledge and belief:

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

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

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

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

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

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

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

   (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control systems.

Dated: May 18, 2012
Place: New Delhi

Vipin Agarwal
Chief Financial Officer

Y. H. Dalmia
Chief Executive Officer

STANDALONE FINANCIAL

Auditors' Report

To
The Members of
Dalmia Bharat Enterprises Limited

1. We have audited the attached Balance Sheet of **Dalmia Bharat Enterprises Limited** ('the Company') as at March 31, 2012 and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

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

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

   iii. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

   iv. The Balance Sheet, Statement of Profit and Loss and Cash Flow statement dealt with by this report are in agreement with the books of account;

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

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

      a) in the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2012;

      b) in the case of Statement of Profit and Loss, of the profit for the year ended on that date; and

      c) in the case of Cash Flow statement, of the cash flows for the year ended on that date.

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

Arun K. Tulsian
Partner
Membership No. 089907

Place: New Delhi
Date : May 18, 2012

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

Re: Dalmia Bharat Enterprises 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 been physically verified by the management during the year in accordance with 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 as compared to book records.

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

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

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

(iii) (a) According to the 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) (a) to (d) of the Order are not applicable to the Company and hence not commented upon.

(e) The Company has granted unsecured loan to a Company which is covered under the register maintained under section 301 of the Companies Act, 1956. Apart from this loan, the Company has not granted any other loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. The maximum balance outstanding during the year was ₹150 Crore, the year end balance of such loan is ₹50 Crore.

(f) In our opinion, the rate of interest and other terms & conditions of such loan are not, prima facie, prejudicial to the interest of the Company.

(g) In respect of the aforesaid loans, the Company was regular in payment of interest. We are explained that this loan is repayable on demand and, therefore, there are no overdue amounts at the year end.

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

(v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of ₹ Five Lakh in respect of each party have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) The Company has not accepted any fixed deposits from public to which the provisions of Section 58A and Section 58AA or any other relevant provisions of the Companies Act, 1956 including the Rules framed there under apply.

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

(viii) The Central Government has not prescribed Rules for the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for any of the Company's activities.

(ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employee's state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess have generally been regularly deposited during the year with the appropriate authorities.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employee's state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other such undisputed 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 information and explanations given to us and as per the books and records examined by us, there are no dues in respect of income tax, custom duty, wealth tax, excise duty, sales tax, service tax and cess which have not been deposited on account of any dispute.

(x) The Company has no accumulated losses as at the end of the financial year and has not incurred cash losses in the current financial year and in the 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 financial institutions, banks or debenture holders.

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

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.

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

(xv) The Company has not given any guarantees against loans taken by others from banks & financial institutions.

(xvi) In our opinion and on the basis of information and explanations given to us, the Company has not raised any term loan during the financial year, hence the related reporting requirement of the Order are not applicable.

(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 has not issued any debentures during the year nor are there any debentures outstanding at the end of the year.

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

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

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

Arun K. Tulsian
Partner
Membership No. 089907

Place: New Delhi
Date : May 18, 2012

Balance Sheet as at March 31, 2012

(₹ in Crore)

	Notes	As at March 31, 2012	As at March 31, 2011
EQUITY & LIABILITIES			
Shareholders' Funds			
Share Capital	2	16.24	16.24
Reserves and Surplus	3	497.70	479.44
		513.94	**495.68**
Non-Current Liabilities			
Long-Term Provisions	4	3.60	0.73
Deferred Tax Liability (Net)	5	0.18	0.46
Current Liabilities			
Short-Term Borrowings	6	4.20	0.32
Trade Payables	7	21.21	12.29
Other Current Liabilities	8	12.36	7.77
Short-Term Provisions	9	16.23	11.94
		54.00	32.32
Total		**571.72**	**529.19**
ASSETS			
Non-Current Assets			
Fixed Assets	10		
Tangible Assets		7.40	7.45
Intangible Assets		0.14	0.30
		7.54	**7.75**
Non-Current Investments	11	279.74	230.52
Long-Term Loans and Advances	12	56.71	14.67
Current Assets			
Current Investments	13	70.82	107.09
Inventories	14	32.27	30.70
Trade Receivables	15	13.21	10.37
Cash and Cash Equivalents	16	15.92	58.27
Short-Term Loans and Advances	17	95.51	69.82
		227.73	**276.25**
Total		**571.72**	**529.19**
Significant Accounting Policies	1		

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

As per our report of even date

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

For and on behalf of Board of Directors
of **Dalmia Bharat Enterprises Limited**

per **Arun K. Tulsian**
Partner
Membership No. 089907

Nidhi Bisaria
Company Secretary

Vipin Agarwal
Executive Director
(Finance)

Puneet Yadu Dalmia
Director

Y. H. Dalmia
Managing Director

Place : New Delhi
Date : May 18, 2012

Statement of Profit and Loss
for the year ended March 31, 2012

(₹ in Crore)

	Notes	For the year ended March 31, 2012		For the year ended March 31, 2011	
Income					
Revenue from operations (Gross)	**18**		156.79		134.56
Less: Excise Duty			–		–
Revenue from operations (Net)			**156.79**		**134.56**
Other income	**19**		24.57		13.43
Total			**181.36**		**147.99**
Expenses					
Consumption of Raw materials	**20**		45.36		38.26
Purchase of traded goods			2.85		0.44
(Increase)/ Decrease in inventories of finished goods, work in progress and traded goods	**21**		(2.89)		(1.98)
Employee benefit expenses	**22**		39.50		30.57
Other Expenses	**23**		53.24		50.45
Finance Costs	**24**		0.31		0.21
Depreciation and amortisation expenses	**10**		1.30		1.44
Total			**139.67**		**119.39**
Profit before tax			**41.69**		**28.60**
Provision for taxation					
Current tax		9.16		7.41	
MAT Credit (Entitlement) / Charge		0.14	9.30	(0.14)	7.27
Deferred Tax			(0.28)		(0.11)
Prior year tax charge			0.27		–
Total Tax Expenses			**9.29**		**7.16**
Profit after Tax			**32.40**		**21.44**
Earning per Share	**25**				
Basic and Diluted Earnings Per Share (In ₹)			3.99		2.64
[Nominal Value of Share ₹2 (₹2) each]					
Significant Accounting Policies	**1**				

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

As per our report of even date

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

For and on behalf of Board of Directors
of **Dalmia Bharat Enterprises Limited**

per **Arun K. Tulsian**
Partner
Membership No. 089907

Nidhi Bisaria
Company Secretary

Vipin Agarwal
Executive Director
(Finance)

Puneet Yadu Dalmia
Director

Y. H. Dalmia
Managing Director

Place : New Delhi
Date : May 18, 2012

Notes to Financial Statements
for the year ended March 31, 2012

Note 1
Significant Accounting Policies

A. Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the *Companies (Accounting Standards) Rules, 2006, (as amended)* and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

B. Presentation and disclosure of financial statements

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

C. Use of estimates

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

D. Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of Profit and Loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of Profit and Loss when the asset is derecognised.

E. Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated using the rates arrived at based on the useful lives estimated by the management, or those prescribed under Schedule XIV to the Companies Act, 1956, whichever is higher.

F. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangible assets are amortised on a straight line basis over the estimated useful economic life. The Company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the effect that useful life of an intangible asset exceeds ten years, the company amortises the intangible asset over the best estimate of its useful life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method are reviewed at least at each financial year end. If the

Notes to Financial Statements
for the year ended March 31, 2012 (contd.)

expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortisation method is changed to reflect the changed pattern. Such changes are accounted for in accordance with *AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies*.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of Profit and Loss when the asset is derecognised.

A summary of amortisation policies applied to the Company's intangible assets is as below:

	Rates (SLM)
Computer software	20% to 33.33%

G. Leases

Where the Company is lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the statement of Profit and Loss. Lease management fees, legal charges and other initial direct costs of lease are capitalised.

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule XIV to the Companies Act, 1956, whichever is lower. However, if there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, the capitalised asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in Schedule XIV to the Companies Act, 1956.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of Profit and Loss on a straight-line basis over the lease term.

H. Borrowing costs

Borrowing cost includes interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

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 capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

I. Impairment of tangible and intangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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 the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses, including impairment on inventories, are recognised in the statement of Profit and Loss.

Notes to Financial Statements
for the year ended March 31, 2012 (contd.)

J. Investments

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined for each category separately. 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.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of Profit and Loss.

K. Inventories

Raw materials, stores and spares are valued at 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 of raw materials and stores and spares is determined on a weighted average basis.

Work-in-progress and finished goods are valued at 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 and is determined on a weighted average basis.

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.

L. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head “other income” in the statement of Profit and Loss.

Dividends

Dividend income is recognised when the Company’s right to receive dividend is established by the reporting date.

Insurance Claim

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

M. Foreign currency translation

Foreign currency transactions and balances

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.

Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

Exchange differences

All other exchange differences are recognised as income or as expenses in the period in which they arise.

Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability

Notes to Financial Statements
for the year ended March 31, 2012 (contd.)

The premium or discount arising at the inception of forward exchange contract is amortised and recognised as an expense/ income over the life of the contract. Exchange differences on such contracts, except the contracts which are long-term foreign currency monetary items, are recognised in the statement of Profit and Loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognised as income or as expense for the period.

N. Retirement and other employee benefits

Retirement benefit in the form of provident fund contribution to Statutory Provident Fund, pension fund, superannuation fund and ESI are defined contribution schemes. The contributions are charged to the statement of Profit and Loss for the year when the contributions are due. The Company has no obligation, other than the contribution payable to the provident fund.

The Company operates two defined benefit plans for its employees, viz., gratuity and provident fund contribution to Dalmia Cement Provident Fund Trust. The costs of providing benefits under these plans are determined on the basis of actuarial valuation at each year-end. Separate actuarial valuation is carried out for each plan using the projected unit credit method. Actuarial gains and losses for both defined benefit plans are recognised in full in the period in which they occur in the statement of Profit and Loss.

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

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of Profit and Loss and are not deferred.

O. Income taxes

Tax expense comprises of current and deferred. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted, at the reporting date.

Deferred income tax reflects the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences of earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences 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 reporting date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each reporting 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.

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 taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of Profit and Loss as current tax. The Company recognises MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognises MAT

Notes to Financial Statements
for the year ended March 31, 2012 (contd.)

credit as an asset in accordance with the *Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961,* the said asset is created by way of credit to the statement of Profit and Loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

P. Segment reporting

Identification of segments

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

Inter-segment transfers

The Company generally accounts for intersegment sales and transfers at cost plus appropriate margins.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting 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. Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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.

R. Provisions

A Provision is recognised when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

The expense relating to any provision is presented in the statement of Profit and Loss net of any reimbursement.

S. Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

T. Cash and Cash equivalents

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

U. Measurement of EBITDA

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

Notes to Financial Statements
for the year ended March 31, 2012 (contd.)

2. Share Capital

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
Authorised :		
10,00,00,000 (10,00,00,000) Equity Shares of ₹2/– each	20.00	20.00
	20.00	**20.00**
Issued, Subscribed and Fully Paid Up :		
8,11,89,303 (8,11,89,303) Equity Shares of ₹2/– each	16.24	16.24
	16.24	**16.24**

a. Reconciliation of Equity Shares outstanding at the beginning and at the end of the reporting period

	March 31, 2012		March 31, 2011	
	No. of Shares	(₹ in Crore)	No. of Shares	(₹ in Crore)
At the beginning of the period	81,189,303	16.24	250,000	0.50
Issued during the period	–	–	80,939,303	15.74
At the end of the period	81,189,303	16.24	81,189,303	16.24

b. Terms/ rights attached to Equity shares

The Company has only one class of equity shares having a face value of ₹2 per share. Each equity shareholder is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuring Annual General Meeting.

During the year ended March 31, 2012, the amount of dividend per share recognised as distribution to equity shareholders was ₹1.50 (₹1.25).

In the event of winding–up of the Company, the equity shareholders shall be entitled to be repaid remaining assets of the Company in the ratio of the amount of capital paid up on such equity shares.

c. Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the Balance Sheet date

	March 31, 2012	March 31, 2011
	No. of Shares	No. of Shares
Shares issued pursuant to Scheme of Arrangement between the Company and Dalmia Cement (Bharat) Limited (formerly Avnija Properties Limited), DCB Power Ventures Limited, Dalmia Bharat Sugar and Industries Limited (formerly Dalmia Cement (Bharat) Limited) without payments being received in cash.	–	80,939,303

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

	No. of Shares	% holding	No. of Shares	% holding
Mayuka Investment Limited	17,736,537	21.85%	17,736,537	21.85%
Shree Nirman Limited	6,540,130	8.06%	6,540,130	8.06%
Sita Investment Company Limited	5,876,800	7.24%	5,876,800	7.24%
Ankita Pratisthan Limited	5,829,070	7.18%	5,829,070	7.18%

Notes to Financial Statements
for the year ended March 31, 2012 (contd.)

3. Reserves and Surplus

(₹ in Crore)

	March 31, 2012	March 31, 2011
Business Restructuring Reserve		
Opening Balance as per last financial statements	469.69	–
Add: Additions pursuant to Scheme of Arrangement	–	469.69
Closing Balance	**469.69**	**469.69**
General Reserve		
Opening Balance as per last financial statements	2.20	–
Add: Amount transferred from surplus balance in the statement of Profit and Loss	3.25	2.20
Closing Balance	**5.45**	**2.20**
Surplus in the Statement of Profit and Loss		
Balance as per last financial statements	7.55	0.10
Profit for the year	32.40	21.44
	39.95	**21.54**
Less: Appropriations		
Transfer to General Reserve	3.25	2.20
Proposed Dividend	12.17	10.15
Dividend distribution tax	1.97	1.64
Total Appropriations	**17.39**	**13.99**
Net Surplus in the Statement of Profit and Loss	**22.56**	**7.55**
Total Reserves and Surplus	**497.70**	**479.44**

4. Long Term Provisions

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
Provision for employee benefits	3.60	0.73
	3.60	**0.73**

5. Deferred Tax

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
Deferred Tax assets/ liabilities are attributable to the following items :		
Liabilities		
Depreciation	0.42	0.46
	0.42	**0.46**
Assets		
Expenses allowable for tax purposes when paid	0.19	–
Others	0.05	–
	0.24	–
Net	**0.18**	**0.46**

Notes to Financial Statements
for the year ended March 31, 2012 (contd.)

6. Short Term Borrowings

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
Secured		
Working capital loan from Banks	4.20	0.32
	4.20	**0.32**

Working capital loans are secured by hypothecation of inventories and other assets in favour of the participating banks ranking pari–passu on inter–se basis, repayable in next one year and carry interest rate @ 11.75%

7. Trade Payables

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
Trade payables (Refer Note 30 of notes to financial statements)		
– Micro and Small Enterprises	–	–
– Others	21.21	12.29
	21.21	**12.29**

8. Other Current Liabilities

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
Interest accrued but not due	0.01	0.02
Advances from customers	2.13	2.09
Security deposit received	0.04	0.09
Director's Commission payable	0.22	0.10
Unclaimed Dividend*	0.21	–
Other liabilities		
– Statutory dues	1.20	1.73
– Others	8.55	3.74
	12.36	**7.77**

* Not due for deposit in Investor Education & Protection Fund

9. Short Term Provisions

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
Provision for Employee benefits	2.09	0.15
Proposed Dividend on equity shares	12.17	10.15
Dividend Distribution tax	1.97	1.64
	16.23	**11.94**

Notes to Financial Statements
for the year ended March 31, 2012 (contd.)

10. Fixed Assets

(₹ in Crore)

	Tangible								Intangible	
	Land	Land (Leasehold)	Building	Plant and equipment	Furniture and Fixtures	Vehicles	Office equipment	Total	Computer Software	Grand Total
Cost										
as at April 1, 2010	–	–	–	–	–	–	–	–	–	–
Addition pursuant to Scheme of Arrangement	0.09	1.74	6.90	2.01	1.99	2.99	3.63	19.35	0.17	19.52
Additions during the year	–	–	–	0.07	0.04	0.27	0.16	0.54	0.27	0.81
Deductions during the year	–	–	–	0.03	0.02	1.89	0.06	2.00	–	2.00
as at March 31, 2011	0.09	1.74	6.90	2.05	2.01	1.37	3.73	17.89	0.44	18.33
Additions	–	–	–	0.01	0.08	0.33	0.73	1.15	–	1.15
Disposals	–	–	–	0.01	0.01	–	0.04	0.06	–	0.06
as at March 31, 2012	0.09	1.74	6.90	2.05	2.08	1.70	4.42	18.98	0.44	19.42
Depreciation										
as at April 1,2010	–	–	–	–	–	–	–	–	–	–
Addition pursuant to Scheme of Arrangement	–	1.10	3.19	1.08	1.11	0.41	2.22	9.11	0.03	9.14
Charge for the year	–	0.06	0.19	0.14	0.16	0.33	0.45	1.33	0.11	1.44
as at March 31, 2011	–	1.16	3.38	1.22	1.27	0.74	2.67	10.44	0.14	10.58
Charge for the year	–	0.05	0.17	0.12	0.14	0.18	0.48	1.14	0.16	1.30
as at March 31, 2012	–	1.21	3.55	1.34	1.41	0.92	3.15	11.58	0.30	11.88
Net Block										
as at March 31, 2011	**0.09**	**0.58**	**3.52**	**0.83**	**0.74**	**0.63**	**1.06**	**7.45**	**0.30**	**7.75**
as at March 31, 2012	**0.09**	**0.53**	**3.35**	**0.71**	**0.67**	**0.78**	**1.27**	**7.40**	**0.14**	**7.54**

11. Non–Current Investments

(₹ in Crore)

	As at March 31, 2012		As at March 31, 2011	
Trade				
A. Equity Shares				
Unquoted				
25 (25) Shares of ₹10/– each fully paid up in Assam Bengal Cement Company Limited (under liquidation)		((144))		((144))
Investments in Subsidiaries				
Equity Shares				
Unquoted				
21,50,00,000 (21,50,00,000) Shares of ₹10/– each fully paid up in Dalmia Cement (Bharat) Limited	215.64		215.64	
4,20,000 (4,20,000) Shares of ₹10/– each fully paid up in Kanika Investment Limited	2.32		2.32	
5,00,000 (5,00,000) Shares of ₹10/– each fully paid up in Dalmia Power Limited	0.50	218.46	0.50	218.46
Investment in Companies other than Subsidiaries, Non–Trade				
Equity Shares (Unquoted)				
20 (20) Shares of ₹10/– each fully paid up in Asian Refractories Limited (under liquidation)	((200))		((200))	
49,290 (49,290) Shares of ₹10/– each fully paid up in Dalmia Electrodyne Technologies (P) Limited.	1.75		1.75	
250 (250) Shares of ₹10/– each fully paid up in Haryana Financial Corporation	((2500))		((2500))	
	1.75		1.75	
Less: Provision for diminution in value of Investments	1.75	–	1.75	–

Notes to Financial Statements
for the year ended March 31, 2012 (contd.)

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
B. Venture Capital Fund (Unquoted)		
1,188 (1,188) Units of ₹91,500/– (₹1,00,000) each fully paid up in Urban Infrastructure Opportunities Fund	11.03	12.06
C. Units of Mutual Funds		
Debt Based schemes	50.00	–
D. Tax free Bonds	0.25	–
Total	**279.74**	**230.52**
Quoted (including mutual funds):		
Book Value	50.25	–
Market Value	50.48	–
Book Value of Unquoted Investments	229.49	230.52
Aggregate Provision for diminution in value of Investments	1.75	1.75

12. Long Term Loans and Advances (Considered good and unsecured unless otherwise stated)

(₹ in Crore)

	As at March 31, 2012		As at March 31, 2011	
Capital advances		2.00		2.00
Loans and advances				
– Employees@		1.14		0.06
– Related parties		7.26		6.67
– Others		40.00		–
Security deposit made				
– Related parties	1.25		1.25	
– Others	0.53	1.78	0.50	1.75
Advances recoverable in cash or in kind or for value to be received				
Advance Income Tax (Net of provision for Tax ₹9.16 Cr. (₹7.25 Cr.))		4.53		4.05
MAT Credit entitlement		–		0.14
		56.71		**14.67**
@ Due from officers		**1.01**		**0.05**

13. Current Investments

(₹ in Crore)

	As at March 31, 2012		As at March 31, 2011	
Units of Mutual Funds (Quoted)				
Debt based schemes		61.67		91.64
Equity Shares				
Quoted				
5,20,400 (5,20,400) Shares of ₹1/– each fully paid up in Madras Cements Limited.	10.13		10.13	
Nil (2,99,087) Shares of ₹2/– each fully paid up in Balkrishna Industries Limited.	–		4.09	
Nil (1,00,000) Shares of ₹10/– each fully paid up in Cords Cable Industries Limited.	–		1.35	
Nil (10,000) Shares of ₹2/– each fully paid up in Essel Propack Limited.	–		0.06	
Nil (20,000) Shares of ₹10/– each fully paid up in Gitanjali Gems Limited .	–		0.59	

Notes to Financial Statements

for the year ended March 31, 2012 (contd.)

(₹ in Crore)

	As at March 31, 2012		As at March 31, 2011	
Nil (18,993) Shares of ₹2/– each fully paid up in JB Chemicals & Pharmaceuticals Limited	–		0.15	
50,000 (50,000) Shares of ₹10/– each fully paid up in Poddar Pigments Limited.	0.21		0.21	
Nil (3,75,000)Shares of ₹10/– each fully paid up in Polyplex Corporation Limited	–		2.45	
12,900 (12,900) Shares of ₹10/– each fully paid up in Reliance Industries Limited	1.57		1.57	
Nil (1,98,000) Shares of ₹10/– each fully paid up in Sunshield Chemicals Limited	–		0.56	
Nil (24,630) Shares of ₹10/– each fully paid up in TCPL Packaging's Limited	–		0.18	
Nil (10,000) Shares of ₹5/– each fully paid up in Wockhardt Limited	–		0.39	
	11.91		21.73	
Less: Provision for diminution in value of investments	2.76	9.15	6.28	15.45
Total		**70.82**		**107.09**
Quoted (including Mutual Funds):				
Book Value		70.82		107.09
Market Value		70.93		113.00
Aggregate Provision for diminution in value of Investments		2.76		6.28

14. Inventories

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
Raw Materials		
On hand	14.49	17.93
In transit	1.65	0.28
Work in Progress	0.83	0.35
Finished Goods	13.59	11.18
Stores, Spares etc		
On hand	1.71	0.96
	32.27	**30.70**

15. Trade Receivables

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
a) **Receivables outstanding for a period exceeding six months from the date they are due for payment**		
Considered good		
Unsecured	0.86	1.00
	0.86	**1.00**
b) **Other receivables**		
Considered good		
Unsecured	12.35	9.37
	13.21	**10.37**

Notes to Financial Statements
for the year ended March 31, 2012 (contd.)

16. Cash and Cash Equivalents

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
Cash on hand	0.04	0.04
Balances with Banks :		
– On current accounts	15.67	58.23
– Un paid Dividend account	0.21	–
	15.92	**58.27**

17. Short Term Loans and Advances (Considered good and unsecured unless otherwise stated)

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
Loans		
Employees @	0.77	0.14
Related parties	50.00	25.00
Others	40.00	–
Prepaid Expenses	0.49	0.44
Interest Receivable	2.99	1.53
Advances recoverable in cash or in kind or for value to be received		
Related parties	0.15	41.05
Others	1.11	1.66
	95.51	**69.82**
@ Due from officers	0.68	0.11

18. Revenue from Operations

(₹ in Crore)

	For the year ended March 31, 2012	For the year ended March 31, 2011
Sale of Refractory goods	76.24	67.76
Management services	69.86	56.80
Brand Fee	10.50	10.00
Other Operating Revenue	0.19	–
	156.79	**134.56**

19. Other Income

(₹ in Crore)

	For the year ended March 31, 2012		For the year ended March 31, 2011	
Dividend				
from current Investments		0.56		0.55
Interest Income on Bank deposits and others		7.76		3.49
Profit on sale of Investments	15.85		101.63	
(including provision for diminution in value of investment written Back)				
Less: Loss on sale of Investments	–	15.85	93.02	8.61
(including provision for diminution in value of investments)				
Exchange Fluctuation		0.05		0.13
Miscellaneous Receipts		0.35		0.65
		24.57		**13.43**

Notes to Financial Statements
for the year ended March 31, 2012 (contd.)

20. Consumption of Raw Materials

(₹ in Crore)

	For the year ended March 31, 2012	For the year ended March 31, 2011
Bauxite	30.25	27.53
Others	15.11	10.73
Total	**45.36**	**38.26**

21. (Increase)/ Decrease in inventories of finished goods, work in progress and traded goods

(₹ in Crore)

	For the year ended March 31, 2012		For the year ended March 31, 2011
Finished Goods (Refractory)			
– Closing stock	13.59		11.18
– Opening stock	11.18	–	–
– Addition pursuant to Scheme of Arrangement	–	8.60	8.60
	(2.41)		**(2.58)**
Work–in–Progress			
– Closing stock	0.83		0.35
– Opening stock	0.35	–	
– Addition pursuant to Scheme of Arrangement	–	0.95	0.95
	(0.48)		**0.60**
(Increase) / Decrease	**(2.89)**		**(1.98)**

22. Employee Benefit Expenses

(₹ in Crore)

	For the year ended March 31, 2012	For the year ended March 31, 2011
Salaries, Wages and Bonus	35.73	25.27
Contribution to Provident Fund and Other Funds	2.03	3.91
Workmen and Staff Welfare expenses	1.74	1.39
	39.50	**30.57**

23. Other Expenses

(₹ in Crore)

	For the year ended March 31, 2012	For the year ended March 31, 2011
Power and Fuel	3.95	4.80
Processing charges	22.81	19.64
Repairs and Maintenance :		
– Buildings	–	0.68
Rent	1.89	1.85
Freight Charges	0.85	1.00
Charity and Donation	0.01	2.35
Professional Charges	6.12	4.74
Insurance	0.44	0.34
Rates and Taxes	0.31	0.21
Travelling Expenses	5.33	3.39
Computer Expenses	1.65	1.38
Miscellaneous Expenses	9.88	10.07
	53.24	**50.45**

Notes to Financial Statements
for the year ended March 31, 2012 (contd.)

24. Finance Costs

(₹ in Crore)

	For the year ended March 31, 2012	For the year ended March 31, 2011
Interest on borrowing from banks	0.04	0.03
Other borrowing cost	0.27	0.18
	0.31	**0.21**

25. Earning Per Share

	For the year ended March 31, 2012	For the year ended March 31, 2011
Net Profit for calculation of Basic and Diluted EPS (₹ Cr.)	32.40	21.44
Total number of equity shares outstanding at the end of the year	81,189,303	81,189,303
Weighted average number of equity shares in calculating Basic and Diluted EPS	81,189,303	81,189,303
Basic and Diluted EPS (₹)	**3.99**	**2.64**

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

(₹ in Crore)

S. No.	Particulars	2011–12	2010–11
a)	Claims against the Company not acknowledged as debts	**0.45**	0.45

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

27. Capital and other commitment

(₹ in Crore)

Particulars	2011–12	2010–11
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**0.27**	0.38
Estimated amount of contracts remaining to be executed on other than capital account and not provided for (net of advances)	–	–

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

(₹ in Crore)

Particulars	2011–12	2010–11
Statutory auditors		
i) Audit Fee	**0.02**	0.02
ii) Other services	**0.02**	0.01
iii) For Expenses	–	0.02

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

Notes to Financial Statements
for the year ended March 31, 2012 (contd.)

30. Details of dues to Micro and Small Enterprises as per MSMED Act, 2006 to the extent of information available with the Company.

(₹ in Crore)

Particulars	2011–12	2010–11
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	–	–
The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	–	–
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	–	–
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	–	–
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	–	–
Total	–	–

31. Particulars of forward contracts outstanding as at the Balance Sheet date:
Forward contract outstanding as at Balance Sheet date:

Particulars	Currency	Amount in Foreign Currency	Amount (₹ in Crore)	Purpose
Buy	USD	1,533,534	7.82	To hedge the import creditors for Raw Material.
		(1,399,489)	(6.53)	
Total	**USD**	**1,533,534**	**7.82**	
		(1,399,489)	**(6.53)**	

Particulars of unhedged foreign currency exposure:

Particulars	Currency	Amount in Foreign Currency	Amount (₹ in Crore)
Purchase of Raw Materials	USD	1,331,081	6.79
		(–)	(–)
Total	**USD**	**1,331,081**	**6.79**
		(–)	**(–)**

Additional information pursuant to the provisions of Part II of revised schedule VI to the Companies Act, 1956:

32. CIF Value of Imports

(₹ in Crore)

Particulars	2011–12	2010–11
Raw Material	**20.99**	13.69

33. Expenditure in foreign currency (Accrual basis):

(₹ in Crore)

Particulars	2011–12	2010–11
Professional Fees, Consultant Fee and Interest	–	0.33
Others	**0.26**	0.29
Total	**0.26**	0.62

Notes to Financial Statements
for the year ended March 31, 2012 (contd.)

34. Earnings in foreign currency (Accrual basis):

(₹ in Crore)

Particulars	2011–12	2010–11
Export of goods at FOB value	3.60	2.42
Total	**3.60**	**2.42**

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

	Imported		Indigenous		Value of total consumption
	Value (₹ in Crore)	Percentage to total consumption	Value (₹ in Crore)	Percentage to total consumption	(₹ in Crore)
Raw Materials	27.09	59.73	18.27	40.27	45.36
	(16.39)	(42.83)	(21.87)	(57.17)	(38.26)

36. Gratuity and Other Post Employment Benefit Plans

Gratuity

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

The Company contributes provident fund liability to Dalmia Cement Provident Fund Trust. As per the Guidance Note on implementing AS 15, Employee Benefit (Revised 2005) issued by the Accounting Standards Board (ASB), provident funds set up by the employers, which require interest shortfall to be met by the employer, need to be treated as defined benefit plan.

During the current financial year, actuarial valuation for Provident Fund for the financial year 2011–12 was carried out in accordance with the Guidance Note issued by the Actuarial Society of India, and accordingly, the Company has provided shortfall in provident fund liability in the books. No actuarial valuation was carried out in the last year pending issuance of guidance note in this regard. Further, there was no shortfall in the provident fund liability ascertained by the Company in the last year. In view of this, comparative figures for last year have not been given.

The following tables summarise the components of net benefit expense recognised in the statement of Profit and Loss and the funded status and amounts recognised in the Balance Sheet for the plan.

Statement of Profit and Loss

Net employee benefit expense (recognised in Employee benefit)

(₹ in Crore)

Particulars	Gratuity (Funded)		PF Trust (Funded)
	2011–12	2010–11	2011–12
Current Service Cost	0.46	0.33	0.55
Interest Cost	0.16	–	–
Expected return on plan assets	(0.22)	–	–
Net Actuarial (Gain)/ Loss	0.06	(0.01)	–
Total Expense	0.46	0.32	0.55
Actual return on plan assets	0.22	0.15	–

Notes to Financial Statements
for the year ended March 31, 2012 (contd.)

Balance Sheet

(₹ in Crore)

Particulars	Gratuity (Funded)		PF Trust (Funded)
	2011–12	2010–11	2011–12
Present value of obligation as at year–end	2.59	2.02	7.46
Fair value of plan assets as at year–end	2.50	2.35	7.42
Funded status {(Surplus/(Deficit)}	(0.09)	0.33	(0.04)
Net Asset/(Liability) as at year end	(0.09)	0.33	(0.04)

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

(₹ in Crore)

Particulars	Gratuity (Funded)		PF Trust (Funded)
	2011–12	2010–11	2011–12
Opening defined benefit obligation	2.02	–	7.85
Acquisition adjustments	–	1.55	–
Interest Cost	0.16	–	0.67
Contribution by plan participation / employees	–	–	0.19
Current service cost	0.46	0.33	0.55
Actuarial (Gains)/ Losses on obligation	0.05	0.14	(0.25)
Benefit paid	(0.10)	–	(2.05)
Settlements/Transfer in	–	–	0.50
Closing defined benefit obligation	2.59	2.02	7.46

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

(₹ in Crore)

Particulars	Gratuity (Funded)		PF Trust (Funded)
	2011–12	2010–11	2011–12
Opening fair value of plan assets	2.35	–	7.67
Acquisition adjustments	–	1.55	–
Expected return on plan assets	0.22	–	0.65
Contribution by employer	0.03	0.65	0.55
Contribution by plan participant / employee	–	–	0.19
Benefit paid	(0.10)	–	(2.05)
Settlements / Transfer in	–	–	0.50
Actuarial Gains/ (Losses) on plan assets	–	0.15	(0.09)
Closing fair value of plan assets	2.50	2.35	7.42

The Company expects to contribute ₹0.35 (₹0.45 Cr.) to gratuity in 2012–13.

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

Particulars	Gratuity (Funded)		PF Trust (Funded)
	2011–12	2010–11	2011–12
Qualifying Insurance Policy	100%	100%	–
Govt. securities and financial securities as defined under Income Tax rules	–	–	100%

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

Notes to Financial Statements
for the year ended March 31, 2012 (contd.)

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

Particulars	Gratuity (Funded)		PF Trust (Funded)
	2011–12	2010–11	2011–12
Discount Rate	8.00%	8.00%	8.00%
Expected rate of return on assets	9.25%	9.15%	–
Mortality Table	**LIC (1994–96)**	**LIC (1994–96)**	**LIC (1994–96)**
Salary Escalation	7.00%	7.00%	–

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

Amounts for the current and previous year in respect of gratuity are as follows:

(₹ in Crore)

Particulars	Gratuity (Funded)		PF Trust (Funded)
	2011–12	2010–11	2011–12
Defined benefit obligation	2.59	2.02	7.46
Plan assets	2.50	2.35	7.42
Surplus/ (Deficit)	(0.09)	0.33	(0.04)
Experience adjustment on plan asset (Loss) / Gain	–	0.15	–
Experience adjustment on plan liabilities (Loss) / Gain	(0.05)	(0.14)	–

As AS–15 is applicable from the previous financial year, the above disclosure as required under para 120(n) has been made prospectively from the date it became applicable on the Company.

Provident and other funds
Contribution to Defined Contribution Plans:

(₹ in Crore)

Particulars	2011–12	2010–11
Provided Fund / Pension Fund/Superannuation funds	1.42	1.37

37. The Company's operating business are organised and managed separately according to the nature of products manufactured and services provided. The two identified reportable segments are Refractory, Management services. As the export turnover is insignificant in comparison to total turnover, there are no reportable geographical segments.

Notes to Financial Statements
for the year ended March 31, 2012 (contd.)

Segment Information

The following table presents segment revenues, results, assets & liabilities in accordance with AS–17:

(₹ in Crore)

Particulars	Segment	Refractory	Management Services	Others	Total
Revenue					
Gross Revenue		**76.43**	**81.79**	**–**	**158.22**
		(67.76)	(66.80)	(–)	(134.56)
Less: Inter Segment Revenue		**–**	**1.43**	**–**	**1.43**
		(–)	(–)	(–)	(–)
Net Revenue		**76.43**	**80.36**	**–**	**156.79**
		(67.76)	(66.80)	(–)	(134.56)
Results					
Segment result		**(1.39)**	**19.22**	**–**	**17.83**
		(3.72)	(12.49)	(0.05)	(16.16)
Less: Finance Cost					**0.31**
					(0.21)
Add: Other unallocable income net of unallocable expenditure					**24.17**
					(12.65)
Profit before tax					**41.69**
					(28.60)
Tax expense					**9.29**
					(7.16)
Profit after tax					**32.40**
					(21.44)
Assets		**45.31**	**170.90**	**0.42**	**216.63**
		(44.75)	(142.23)	(0.39)	(187.37)
Non Segments Assets					**355.09**
					(341.82)
Total Assets					**571.72**
					(529.19)
Liabilities		**23.57**	**15.69**	**0.01**	**39.27**
		(13.98)	(6.93)	(0.03)	(20.94)
Non Segments liabilities					
					18.51
					(12.57)
Total Liabilities					**57.78**
					(33.51)
Depreciation		**–**	**1.29**	**0.01**	**1.30**
		(–)	(1.42)	(0.02)	(1.44)
Capital Expenditure		**–**	**1.15**	**–**	**1.15**
		(–)	(0.81)	(–)	(0.81)

38. Related Party Disclosure as required by AS–18.

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

Subsidiaries of the Company

Dalmia Cement (Bharat) Limited, Dalmia Power Limited, Kanika Investment Limited,

Notes to Financial Statements
for the year ended March 31, 2012 (contd.)

Subsidiaries of Dalmia Cement (Bharat) Limited
Arjuna Brokers & Minerals Limited, Dalmia Cement Ventures Limited, D.I. Properties Limited, Dalmia Minerals & Properties Limited, Geetee Estates Limited, Hemshila Properties Limited, Ishita Properties Limited, Shri Radha Krishna Brokers & Holdings Limited, Shri Rangam Properties Limited, Sri Dhandauthapani Mines & Minerals Limited, Sri Madhusudana Mines & Properties Limited, Sri Shanmugha Mines & Minerals Limited, Sri Subramanya Mines & Minerals Limited, Sri Swaminatha Mines & Minerals Limited, Sri Trivikrama Mines & Properties Limited.

Step down Subsidiaries of Dalmia Cement Ventures Limited
Golden Hills Resort Private Limited and Rajputana Properties Private Limited

Step down Subsidiaries of Dalmia Minerals & Properties Limited
Cosmos Cements Limited and Sutnga Mines Private Limited

Subsidiary of Dalmia Power Limited
DCB Power Ventures Limited

Associate of the Subsidiary Company Dalmia Cement (Bharat) Limited.
OCL India Limited

Joint Ventures of the Subsidiary Company Dalmia Cement (Bharat) Limited
Khappa Coal Company Private Limited

Key Management Personnel of the Company
Shri J. H. Dalmia, Shri Y. H. Dalmia – Managing Director, Shri Gautam Dalmia, Shri Puneet Yadu Dalmia.

Relatives of Key Management Personnel
Shri V. H. Dalmia (Brother of Director), Shri J. H. Dalmia (HUF), Smt. Kavita Dalmia (Wife of Director), Shri Y. H. Dalmia (HUF), Smt. Bela Dalmia (Wife of Managing Director), Shri Gautam Dalmia (HUF), Smt. Anupama Dalmia (Wife of Director), Smt. Avantika Dalmia (Wife of Director), Kumari Shrutipriya Dalmia (Daughter of Managing Director), Kumari Sukeshi Dalmia (Daughter of Director), Kumari Vaidehi Dalmia (Daughter of Director), Kumari Sumana Dalmia (Daughter of Director), Kumari Avanee Dalmia (Daughter of Director), Mst. Priyang Dalmia (Son of Managing Director) Shri M. H. Dalmia, (Brother of Director) Smt. Abha Dalmia (Wife of Brother of Director), Shri R. H. Dalmia (Brother of Director).

Enterprises controlled by the Key Management Personnel of the Company
Rama Investment Company Private Limited, Puneet Trading & Investment Company Private Limited, Kavita Trading & Investment Company Private Limited, Sita Investment Company Limited, Mayuka Investment Limited, Ankita Pratisthan Limited, Himgiri Commercial Limited, Valley Agro Industries Limited, Shri Nataraj Ceramic and Chemical Industries Limited, Shri Chamundeswari Minerals Limited, Shree Nirman Limited, Keshav Power Limited, Avanee and Ashni Securities Private Limited, ZipAhead.Com Limited, Alirox Abrasives Limited, Sukeshi Trust, Vaidehi Trust, Sumana Trust, Shrutipriya Dalmia Trust,Priyang Trust, Avanee Trust, Raghu Hari Dalmia Parivar Trust,Dalmia Sugar Ventures Limited, Himshikhar Investment Limited, Dalmia Solar Power Limited, Dalmia Bharat Sugar and Industries Limited, New Habitat Housing Finance and Development Limited.

Notes to Financial Statements
for the year ended March 31, 2012 (contd.)

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

(₹ in Crore)

Nature of Transaction	Holding Company	Subsidiary Companies	Step–down Subsidiary Companies	Associate of Subsidiary	Key Management Personnel	Relatives of Key Management Personnel	Key Management Personnel controlled enterprises	Total
Sale of goods and services	–	80.35	–	2.85	–	–	5.94	89.14
	(–)	(64.27)	(0.63)	(2.72)	(–)	(–)	(8.37)	(75.99)
Reimbursement of expenses – receivable	–	0.51	0.09	0.05	–	–	4.44	5.09
	(–)	(14.94)	(0.15)	(0.06)	(–)	(–)	(3.38)	(18.53)
Reimbursement of expenses – payable	–	0.36	–	–	–	–	7.01	7.37
	(–)	(–)	(–)	(–)	(–)	(–)	(6.90)	(6.90)
Purchase of goods and services	–	5.32	–	0.42	–	–	29.09	34.83
	(–)	(5.79)	(–)	(–)	(–)	(–)	(22.94)	(28.73)
Rent Receipts	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)	(0.07)	(0.07)
Interest Received	–	–	–	–	–	–	3.73	3.73
	(–)	(–)	(–)	(–)	(–)	(–)	(1.77)	(1.77)
Receipt of fund on their behalf and transfer	–	–	–	–	–	–	–	–
	(–)	(34.50)	(–)	(–)	(–)	(–)	(20.84)	(55.34)
Sale of Equity Shares	–	–	–	–	–	–	–	–
	(–)	(–)	(10.63)	(–)	(–)	(–)	(–)	(10.63)
Loans and Advances given	–	0.45	–	–	–	–	166.00	166.45
	(–)	(6.52)	(–)	(–)	(–)	(–)	(189.20)	(195.72)
Loans and advances received back	–	0.59	–	–	–	–	141.00	141.59
	(–)	(–)	(–)	(–)	(–)	(–)	(164.20)	(164.20)
Sale of Fixed Assets	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)	(0.24)	(0.24)
Salary and Perquisites	–	–	–	–	0.50	–	–	0.50
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)

1. Sale of goods and services includes transaction with Dalmia Cement (Bharat) Limited ₹80.35 Cr. (Previous Year ₹64.27Cr.).

2. Reimbursement of expenses – receivable includes transaction with Dalmia Cement (Bharat) Limited ₹0.45 Cr. (Previous Year₹14.94 Cr.), Shri Nataraj Ceramic and Chemical Industries Limited ₹4.24 Cr. (₹3.38 Cr.).

3. Reimbursement of expenses – payable includes transaction with Shri Nataraj Ceramic and Chemical Industries Limited ₹6.96 Cr. (Previous Year ₹6.67 Cr.).

4. Purchase of goods and services includes transaction with Dalmia Cement (Bharat) Limited ₹5.32 Cr. (Previous Year ₹5.79 Cr), Shri Nataraj Ceramic and Chemical Industries Limited ₹27.96 Cr. (Previous Year ₹21.83 Cr).

Notes to Financial Statements
for the year ended March 31, 2012 (contd.)

5. Rent Receipts includes transaction with Dalmia Bharat Sugar and Industries Limited Nil (Previous Year ₹0.07 Cr).

6. Interest received includes transaction with Dalmia Bharat Sugar and Industries Limited ₹3.73 Cr. (Previous Year ₹1.77 Cr.).

7. Receipt of fund on their behalf and transfer includes transaction withDalmia Cement (Bharat) Limited Nil (Previous Year ₹34.50 Cr), Dalmia Bharat Sugar and Industries Limited Nil (Previous Year ₹20.84 Cr).

8. Sale of Equity Shares includes transaction withDCB Power Ventures Limited Nil (Previous Year ₹10.63 Cr)

9. Loan and advances given includes transaction with Dalmia Bharat Sugar and Industries Limited ₹166.00 Cr. (Previous Year ₹189.20 Cr).

10. Loans and advances received back includes transaction with Dalmia Bharat Sugar and Industries Limited ₹141.00 Cr. (Previous Year ₹164.20 Cr).

11. Sale of Fixed Assets includes transaction with Dalmia Bharat Sugar and Industries Limited Nil (Previous Year ₹0.24Cr).

12. Salary &Perquisites includes transaction with Sh. Jai Hari Dalmia ₹0.25 Cr. (Previous Year Nil), Sh. Yadu HariDalmia ₹0.25 Cr. (Previous Year Nil).

Balances outstanding at year end:

(₹ in Crore)

Nature of Transaction	Holding Company	Subsidiary Companies	Step–down Subsidiary Companies	Associate of Subsidiary	Key Management Personnel	Relatives of Key Management Personnel	Key Management Personnel controlled enterprises	Total
Loans receivable	–	7.12	–	–	–	–	50.00	57.12
	(–)	(6.67)	(–)	(–)	(–)	(–)	(25.00)	(31.67)
Amounts receivable	–	0.24	0.08	0.15	–	–	2.10	2.57
	(–)	(9.14)	(0.66)	(0.04)	(–)	(–)	(31.21)	(41.05)
Amounts payable	–	1.70	–	–	–	–	1.00	2.70
	(–)	(–)	(–)	(–)	(–)	(–)	(2.68)	(2.68)
Security deposit receivable	–	–	–	–	–	–	1.25	1.25
	(–)	(–)	(–)	(–)	(–)	(–)	(1.25)	(1.25)

1. Loan receivable includes Dalmia Power Limited ₹7.12 Cr. (Previous Year ₹6.67 Cr.), Dalmia Bharat Sugar and Industries Limited ₹50.00 Cr. (Previous Year ₹25.00 Cr.).

2. Amount receivable includes Dalmia Cement (Bharat) Limited ₹0.18 Cr. (Previous Year ₹9.14 Cr.), Dalmia Bharat Sugar and Industries Limited Nil (Previous Year ₹29.09 Cr.), Dalmia Solar Power Ltd. ₹2.10 Cr. (Previous Year ₹2.10 Cr.).

3. Amount payable includes Dalmia Cement (Bharat) Limited ₹1.70 Cr. (Previous Year Nil), Shri Nataraj Ceramic and Chemical Industries Limited ₹0.80 Cr. (Previous Year ₹2.68 Cr.).

4. Security deposit receivable includes Shri Nataraj Ceramic and Chemical Industries Limited ₹1.25 Cr. (Previous Year ₹1.25 Cr).

Notes to Financial Statements
for the year ended March 31, 2012 (Contd.)

39. Figures less than ₹ fifty thousand which are required to be shown separately have been shown at actual in double brackets.

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

As per our report of even date

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

per **Arun K. Tulsian**
Partner
Membership No. 089907

Place : New Delhi
Date : May 18, 2012

For and on behalf of Board of Directors
of **Dalmia Bharat Enterprises Limited**

			Puneet Yadu Dalmia	**Y. H. Dalmia**
Nidhi Bisaria	**Vipin Agarwal**		Director	Managing Director
Company Secretary	Executive Director (Finance)			

Cash Flow Statement for the year ended March 31, 2012

(₹ in Crore)

		2011–2012	2010–2011
A.	**Cash Flow from Operating Activities**		
	Net Profit before tax	**41.69**	**28.60**
	Adjustments		
	Depreciation / Amortisation	1.30	1.44
	Dividend Income	(0.56)	(0.55)
	Finance Cost	0.31	0.21
	Interest Income	(7.76)	(3.49)
	(Profit)/Loss on sale of Investments	(15.85)	(8.61)
	Assets Written off / Loss on sale of Fixed Assets	0.02	0.12
	Operating Profit before working Capital Changes	**19.15**	**17.72**
	Adjustments for working Capital changes :		
	Inventories	(1.57)	(0.19)
	Trade and Other Payables	18.12	5.69
	Trade and Other Receivables	(68.77)	(38.41)
	Cash Generated from Operations	**(33.07)**	**(15.19)**
	Direct Taxes Paid	(9.91)	(11.49)
	Net Cash from Operating activities	**(42.98)**	**(26.68)**
B.	**Cash Flow from Investing Activities**		
	Purchase of fixed Assets	(1.15)	(0.81)
	Proceeds from sale of Fixed Assets	0.04	0.51
	(Purchase)/ Sale of Current Investments (net)	52.12	78.77
	(Purchase) of Non Current Investments	(49.22)	–
	Interest Received	6.30	3.49
	Dividend Received from Current Investments	0.56	0.55
	Net Cash from Investing Activities	**8.65**	**82.51**
C.	**Cash flow from Financing Activities**		
	Proceeds / (repayment) of Short term Borrowings	3.88	(1.70)
	Finance Cost	(0.32)	(0.21)
	Dividend Paid	(9.94)	–
	Corporate Dividend tax	(1.64)	–
	Net cash from / (used in) financing activities	**(8.02)**	**(1.91)**
	Net increase in Cash and Cash Equivalents (A+B+C)	**(42.35)**	**53.92**
	Cash and Cash Equivalents (Opening Balance)	**58.27**	**0.06**
	Cash additions pursuant to Scheme of Arrangement	**–**	**4.29**
	Cash and Cash Equivalents (Closing Balance)	**15.92**	**58.27**
	Change in Cash and Cash Equivalents	**(42.35)**	**53.92**

Note:

1) Cash and Cash Equivalents components are as per Note 16.

2) Previous year figures have been regrouped/restated whereever considered necessary

As per our report of even date

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

For and on behalf of Board of Directors
of **Dalmia Bharat Enterprises Limited**

per **Arun K. Tulsian**
Partner
Membership No. 089907

Nidhi Bisaria
Company Secretary

Vipin Agarwal
Executive Director
(Finance)

Puneet Yadu Dalmia
Director

Y. H. Dalmia
Managing Director

Place : New Delhi
Date : May 18, 2012

CONSOLIDATED FINANCIAL

Auditors' Report on Consolidated Financial Statements of Dalmia Bharat Enterprises Limited and its Subsidiaries

To
The Board of Directors,
DALMIA BHARAT ENTERPRISES LIMITED

We have audited the attached consolidated Balance Sheet of **DALMIA BHARAT ENTERPRISES LIMITED** ('the Company') and its subsidiaries, associate and joint venture (collectively referred to as **"the Dalmia Group"**) as at March 31, 2012, and also the consolidated Statement of Profit and Loss and the consolidated Cash Flow statement (the consolidated financial statements) for the year ended on that date, annexed thereto. These consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding subsidiaries, joint venture and associate. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 prepared, in all material respects, in accordance with identified financial reporting framework and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of the joint venture and 20 subsidiaries, except three subsidiaries Dalmia Cement (Bharat) Limited, Ishita Properties Limited and DCB Power Ventures Limited, whose financial statements reflect total assets of ₹316.93 Crore (Previous Year ₹375.64 Crore) as at March 31, 2012, total revenues of ₹3.60 Crore (Previous Year ₹6.89 Crore) and total cash flows of ₹(1.37) Crore (Previous Year ₹1.94 Crore) for the year then ended. We also did not audit the financial statements of the associate in which the share of profit of the Dalmia Group is ₹14.43 Crore (Previous Year ₹51.93 Crore). These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion in so far as it relates to amount included in respect of other subsidiaries and Joint venture is based solely on the report of other auditors.

We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) - 21, 'Consolidated Financial Statements', Accounting Standard (AS) – 23 'Accounting for investment in Associates in Consolidated Financial Statements' and Accounting Standard (AS) - 27 'Financial reporting of Interest in Joint Venture's notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended) and on the basis of the separate audited financial statements of the subsidiaries, associate and joint venture included in the Consolidated Financial Statements.

Based on our audit and on consideration of the reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, joint venture and associate, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

a) in the case of Consolidated Balance Sheet, of the consolidated state of affairs of the Dalmia Group as at March 31, 2012;

b) in the case of Consolidated Statement of Profit & Loss, of the consolidated results of operations of the Dalmia Group for the year ended on that date; and

c) in the case of Consolidated Cash Flow Statement, of the consolidated cash flows of the Dalmia Group for the year ended on that date.

For S. S. KOTHARI MEHTA & Co.
Chartered Accountants
Firm Registration No. 000756N

Arun K. Tulsian
Partner
Membership No. 089907

Place: New Delhi
Date : May 18, 2012

Consolidated Balance Sheet as at March 31, 2012

(₹ in Crore)

	Notes	As at March 31, 2012	As at March 31, 2011
EQUITY & LIABILITIES			
Shareholders' Funds			
Share Capital	2	16.24	16.24
Reserves and Surplus	3	2,874.59	2,761.45
		2,890.83	**2,777.69**
Preference Capital Held by others		0.70	0.70
Minority Interest		427.16	408.63
Non- Current Liabilities			
Long-Term Borrowings	4	1,501.52	1,803.18
Deferred Tax Liability (Net)	5	92.71	53.09
Other Long-Term Liabilities	6	85.87	81.93
Long Term Provisions	7	12.69	3.15
Current Liabilities			
Short-Term Borrowings	8	225.04	34.28
Trade Payables	9	151.13	115.20
Other Current Liabilities	10	223.81	227.92
Short-Term Provisions	11	32.83	19.11
		632.81	**396.51**
Total		**5,644.29**	**5,524.88**
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	12	3,430.97	3,566.58
Intangible Assets	12	23.88	25.33
Capital work-in-progress		116.51	116.68
		3,571.36	**3,708.59**
Non-Current Investments	13	762.19	466.21
Long-Term Loans and Advances	14	186.92	139.22
Current Assets			
Current Investments	15	431.34	193.00
Inventories	16	261.47	297.64
Trade Receivables	17	135.45	100.80
Cash and Cash Equivalents	18	66.37	454.32
Short-Term Loans and Advances	19	225.43	161.34
Other Current Assets	20	3.76	3.76
		1,123.82	**1,210.86**
Total		**5,644.29**	**5,524.88**
Significant Accounting Policies	1		

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

As per our report of even date

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

For and on behalf of Board of Directors
of **Dalmia Bharat Enterprises Limited**

per **Arun K. Tulsian**
Partner
Membership No. 089907

Nidhi Bisaria
Company Secretary

Vipin Agarwal
Executive Director
(Finance)

Puneet Yadu Dalmia
Director

Y. H. Dalmia
Managing Director

Place : New Delhi
Date : May 18, 2012

Statement of Consolidated Profit and Loss

for the year ended March 31, 2012

(₹ in Crore)

	Notes	For the year ended March 31, 2012	For the year ended March 31, 2011
Income			
Revenue from operations (gross)	**21**	2,625.17	1,969.00
Less: Excise Duty		294.81	223.07
Revenue from operations (Net)		**2,330.36**	**1,745.93**
Other income	**22**	87.37	54.29
Total Revenue (I)		**2,417.73**	**1,800.22**
Expenses			
Consumption of Raw materials	**23**	252.22	194.86
Purchase of traded goods		2.85	0.44
(Increase)/ Decrease in inventories of finished goods, work in progress and traded goods	**24**	(2.58)	6.35
Employee benefit expenses	**25**	143.72	106.74
Other Expenses	**26**	1,378.57	1,072.73
Total (II)		**1,774.78**	**1,381.12**
Earnings before interest, tax, depreciation and amortisation (EBITDA) (I) - (II)		**642.95**	**419.10**
Finance Costs	**27**	151.28	172.43
Depreciation and amortisation expenses	**12**	181.73	175.27
Profit before exceptional items and tax		**309.94**	**71.40**
Exceptional Item - pre-operative expenses / cenvat credit balance written off		39.54	-
Profit before tax		**270.40**	**71.40**
Tax expense			
Current tax		77.08	19.04
MAT Credit (Entitlement) / Charge		6.11	(10.93)
		83.19	8.11
Deferred Tax		39.62	52.52
Prior year tax charge		0.04	0.45
Total Tax Expense		**122.85**	**61.08**
Profit after Tax before Share of Profit in Associates		**147.55**	**10.32**
Add: Share of Profit in Associates		**14.43**	**51.93**
Less: Share of Minority Interest		**18.53**	**12.48**
Profit after Tax		**143.45**	**49.77**
Earning per Share	**28**		
Basic and Diluted Earnings Per Share (In ₹)		17.67	6.13
[Nominal Value of Share ₹2 (₹2) each]			
Significant Accounting Policies	**1**		

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

As per our report of even date

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

For and on behalf of Board of Directors
of **Dalmia Bharat Enterprises Limited**

per **Arun K. Tulsian**
Partner
Membership No. 089907

Nidhi Bisaria
Company Secretary

Vipin Agarwal
Executive Director
(Finance)

Puneet Yadu Dalmia
Director

Y. H. Dalmia
Managing Director

Place : New Delhi
Date : May 18, 2012

Notes to Consolidated Financial Statements
for the year ended March 31, 2012

Note 1
Significant Accounting Policies

A. Basis of preparation

The consolidated financial statements of the group have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The group has prepared these financial statements to comply in all material respects with the accounting standards notified under the *Companies (Accounting Standards) Rules, 2006, (as amended)* and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention, except for assets transferred and vested in the group as on April 1, 2010 pursuant to the Scheme of Arrangement which are carried at fair market value determined as on April 1, 2010.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

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

B. Principles of Consolidation

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

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

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

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

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

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

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

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

7. The Consolidated Financial Statements have been prepared using uniform accounting policies for like

Notes to Consolidated Financial Statements
for the year ended March 31, 2012 (contd.)

transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements. Differences in accounting policies have been disclosed separately.

8. The difference between the proceeds from disposal of investment in subsidiary and the carrying amount of its assets less liabilities as of the date of disposal is recognised in the Consolidated Profit and Loss Account as the profit or loss on disposal of investment in subsidiary.

9. The accounts of all the Group Companies are drawn up to the same reporting date as the parent entity (i.e. financial year ended March 31, 2012).

C. Presentation and disclosure of financial statements

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

D. Use of estimates

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

E. Tangible fixed assets

Fixed assets, except for assets transferred and vested in the group as on April 1, 2010 pursuant to the Scheme of Arrangement, are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of Profit and Loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of Profit and Loss when the asset is derecognised.

F. Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated using the rates arrived at based on the useful lives estimated by the management, or those prescribed under Schedule XIV to the Companies Act, 1956, whichever is higher. The group has used the rates different from rates prescribed in Schedule XIV in the following case:-

	Rates (SLM)
Polysius Kiln Buildings	7.14%

G. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangible assets are amortised on a straight line basis over the estimated useful economic life. The group uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the effect that useful life of an intangible asset exceeds ten years, the group amortises the intangible asset over the best estimate of its useful life. Such intangible assets

Notes to Consolidated Financial Statements
for the year ended March 31, 2012 (contd.)

and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortisation method is changed to reflect the changed pattern. Such changes are accounted for in accordance with *AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.*

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of Profit and Loss when the asset is derecognised.

A summary of amortisation policies applied to the group's intangible assets is as below:

	Rates (SLM)
Computer software	20% to 33.33%

H. Leases

Where the group is lessee

Finance leases, which effectively transfer to the group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the statement of Profit and Loss. Lease management fees, legal charges and other initial direct costs of lease are capitalised.

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule XIV to the Companies Act, 1956, whichever is lower. However, if there is no reasonable certainty that the group will obtain the ownership by the end of the lease term, the capitalised asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in Schedule XIV to the Companies Act, 1956.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of Profit and Loss on a straight-line basis over the lease term.

Where the group is the lessor

Leases in which the group transfers substantially all the risks and benefits of ownership of the asset are classified as finance leases. Assets given under finance lease are recognised as a receivable at an amount equal to the net investment in the lease. After initial recognition, the group apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance lease. The interest income is recognised in the statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the statement of Profit and Loss.

Leases in which the group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognised in the statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation, are recognised as an expense in the statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the statement of Profit and Loss.

I. Borrowing costs

Borrowing cost includes interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

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 capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

J. Impairment of tangible and intangible assets

The group assesses at each reporting date whether there is an indication that an asset may be impaired. If

Notes to Consolidated Financial Statements
for the year ended March 31, 2012 (contd.)

any indication exists, or when annual impairment testing for an asset is required, the group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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 the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses, including impairment on inventories, are recognised in the statement of Profit and Loss.

K. Goodwill on Consolidation

Goodwill represents the difference between the Group's share in the net worth of the investee companies and the cost of acquisition at the date of investment. For this purpose, the Groups' share of equity in the investee companies is determined on the basis of the latest financial statements of the respective companies available as on the date of acquisition, after making necessary adjustments for material events between the date of such financial statements and the date of acquisition.

L. Government grants and subsidies

Grants and subsidies from the government are recognised when there is reasonable assurance that (i) the group will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognised as income on a systematic basis in the statement of Profit and Loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Where the group receives non-monetary grants, the asset is accounted for on the basis of its acquisition cost. In case a non-monetary asset is given free of cost, it is recognised at a nominal value.

M. Investments

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined for each category separately. 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.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of Profit and Loss.

N. Inventories

Raw materials, stores and spares are valued at 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 of raw materials and stores and spares is determined on a weighted average basis.

Work-in-progress and finished goods are valued at 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 and is determined on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of

Notes to Consolidated Financial Statements
for the year ended March 31, 2012 (contd.)

completion and estimated costs necessary to make the sale.

O. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The group collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the group. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of Profit and Loss.

Dividends

Dividend income is recognised when the group's right to receive dividend is established by the reporting date.

Insurance Claim

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

P. Foreign currency translation

Foreign currency transactions and balances

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.

Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

Exchange differences

All other exchange differences are recognised as income or as expenses in the period in which they arise.

Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability

The premium or discount arising at the inception of forward exchange contract is amortised and recognised as an expense/ income over the life of the contract. Exchange differences on such contracts, except the contracts which are long-term foreign currency monetary items, are recognised in the statement of Profit and Loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognised as income or as expense for the period.

Q. Retirement and other employee benefits

Retirement benefit in the form of provident fund contribution to Statutory Provident Fund, pension fund, superannuation fund and ESI are defined contribution schemes. The contributions are charged to the statement of Profit and Loss for the year when the contributions are due. The group has no obligation, other than the contribution payable to the provident fund.

The group operates two defined benefit plans for its employees, viz., gratuity and provident fund contribution to Dalmia Cement Provident Fund Trust. The costs of providing benefits under these plans are determined on the basis of actuarial valuation at each year-end. Separate actuarial valuation is carried out for each plan using the projected unit credit method. Actuarial gains and losses for both defined benefit plans are recognised in full in the period in which they occur in the statement of Profit and Loss.

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

The group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the

Notes to Consolidated Financial Statements
for the year ended March 31, 2012 (contd.)

actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of Profit and Loss and are not deferred.

R. Income taxes

Tax expense comprises of current and deferred. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted, at the reporting date.

Deferred income tax reflects the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences of earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

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

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

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 taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of Profit and Loss as current tax. The group recognises MAT credit available as an asset only to the extent that there is convincing evidence that the group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the group recognises MAT credit as an asset in accordance with the *Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961,* the said asset is created by way of credit to the statement of Profit and Loss and shown as "MAT Credit Entitlement." The group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the group does not have convincing evidence that it will pay normal tax during the specified period.

S. Segment reporting

Identification of segments

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

Inter-segment transfers

The group generally accounts for inter segment sales and transfers at cost plus appropriate margins.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

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

T. Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity

Notes to Consolidated Financial Statements
for the year ended March 31, 2012 (contd.)

shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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.

U. Provisions

A provision is recognised when the group has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

The expense relating to any provision is presented in the statement of Profit and Loss net of any reimbursement.

V. Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The group does not recognise a contingent liability but discloses its existence in the financial statements.

W. Cash and Cash equivalents

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

X. Measurement of EBITDA

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

Notes to Consolidated Financial Statements
for the year ended March 31, 2012 (contd.)

2. Share Capital

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
Authorised :		
10,00,00,000 (10,00,00,000) Equity Shares of ₹2/– each	20.00	20.00
	20.00	**20.00**
Issued, Subscribed and Fully Paid Up :		
8,11,89,303 (8,11,89,303) Equity Shares of ₹2/– each	16.24	16.24
	16.24	**16.24**

a. Reconciliation of Equity Shares outstanding at the beginning and at the end of the reporting period

	March 31, 2012		March 31, 2011	
	No. of Shares	(₹ in Crore)	No. of Shares	(₹ in Crore)
At the beginning of the period	81,189,303	16.24	250,000	0.50
Issued during the period	–	–	80,939,303	15.74
At the end of the period	**81,189,303**	**16.24**	**81,189,303**	**16.24**

b. Terms/ rights attached to Equity shares

The Company has only one class of equity shares having a face value of ₹2 per share. Each equity shareholder is entitled to one vote per share. In the event of winding - up of the Company, the equity share holder shall be entitled to be repaid remaining assets of the Company after distribution of all preferential amounts, in the ratio of the amount of capital paid up on such equity shares.

c. Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately

	March 31, 2012	March 31, 2011
	No. of Shares	No. of Shares
Shares issued pursuant to Scheme of Arrangement between the Company and Dalmia Cement (Bharat) Limited (formerly Avnija Properties Limited), DCB Power Ventures Limited, Dalmia Bharat Sugar and Industries Limited (formerly Dalmia Cement (Bharat) Limited) without payments being received in cash.	–	80,939,303

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

	March 31, 2012		March 31, 2011	
	No. of Shares	% holding	No. of Shares	% holding
Mayuka Investment Limited	17,736,537	21.85%	17,736,537	21.85%
Shree Nirman Limited	6,540,130	8.06%	6,540,130	8.06%
Sita Investment Company Limited	5,876,800	7.24%	5,876,800	7.24%
Ankita Pratisthan Limited	5,829,070	7.18%	5,829,070	7.18%

Notes to Consolidated Financial Statements
for the year ended March 31, 2012 (contd.)

3. Reserves and Surplus

(₹ in Crore)

	March 31, 2012	March 31, 2011
Capital Reserve		
Opening Balance as per last financial statements	11.25	–
Add: Additions during the year	–	11.25
Closing Balance	**11.25**	**11.25**
Business Restructuring Reserve		
Opening Balance as per last financial statements	2,562.70	–
Add: Additions pursuant to Scheme of Arrangement	–	2,562.70
Closing Balance	**2,562.70**	**2,562.70**
Securities Premium Reserve		
Opening Balance as per last financial statements	458.70	–
Add: Premium on issue of equity shares	–	462.08
Less: Expenses incurred in connection with issue of fresh equity shares	–	3.38
Closing Balance	**458.70**	**458.70**
General Reserve		
Opening Balance as per last financial statements	2.20	–
Add: Transfer from surplus balance in statement of Profit and Loss	3.25	2.20
Closing Balance	**5.45**	**2.20**
Reserve Fund as per RBI		
Opening Balance as per last financial statements	0.03	–
Add: Transfer from surplus balance in statement of Profit and Loss	–	0.03
Closing Balance	**0.03**	**0.03**
Debenture Redemption Reserve		
Opening Balance as per last financial statements	48.75	–
Add: Additions pursuant to Scheme of Arrangement	–	48.96
Add: Amount transferred from surplus balance in the Statement of Profit and Loss	9.79	9.79
Less: Amount transferred to surplus balance in the Statement of Profit and Loss	–	10.00
Closing Balance	**58.54**	**48.75**
Surplus in the Statement of Profit and Loss		
Balance as per last financial statements	36.05	0.10
Profit for the year	143.45	49.77
Add: Transfer from Debenture Redemption Reserve	–	10.00
Less: Appropriations		
Transfer to Debenture Redemption Reserve	9.79	9.79
Transfer to General Reserve	3.25	2.20
Transfer to Reserve Fund as per RBI	–	0.03
Proposed Dividend on equity shares	26.08	10.15
Dividend Distribution Tax	4.23	1.65
Total Appropriations	**43.35**	**23.82**
Net Surplus in the Statement of Profit and Loss	**136.15**	**36.05**
Total Reserves and Surplus	**3,232.82**	**3,119.68**
Less: Minority Interest	358.23	358.23
	2,874.59	**2,761.45**

Notes to Consolidated Financial Statements
for the year ended March 31, 2012 (contd.)

4. Long Term Borrowings

(₹ in Crore)

		As at March 31, 2012		As at March 31, 2011
Secured				
A. Redeemable Non-Convertible Debentures	280.00		280.00	
Less: Shown in current maturities of long term borrowings	24.00	256.00	–	280.00
B.Term Loans:				
i. From Banks	987.16		1,261.84	
Less: Shown in current maturities of long term borrowings	70.51	916.65	84.34	1,177.50
ii. From Others		256.20		256.20
(A)		**1,428.85**		**1,713.70**
Unsecured				
C. Fixed Deposits	6.56		18.47	
Less: Shown in current maturities of long term borrowings	3.18	3.38	3.68	14.79
D. Deferred payment liabilities	73.71		78.46	
Less: Shown in current maturities of long term borrowings	4.73	68.98	4.10	74.36
E. From Banks	0.33		0.35	
Less: Shown in current maturities of long term borrowings	0.02	0.31	0.02	0.33
(B)		**72.67**		**89.48**
Total long term borrowings (A+B)		**1,501.52**		**1,803.18**

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

i) 10.35%, Series XIII ₹100 Cr. (₹100 Cr.) are secured by a first pari-passu charge on the Immovable properties of Cement unit at Dalmiapuram & redeemable in three yearly equal instalments commencing from May 8, 2014.

ii) 9.00%, Series XI A ₹50 Cr. (₹50 Cr.) are secured by a first pari-passu charge on all the movable and immovable properties of Cement Unit at Dalmiapuram (except inventories and trade receivables) & redeemable in three yearly instalments in the ratio of 30:30:40 commencing from October 15, 2013.

iii) 8.87%, Series XI ₹50 Cr. (₹50 Cr.) are secured by a first pari-passu charge on all the movable and immovable properties of Cement unit at Dalmiapuram (except inventories and trade receivables) & redeemable in three yearly instalments in the ratio of 30:30:40 commencing from May 15, 2013.

iv) 9.00%, Series XB ₹40 Cr. (₹40 Cr.) are secured by a first pari-passu charge on whole of the movable and immovable properties (except trade receivables) of Cement unit at Dalmiapuram & redeemable in three yearly instalments in the ratio of 30:30:40 commencing from December 17, 2012.

v) 8.90%, Series XA ₹40 Cr. (₹40 Cr.) are secured by a first pari-passu charge on whole of the movable and immovable properties (except trade receivables) of Cement unit at Dalmiapuram & redeemable in three yearly instalments in the ratio of 30:30:40 commencing from December 17, 2012.

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

i) Libor plus 2.146% (presently 2.9313%) ₹58.66 Cr. (₹60.34 Cr.) are secured by way of exclusive charge on Vertical roller mills & other machineries and equipments acquired through this loan for projects at Kadapa & Ariyalur. The Loan has been availed in foreign currency repayable in half yearly installments of USD 0.10 Cr. each till August 2017.

ii) ₹891.00 Cr. (₹891.00 Cr.) are secured by exclusive first charge on land and building and hypothecation of all the fixed assets of Cement units at Kadapa and Ariyalur excluding assets charged to working capital lenders and Vertical roller mills & other machineries and equipments for projects at Kadapa & Ariyalur acquired under foreign currency loan at base rate plus 1.50% (present 11%). It is repayable within 40 unequal quarterly installment in the

Notes to Consolidated Financial Statements
for the year ended March 31, 2012 (contd.)

range of ₹11.14 Cr. to ₹47.33 Cr. each commencing after 5 years from 1st disbursement, i.e. December 2012.

iii) ₹37.50 Cr. (₹112.50 Cr.) are secured by exclusive first charge on land and building and hypothecation of all the fixed assets of Cement units at Kadapa and Ariyalur excluding assets charged to working capital lenders and Vertical roller mills & other machineries and equipments for projects at Kadapa & Ariyalur acquired under foreign currency loan at Base rate plus 1.50% (present 11%). It is payable in 2 equal quarterly installment of ₹18.75 Cr. each till September 2012.

iv) Nil (₹150 Cr.) is secured by a subservient charge on the assets of Cement division.

v) Nil (₹48.00 Cr.) is secured by first charge on all the immovable properties of Dalmia Cement Venture Limited both present and future and first charge by way of hypothecation of all the movable of Dalmia Cement Venture Limited including movable Plant and Machinery, Machinery spares, tools and accessories, fixtures, vehicles, mechanical and electrical equipments, mining machinery and all others movable assets, except book debts, present and future; subject to prior charges created and / or to be created on the stock of raw materials, semi-finished and finished goods, consumable stores, book debts / receivable and such other movables as may be agreed to by the senior Lenders and other current assets for securing the borrowings for working capital requirements, in the ordinary course of business.

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

0.10%, ₹256.20 Cr. (₹256.20 Cr.) are secured by a first pari-passu charge on the movable and immovable properties of Cement unit at Dalmiapuram. Repayment schedule is yet to be finalised.

4) Fixed deposit referred to in C above to the extent of:

₹6.56 Cr. (₹18.47 Cr.) are repayable in next 1 month to 36 months with interest rate in the range of 9% to 10%.

5) Interest free, ₹73.71 Cr. (₹78.46 Cr.) deferred payment liabilities referred to in D above are repayable in unequal quarterly installments in the range of ₹0.05 Cr. to ₹6.59 Cr. each till FY 2016-17.

6) Housing loans from Bank referred to in E above to the extent of ₹0.05 Cr. (₹0.07 Cr.) is payable in unequal monthly installment in the range of ₹0.0018 Cr. to ₹0.0025 Cr. each till FY 2014-15. For ₹0.28 Cr. (₹0.28 Cr.) repayment terms are yet to be communicated by bank.

5. Deferred Tax Liability (Net)

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
Deferred Tax assets/ liabilities are attributable to the following items :		
Liabilities		
Depreciation	98.89	71.45
Assets		
Unabsorbed depreciation	-	16.44
Expenses allowable for tax purpose when paid	4.77	1.76
Provision for doubtful debts and advances	1.32	0.16
Others	0.09	-
	6.18	18.36
Net	**92.71**	**53.09**

Notes to Consolidated Financial Statements
for the year ended March 31, 2012 (contd.)

6. Other Long Term Liabilities

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
Security deposit received	80.23	80.14
Mines reclamation expenses	2.21	–
Other Liabilities	3.43	1.79
	85.87	**81.93**

7. Long Term Provisions

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
Provision for employee benefits	12.69	3.15
	12.69	**3.15**

8. Short Term Borrowings

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
Secured		
A. Working capital loan from Banks	16.48	26.46
B. Foreign currency loan	207.53	–
(A)	**224.01**	**26.46**
Unsecured		
C. Fixed Deposits	1.03	7.82
(B)	**1.03**	**7.82**
Total short term borrowings (A+B)	**225.04**	**34.28**

A) Working capital loans are secured by hypothecation of inventories and other assets in favour of the participating banks ranking pari-passu on inter-se basis, repayable in next one year and carry interest rate in the range of 11.75% to 12.50%.

B) Foreign currency loans have been secured against the pledge of mutual funds and hypothecation of inventories and trade receivabels repayable in next 1 month to 11 months with Interest in the range of LIBOR Plus 0.35% to LIBOR plus 1.95% (Presently 0.8237% to 2.55%).

C) Fixed deposit referred to in C above to the extent of:
₹1.03 Cr. (₹7.82 Cr.) are repayable in next 1 month to 1 year with interest rate in the range of 9.00% to 9.25%.

9. Trade Payables

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
Micro & Small Enterprises	0.07	–
Others	151.06	115.20
	151.13	**115.20**

Notes to Consolidated Financial Statements

for the year ended March 31, 2012 (contd.)

10. Other Current Liabilities

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
Current maturities of long term borrowings	102.44	92.14
Interest accrued but not due on borrowings	6.29	6.15
Advances from customers	17.06	16.71
Security deposit received	9.73	11.33
Director's Commission payable	0.62	0.22
Unclaimed Fixed Deposits and interest theron*	0.17	0.20
Unclaimed Dividend*	0.21	–
Other liabilities		
- Statutory dues	51.03	52.01
- Others	36.26	49.16
	223.81	**227.92**

* Not due for deposit in Investor Education & Protection Fund

11. Short Term Provisions

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
Provision for tax (net of advance tax ₹ Nil (₹3.78 Cr.))	0.02	6.82
Provision for employee benefits	2.50	0.49
Proposed Dividend on equity shares	26.08	10.15
Dividend Distribution Tax	4.23	1.65
	32.83	**19.11**

12. Fixed Assets

(₹ in Crore)

	Tangible							
	Own Assets							
	Land	Land (Leasehold)	Building	Plant and equipment	Furniture and Fixtures	Vehicles	Office equipment	Total
Cost								
as at April 1, 2010	–	–	–	–	–	–	–	
Addition pursuant to Scheme of Arrangement	384.69	1.74	231.67	2,630.19	5.17	15.50	21.07	3,290.03
Additions during the year	38.93	–	34.87	44.52	0.29	0.75	0.93	120.29
Disposals during the year	6.11	–	–	0.20	0.04	1.89	0.06	8.30
as at March 31, 2011	**417.51**	**1.74**	**266.54**	**2,674.51**	**5.42**	**14.36**	**21.94**	**3,402.02**
Additions during the year	22.16	–	1.44	33.23	0.18	1.85	2.50	61.36
Disposals during the year	4.80	–	0.10	12.34	0.01	0.07	0.10	17.42
as at March 31, 2012	**434.87**	**1.74**	**267.88**	**2,695.40**	**5.59**	**16.14**	**24.34**	**3,445.96**
Depreciation/ Amortisation								
as at April 1, 2010	–	–	–	–	–	–	–	–
Addition pursuant to Scheme of Arrangement	–	1.10	3.29	1.07	1.13	0.42	2.25	9.26
Charge for the year @	–	0.06	7.14	141.00	0.81	1.72	3.13	153.86
Disposals	–	–	–	–	–	–	–	–
as at March 31, 2011	**–**	**1.16**	**10.43**	**142.07**	**1.94**	**2.14**	**5.38**	**163.12**
Charge for the year	–	0.05	7.56	147.74	0.37	1.60	2.69	160.01
Disposals	–	–	–	0.41	–	–	0.01	0.42
as at March 31, 2012	**–**	**1.21**	**17.99**	**289.40**	**2.31**	**3.74**	**8.06**	**322.71**
Net Block								
as at March 31, 2011	**417.51**	**0.58**	**256.11**	**2,532.44**	**3.48**	**12.22**	**16.56**	**3,238.90**
as at March 31, 2012	**434.87**	**0.53**	**249.89**	**2,406.00**	**3.28**	**12.40**	**16.28**	**3,123.25**

Notes to Consolidated Financial Statements

for the year ended March 31, 2012 (contd.)

(₹ in Crore)

	Owned Assets Leased out						Intangible			Grand Total
	Land	Building	Plant and equipment	Furniture and Fixtures	Other Assets	Total	Computer Software	Goodwill on Consoli-dation	Total	
Cost										
as at April 1, 2010	–	–	–	–	–	–	–	–	–	–
Additions	–	–	–	–	–	–	–	–	–	–
Addition pursuant to Scheme of Arrangement	2.30	11.88	195.07	0.05	–	3,499.33	4.66	–	4.66	3,503.99
Additions during the year	–	0.27	137.91	0.01	0.03	258.51	0.27	22.04	22.31	280.82
Disposals during the year	–	–	–	–	–	8.30	–	–	–	8.30
as at March 31, 2011	**2.30**	**12.15**	**332.98**	**0.06**	**0.03**	**3,749.54**	**4.93**	**22.04**	**26.97**	**3,776.51**
Additions during the year	–	–	0.04	0.02	–	61.42	0.25	–	0.25	61.67
Disposals during the year	–	–	–	–	–	17.42	–	–	–	17.42
as at March 31, 2012	**2.30**	**12.15**	**333.02**	**0.08**	**0.03**	**3,793.54**	**5.18**	**22.04**	**27.22**	**3,820.76**
Depreciation/ Amortisation										
as at April 1, 2010	–	–	–	–	–	–	–	–	–	–
Addition pursuant to Scheme of Arrangement	–	–	–	–	–	9.26	0.03	–	0.03	9.29
Charge for the year	–	0.40	19.44	–	–	173.70	1.61	–	1.61	175.31
Disposals	–	–	–	–	–	–	–	–	–	–
as at March 31, 2011	**–**	**0.40**	**19.44**	**–**	**–**	**182.96**	**1.64**	**–**	**1.64**	**184.60**
Charge for the year	–	0.40	19.62	–	–	180.03	1.70	–	1.70	181.73
Disposals	–	–	–	–	–	0.42	–	–	–	0.42
as at March 31, 2012	**–**	**0.80**	**39.06**	**–**	**–**	**362.57**	**3.34**	**–**	**3.34**	**365.91**
Net Block										
as at March 31, 2011	**2.30**	**11.75**	**313.54**	**0.06**	**0.03**	**3,566.58**	**3.29**	**22.04**	**25.33**	**3,591.91**
as at March 31, 2012	**2.30**	**11.35**	**293.96**	**0.08**	**0.03**	**3,430.97**	**1.84**	**22.04**	**23.88**	**3,454.85**

Notes:

@ Includes depreciation charged to other heads Nil (₹ 0.04 Cr.)

13. Non–Current Investments

(₹ in Crore)

	As at March 31, 2012		As at March 31, 2011	
Trade Investments				
Equity Shares				
In Associates				
OCL India Limited* (Quoted)		453.99		449.88
Others				
Equity Shares (Quoted)		0.01		0.02
Equity Shares (Unquoted)	30.18		2.25	
Less: Provision for diminution in value of investments	1.76	28.42	1.76	0.49
Zero coupon optionally redeemable convertible debentures		59.00		-
Other Investments				
Units of Mutual Funds (Quoted)				
Debt based schemes		209.18		3.70
Equity based schemes		0.06		0.06
Tax Free Bonds (Quoted)		0.50		–
Units of Urban Infrastructure Opportunities Fund (Unquoted)		11.03		12.06
Total		**762.19**		**466.21**

Notes to Consolidated Financial Statements
for the year ended March 31, 2012 (contd.)

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
Quoted (including Mutual Funds):		
Book Value	663.74	453.66
Market Value	470.93	289.50
Book Value of Unquoted Investments	98.45	12.55
Aggregate Provision for diminution in value of Investment	1.76	1.76

Notes:
* The carrying amount of investment includes Goodwill of ₹46.96 Cr.

14. Long Term Loans and Advances (Considered good and unsecured unless otherwise stated)

(₹ in Crore)

		As at March 31, 2012		As at March 31, 2011
Capital advances		62.57		65.93
Security deposit made				
- Related Parties	1.25		1.25	
- Others	19.14	20.39	17.59	18.84
Loans and advances to:				
Employees@		1.88		0.06
Others		40.00		–
Advances recoverable in cash or in kind or for value to be received		31.84		14.96
MAT credit entitlement		4.94		11.05
Advance Income Tax (Net of Provision for Tax ₹84.37 Cr. (₹11.75 Cr.))		14.61		4.78
Deposit and Balances with Government Departments and Other Authorities		10.69		23.60
		186.92		**139.22**
@includes				
Due form officers of the Company		1.75		0.05

15. Current Investments

(₹ in Crore)

		As at March 31, 2012		As at March 31, 2011
Non Trade				
Equity Shares (Quoted)	20.42		32.36	
Less: Provision for diminution in value of investment	3.92	16.50	6.28	26.08
Units of Mutual Funds (Quoted)				
Debt based schemes		414.84		166.92
Total		**431.34**		**193.00**
Quoted				
Book Value		431.34		193.00
Market Value		435.44		204.55
Aggregate Provision for diminution in value of Investment		3.92		6.28

Notes to Consolidated Financial Statements
for the year ended March 31, 2012 (contd.)

16. Inventories

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
Raw Materials		
On hand	24.06	23.06
In transit	1.65	0.28
Work in Progress	37.44	30.27
Finished Goods		
On hand	32.74	38.65
In transit	7.16	5.84
Stores, Spares etc		
On hand	130.96	101.99
In transit	27.46	97.55
	261.47	**297.64**

17. Trade Receivables

(₹ in Crore)

		As at March 31, 2012		As at March 31, 2011	
a)	**Receivables outstanding for a period exceeding six months from the date they are due for payment**				
	Considered good				
	Secured		0.96		0.79
	Unsecured		3.14		4.11
	Considered doubtful	14.11		13.89	
	Less: Provision for Bad and Doubtful receivables	14.11	–	13.89	–
	(A)		**4.10**		**4.90**
b)	**Other receivables**				
	Considered good				
	Secured		60.73		39.88
	Unsecured		145.59		94.85
	(B)		**206.32**		**134.73**
	Trade Receivables **(A+B)**		**210.42**		**139.63**
Less: Provision for Rebate / Discount			74.97		38.83
			135.45		**100.80**

18. Cash and Cash Equivalents

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
Cash on hand	0.10	0.13
Cheques in Hand	13.38	0.20
Balances with Scheduled Banks :		
-On current accounts	48.49	284.46
-On deposit accounts	4.03	169.37
-Unpaid Dividend accounts	0.21	–
Other bank balances:		
-Margin money (pledged with bank against bank guarantee)	0.16	0.16
	66.37	**454.32**

Notes to Consolidated Financial Statements
for the year ended March 31, 2012 (contd.)

19. Short Term Loans and Advances

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
Secured		
Loan to Employees@	0.02	0.06
Unsecured Considered good		
Loan to		
- Employees@	1.56	2.28
- Related parties (Refer note 42 of notes to financial statements)	50.00	25.00
- Others	85.00	–
Advances recoverable in cash or in kind or for value to be received		
Related parties (Refer note 42 of notes to financial statements)	0.34	32.12
Others	64.50	52.94
Prepaid Expenses	0.53	0.46
Interest receivable	4.72	3.17
Deposit and Balances with Government Departments and Other Authorities	18.76	45.31
	225.43	**161.34**
@includes		
Due form officers of the Company	1.02	2.04

20. Other Current Assets

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
Semi Finished Capital goods lying with foreign suppliers	3.76	3.76
	3.76	**3.76**

21. Revenue from Operations

(₹ in Crore)

	For the year ended March 31, 2012	For the year ended March 31, 2011
Cement sales	2,498.49	1,811.79
Refractory goods sales	70.59	62.21
Management services	5.67	8.20
Other sales and Operating Revenue	50.42	86.80
	2,625.17	**1,969.00**

Notes to Consolidated Financial Statements
for the year ended March 31, 2012 (contd.)

22. Other Income

(₹ in Crore)

	For the year ended March 31, 2012		For the year ended March 31, 2011	
Dividend income				
- from Current Investments		12.88		0.56
Interest Income on Bank deposits & others		16.01		11.46
Profit on sale of Investments	25.68		117.91	
(including provision for diminution in value of investments written back)				
Less: Loss on Sale of Investment (including provision for diminution in value of investments)	–	25.68	97.28	20.63
Exchange Fluctuation		0.11		0.13
Sales Tax incentive (refer note 38 of financial statements)		11.82		6.30
Miscellaneous Receipts		20.87		15.21
		87.37		**54.29**

23. Cost of Raw Materials Consumed

(₹ in Crore)

	For the year ended March 31, 2012	For the year ended March 31, 2011
Class of product		
Limestone	115.57	82.37
Gypsum	25.76	26.00
Fly ash	50.46	40.66
Bauxite	30.25	27.53
Others	30.18	18.30
	252.22	**194.86**

24. (Increase)/ Decrease in inventories of finished goods and work in progress

(₹ in Crore)

	For the year ended March 31, 2012		For the year ended March 31, 2011	
Finished Goods				
- Closing stock		39.9		44.49
- Opening stock		44.49	–	
- Addition pursuant to Scheme of Arrangement		–	28.47	28.47
		4.59		**(16.02)**
Work-in-Progress				
- Closing stock		37.44		30.27
- Opening stock		30.27	–	
- Addition pursuant to Scheme of Arrangement		–	52.64	52.64
		(7.17)		**22.37**
(Increase) / Decrease		**(2.58)**		**6.35**

Notes to Consolidated Financial Statements
for the year ended March 31, 2012 (contd.)

25. Employee Benefit Expenses

(₹ in Crore)

	For the year ended March 31, 2012	For the year ended March 31, 2011
Salaries, Wages and Bonus	122.67	86.29
Contribution to Provident Fund and Other Funds	7.07	7.83
Workmen and Staff Welfare expenses	13.98	12.62
	143.72	**106.74**

26. Other Expenses

(₹ in Crore)

	For the year ended March 31, 2012	For the year ended March 31, 2011
Power and Fuel	672.66	516.30
Processing Charges	22.81	19.64
Packing Materials	98.87	77.00
Consumption of Stores and Spares Parts	5.65	3.08
Freight Charges	317.35	249.00
Repairs and Maintenance :		
- Plant & Machinery	60.40	47.49
- Buildings	3.03	2.98
Rent	3.35	3.51
Rates and Taxes	3.20	3.08
Insurance	2.49	2.71
Branch Selling Expenses	54.32	43.46
Foreign exchange fluctuation	5.36	–
Miscellaneous Expenses	129.08	104.48
	1378.57	**1072.73**

27. Finance Costs

(₹ in Crore)

	For the year ended March 31, 2012	For the year ended March 31, 2011
Interest		
- On term loans and debentures	133.71	159.02
- On borrowing from banks	0.05	0.45
- Others	7.94	8.72
Other borrowing cost	4.44	2.88
Exchange differences to the extent considered as an adjustment to borrowing cost	5.14	1.36
	151.28	**172.43**

28. Earning Per Share

	For the year ended March 31, 2012	For the year ended March 31, 2011
Net profit for calculation of basic and diluted EPS (₹ in Cr.)	**143.45**	**49.77**
Total number of equity shares outstanding at the end of the year	81,189,303	81,189,303
Weighted average number of equity shares in calculating basic and diluted EPS	81,189,303	81,189,303
Basic and Diluted EPS (₹)	**17.67**	**6.13**

Notes to Consolidated Financial Statements
for the year ended March 31, 2012 (contd.)

29. The Group comprises of the following entities:

The subsidiaries, associates and joint ventures considered in the consolidated financial statements are:

Name of the Company	Country of incorporation	Percentage of Ownership held as at March 31, 2012	Percentage of Ownership held as at March 31, 2011
Subsidiaries			
Dalmia Cement (Bharat) Limited (DCBL)	India	85.01%	85.01%
Kanika Investments Limited (KIL)	India	100%	100%
Dalmia Power Limited (DPL)	India	100%	100%
Subsidiaries of Dalmia Cement (Bharat) Limited			
Ishita Properties Limited (IPL)	India	100%	100%
Hemshila Properties Limited (HPL)	India	100%	100%
Geetee Estates Limited (GEL)	India	100%	100%
D.I. Properties Limited (DIPL)	India	100%	100%
Shri Rangam Properties Limited (SRPL)	India	100%	100%
Shri Radha Krishna Brokers & Holdings Limited (SRKBHL)	India	100%	100%
Arjuna Brokers & Minerals Limited (ABML)	India	100%	100%
Sri Shanmugha Mines & Minerals Limited (SHMML)	India	100%	100%
Sri Swaminatha Mines & Minerals Limited (SWMML)	India	100%	100%
Sri Subramanya Mines & Minerals Limited (SUMML)	India	100%	100%
Sri Trivikrama Mines & Properties Limited (STMPL)	India	100%	100%
Sri Dhandauthapani Mines & Minerals Limited (SDMML)	India	100%	100%
Sri Madhusudana Mines & Properties Limited (MMPL)	India	100%	100%
Dalmia Minerals & Properties Limited (DMPL)	India	100%	100%
Dalmia Cement Ventures Limited (DCVL)	India	100%	100%
Step down subsidiaries of Dalmia Cement (Bharat) Limited			
Golden Hills Resorts Private Limited (GHRPL) (subsidiary of Dalmia Cement Ventures Limited)	India	100%	100%
Rajputana Properties Private Limited (RPPL) (subsidiary of Dalmia Cement Ventures Limited)	India	100%	100%
Cosmos Cements Limited (CCL) (subsidiary of Dalmia Minerals & Properties Limited)	India	100%	100%
Sutnga Mines Private Limited (SMPL) (subsidiary of Dalmia Minerals & Properties Limited)	India	100%	100%
Step down subsidiary of Dalmia Power Limited			
DCB Power Venture Limited (DCBPVL) # (subsidiary of Dalmia Power Limited)	India	100%	100%
Associates of Dalmia Cement (Bharat) Limited			
OCL India Limited (OCL)	India	45.37%	45.37%
Joint Venture of Dalmia Cement (Bharat) Limited			
Khappa Coal Company Private Limited (KCCPL)	India	36.73%	36.73%

The share capital in DCB Power Venture Limited is held 74% by Dalmia Power Limited and 26% by Dalmia Cement (Bharat) Limited.

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

Parent Company

(₹ in Crore)

S. No.	Particulars	2011–12	2010–11
a)	Claims against the Company not acknowledged as debts	0.45	0.45

Notes to Consolidated Financial Statements
for the year ended March 31, 2012 (contd.)

Subsidiaries

(₹ in Crore)

S. No.	Particulars	2011–12	2010–11
a)	Claims against the Company not acknowledged as debts	44.62	63.25
b)	Demand raised by following authorities in dispute:		
	Excise & Service tax	107.85	94.06
	Other tax matters	2.45	0.64
c)	Guarantees/Counter Guarantees given to banks on account of guarantees issued by the banks to Bodies Corporate	4.00	4.00
	Total	**158.92**	**161.95**

Joint Venture

(₹ in Crore)

S. No.	Particulars	2011–12	2010–11
a)	Bank Guarantee issued to Ministry of Coal	1.43	1.43

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

31. Capital and other Commitment

(₹ in Crore)

	Particulars	2011–12	2010–11
a)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)		
	In respect of Parent	0.27	0.38
	In respect of Subsidiaries	145.63	110.55
b)	Estimated amount of contracts remaining to be executed on other than capital account and not provided for (net of advances)		
	In respect of Parent	–	–
	In respect of Subsidiaries	–	–

32. Remuneration paid to auditors (included in MiscellaneousExpenses) :

(₹ in Crore)

	Particulars	2011–12	2010–11
Statutory auditors			
a)	as an auditor		
	i) Statutory audit fee	0.24	0.23
	ii) Tax audit fee	0.06	0.01
	iii) Limited review	0.20	0.07
In other capacity			
i)	Company law matter	0.01	-
ii)	Management Services	-	0.04
iii)	Certification fee	0.02	0.02
Reimbursement of expenses		0.11	0.04
Cost Auditor			
a)	Audit Fee	0.01	0.01
b)	For Expenses	-	-

Notes to Consolidated Financial Statements
for the year ended March 31, 2012 (contd.)

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

34. Goodwill in the Balance Sheet as per the details given below represents goodwill of subsidiaries. Such Goodwill had been tested for impairment by the management and no amortisation is required for the same.

(₹ in Crore)

Particulars	2011–12	2010–11
Subsidiaries		
Golden Hills Resorts Private Limited	3.95	3.95
Rajputana Properties Private Limited	0.24	0.24
Ishita Properties Limited	0.47	0.47
Arjuna Brokers & Minerals Limited	0.01	0.01
Sri Shanamugha Mines & Minerals Limited	0.01	0.01
Dalmia Minerals & Properties Limited	0.10	0.10
Dalmia Cement Ventures Limited	0.08	0.08
Dalmia Power Limited	0.09	0.09
DCB Power Venture Limited	17.09	17.09
Total	**22.04**	**22.04**

35. Operating Lease

Assets taken on lease

The group has entered into cancellable lease agreements with an average life of between one to five years with renewal option at the mutual consent of lessor & lessee. Some of the lease agreements contain escalation clause of upto 10%. There are no restrictions placed upon the group by entering into these leases.

(₹ in Crore)

Particulars	2011–12	2010–11
Lease payments for the year	10.40	6.83
Total	**10.40**	**6.83**

Assets given on lease

The group has leased out building, plant and machinery etc on operating lease. In one of the leases, lease term is for 10 years and thereafter not renewable. There is no escalation clause in this lease agreement. There are no restrictions imposed by lease arrangements.

There are no uncollectible minimum lease payments receivable at the balance sheet date

(₹ in Crore)

Particulars	2011–12	2010–11
Not later than one year	2.21	2.21
Later than one year and not later than five years	4.31	6.52
Later than five years	–	–
Total	**6.52**	**8.73**

Notes to Consolidated Financial Statements
for the year ended March 31, 2012 (contd.)

36. Particulars of Forward Contracts outstanding and Unhedged Foreign Currency Exposure as at the Balance Sheet date:

Forward contract outstanding as at Balance Sheet date:

Particulars	Currency	Amount in Foreign Currency	Amount (₹ in Cr.)	Purpose
Buy	Euro	47,900 (739,961)	0.32 (4.65)	To hedge the import creditors for Spare Parts.
Total	**Euro**	**47,900** **(739,961)**	**0.32** **(4.65)**	
Buy	GBP	57,804 (–)	0.46 (–)	To hedge the import creditors for Spare Parts.
Total	**GBP**	**57,804** **(–)**	**0.46** **(–)**	
Buy	USD	918,000 (–)	4.60 (–)	To hedge the import creditors for capital goods.
Buy	USD	14,464,800 (10,926,210)	72.08 (49.60)	To hedge the import creditors for Coal and spare parts.
Buy	USD	36,949,536 (1,212,678)	192.60 (5.64)	To hedge the repayment of principal and interest foreign currency loans.
Buy	USD	1,533,534 (1,399,489)	7.82 (6.53)	To hedge the import creditors for raw material.
Total	**USD**	**53,865,870** **(13,538,377)**	**277.10** **(61.77)**	

Particulars of unhedged foreign currency exposure:

(₹ in Crore)

Particulars	Amount in Foreign Currency	Amount
Foreign currency loans	USD 15,110,511 (USD 12,427,915) (Closing rate 1 USD =₹51.49 (₹44.77))	77.80 (55.64)
Purchase of spare parts	Nil (Euro 636,000) (Closing rate 1 Euro = N.A. (₹63.1077))	– (4.01)
Purchase of Coal, Spare Parts.	Nil (USD 4,098,000) (Closing rate 1 USD = ₹ N.A. (₹44.77))	– (18.35)
Purchase of Raw Materials	USD 1,331,081 (Nil) (Closing rate 1 USD = ₹50.98 (-))	6.79 (–)

37. Gratuity and Other Post Employment Benefit Plans

Gratuity

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

Provident Fund

The Group contributes provident fund liability to Dalmia Cement Provident Fund Trust. As per the Guidance Note on implementing AS 15, Employee Benefit (Revised 2005) issued by the Accounting Standards Board (ASB), provident funds set up by the employers, which require interest shortfall to be met by the employer, need to be treated as defined benefit plan.

Notes to Consolidated Financial Statements
for the year ended March 31, 2012 (contd.)

During the current financial year, actuarial valuation for Provident Fund for the financial year 2011-12 was carried out in accordance with the Guidance Note issued by the Actuarial Society of India, and accordingly, the Group has provided shortfall in provident fund liability in the books. No actuarial valuation was carried out in the last year pending issuance of guidance note in this regard. Further, there was no shortfall in the provident fund liability ascertained by the Group in the last year. In view of this, comparative figures for last year have not been given.

The following tables summarise the components of net benefit expense recognised in the statement of Profit and Loss and the funded status and amounts recognised in the Balance Sheet for the plan.

Statement of Profit and Loss

Net employee benefit expense (recognised in Employee Benefit Expenses)

(₹ in Crore)

Particulars	Gratuity (Funded)		PF Trust (Funded)
	2011–12	2010–11	2011–12
Current Service Cost	1.61	1.34	1.22
Interest cost on benefit obligation	0.91	–	–
Expected return on plan assets	(1.29)	–	–
Net actuarial (Gain)/ Loss recognised in the year	0.01	(1.01)	–
Net Benefit Expense	**1.24**	**0.33**	**1.22**
Actual return on plan assets	1.29	0.96	–

Balance Sheet

(₹ in Crore)

Particulars	Gratuity (Funded)		PF Trust (Funded)
	2011–12	2010–11	2011–12
Present value of defined benefit obligation as at year-end	13.65	11.51	15.09
Fair value of plan assets as at year-end	14.72	13.78	15.01
Funded status {(Surplus/(Deficit)}	1.07	2.27	(0.08)
Net Asset/(Liability) as at year end	**1.07**	**2.27**	**(0.08)**

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

(₹ in Crore)

Particulars	Gratuity (Funded)		PF Trust (Funded)
	2011–12	2010–11	2011–12
Opening defined benefit obligation	11.51	–	14.69
Contribution by plan participation / employees	–	–	0.86
Acquisition adjustments	–	10.25	–
Current service cost	1.61	1.34	1.22
Interest Cost	0.92	–	1.25
Benefits paid out of funds	(0.38)	(0.03)	(3.41)
Actuarial (Gains)/ Losses on obligation	(0.01)	(0.05)	(0.38)
Settlements / Transfer in	–	–	0.86
Closing defined benefit obligation	**13.65**	**11.51**	**15.09**

Notes to Consolidated Financial Statements
for the year ended March 31, 2012 (contd.)

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

(₹ in Crore)

Particulars	Gratuity (Funded)		PF Trust (Funded)
	2011–12	2010–11	2011–12
Opening fair value of plan assets	13.78	–	14.34
Contribution by plan participation / employees	–	–	0.86
Expected return on plan assets	1.29	–	1.22
Acquisition adjustments	–	10.25	–
Contribution by employer	0.03	2.60	1.22
Benefits paid	(0.38)	(0.03)	(3.41)
Actuarial Gains/ (Losses) on obligation	–	0.96	(0.08)
Settlements / Transfer in	–	–	0.86
Closing fair value of plan assets	**14.72**	**13.78**	**15.01**

The Group expects to contribute ₹1.18 Cr. (₹1.30 Cr.) to gratuity in 2012-13.

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

Particulars	Gratuity (Funded)		PF Trust (Funded)
	2011–12	2010–11	2011–12
Qualifying Insurance Policy	100%	100%	–
Govt. securities and financial securities as defined under Income Tax rules	–	–	100%

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

The principal assumptions used in determining defined benefit plans for the Group are shown below:

Particulars	Gratuity (Funded)		PF Trust (Funded)
	2011–12	2010–11	2011–12
Discount Rate	8.00%	8.00%	8.00%
Expected rate of return on assets	9.25% to 9.40%	9.15%	–
Mortality Table	LIC (1994-96) duly modified	LIC (1994-96) duly modified	LIC (1994-96) duly modified
Salary Escalation	7.00%	7.00%	–

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

Amounts in respect of defined benefit plans are as follows:

(₹ in Crore)

Particulars	Gratuity (Funded)		PF Trust (Funded)
	2011–12	2010–11	2011–12
Defined benefit obligation	13.65	11.51	15.09
Plan assets	14.72	13.78	15.01
Surplus/ (Deficit)	1.07	2.27	(0.08)
Experience adjustment on plan assets	–	0.96	–
Experience adjustment on plan liabilities	0.01	0.05	–

Notes to Consolidated Financial Statements
for the year ended March 31, 2012 (contd.)

As AS-15 is applicable from the previous financial year the above disclosure as required under para 120(n) has been made prospectively from the date it became applicable on the Group.

Provident and other funds

Contribution to Defined Contribution Plans:

(₹ in Crore)

Particulars	2011–12	2010–11
Provident Fund/Superannuation fund/ ESI/ Pension Scheme	5.08	4.78

38. The Company has recognised power and sales tax incentives atits at Kadappa unit, Andhra Pradesh under the Industrial Investment Promotion policy 2005-2010 issued by Government of Andhra Pradesh. Under the policy, the Company is entitled to a fixed power cost reimbursement upto ₹0.75 per unit of power consumed and 25% of Central Sales Tax and Value Added Tax paid in Andhra Pradesh. The Company has recognised the same as revenue grant as per Accounting Standard -12. The amounts recognised in Statement of Profit and Loss is as given below:-

(₹ in Crore)

Particulars	2011–12	2010–11
Power incentive (netted from Power and Fuel in Note 26)	4.87	3.07
Sales tax incentive (Other income in Note 22)	11.82	6.30
Total	**16.69**	**9.37**

39. The Company has debited direct expenses relating to limestone mining, captive power generation etc. to cost of raw material consumed, power& fuel and other accounts as under:

(₹ in Crore)

Particulars	2011–12	2010–11
Consumption of stores and spare parts	40.17	32.29
Rent	42.44	38.70
Insurance	0.08	0.11
Salary and Wages	3.04	2.75
	85.73	**73.85**

Expenses as mentioned above are debited to following expenses account:

(₹ in Crore)

Particulars	2011–12	2010–11
Cost of raw materials consumed	3.00	2.75
Power and fuel	37.64	36.20
Repair and maintenance to Plant & Machinery	39.82	31.59
Branch selling expenses	5.20	3.30
Repair and maintenance to building	0.07	–
Misc. expenses	–	0.01
	85.73	**73.85**

40. Segment Information

Primary Segment: Business Segment

The Group's operating businesses are organised and managed separately according to the nature of products manufactured and services provided. The identified reportable segments are Own Manufactured Cement, Refractory, Management Services and Others.

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

Notes to Consolidated Financial Statements
for the year ended March 31, 2012 (contd.)

The **"Refractory Segment"** includes marketing of Refractory products.

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

Segment Information

The following table presents segment revenues, results, assets & liabilities in accordance with AS-17 as on March 31, 2012.

(₹ in Crore)

Particulars	Segment	Cement	Refractory	Management Services	Others	Total
Revenue						
Gross Revenue		2,546.51	76.43	81.79	37.61	2,742.34
		(1,898.76)	(67.76)	(66.80)	(41.21)	(2,074.53)
Less: Inter/ Intra Segment Revenue		–	5.65	76.12	35.40	117.17
		(0.17)	(5.56)	(58.59)	(41.21)	(105.53)
Less: Excise Duty		294.81	–	–	–	294.81
		(223.07)	(–)	(–)	(–)	(223.07)
Total Revenue		2,251.70	70.78	5.67	2.21	2,330.36
		(1,675.52)	(62.20)	(8.21)	(–)	(1,745.93)
Results						
Segment result		332.27	(1.39)	19.22	17.01	367.11
		(183.30)	(3.72)	(12.49)	(11.67)	(211.18)
Less: Financial Cost						151.28
						(172.43)
Add: Other unallocable income net of						54.57
unallocable expenditure						(32.65)
Profit Before Tax						270.40
						(71.40)
Tax expense						122.85
						(61.08)
Share of profit in Associates						14.43
						(51.93)
Less: Minority Interest						18.53
						(12.48)
Profit after tax						143.45
						(49.77)
Assets		3,720.29	45.31	170.90	315.60	4,252.10
		(4,134.83)	(44.75)	(132.40)	(359.20)	(4,671.18)
Non Segments assets						1,392.19
						(853.70)
Total Assets						5,644.29
						(5,524.88)
Liabilities		326.65	23.57	15.69	24.14	390.05
		(284.49)	(13.98)	(6.91)	(36.57)	(341.95)
Non Segments liabilities						2,363.41
						(2,405.24)
Total Liabilities						2,753.46
						(2,747.19)
Depreciation		160.41	–	1.29	20.03	181.73
		(153.99)	(–)	(1.42)	(19.87)	(175.27)
Capital Expenditure		60.46	–	1.15	0.06	61.67
		(119.75)	(–)	(0.81)	(160.26)	(280.82)

Notes to Consolidated Financial Statements
for the year ended March 31, 2012 (contd.)

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

Subsidiaries

(₹ in Crore)

Particulars	2011–12	2010–11
Brought forward to current year as part of Capital Work in Progress	**69.38**	**51.25**
Expenditure incurred during the year		
Employee benefitexpenses		
Salaries and Wages	–	0.60
Other Expenses		
Rent	0.11	0.01
Travelling	0.05	–
Miscellaneous Expenses	2.90	5.56
Finance Cost		
Interest		
On Borrowing from Banks	5.08	5.78
Bank Charges	0.91	0.15
Interest on fixed deposits reversed	–	5.53
Income on sale of investments reversed	(5.42)	0.48
Depreciation /Amortisation	0.03	0.02
Total Expenditure during the year	**3.66**	**18.13**
Grand Total	**73.04**	**69.38**
Charged to statement of Profit & Loss	36.39	–
Carried forward as part of Capital Work in Progress	**36.65**	**69.38**

Joint Venture

(₹ in Crore)

Particulars	2011–12	2010–11
Brought forward to current year as part of Capital Work in Progress	**4.83**	**4.70**
Employee benefit expenses		
Salaries and Wages	0.02	0.03
Workmen and Staff Welfare expenses	0.01	0.03
Other Expenses		
Travelling	0.08	0.07
Miscellaneous Expenses	–	–
Total Expenditure during the year	0.11	0.13
Carried forward as part of Capital Work in Progress	**4.94**	**4.83**

42. Related Party Disclosure as required by Accounting Standard-18.

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

Associate of the Group

OCL India Limited

Key Management Personnel of the Group

Shri J. H. Dalmia – Managing Director, Shri Y. H. Dalmia – Managing Director, Shri Gautam Dalmia, Shri Puneet Yadu Dalmia.

Notes to Consolidated Financial Statements
for the year ended March 31, 2012 (contd.)

Relatives of Key Management Personnel

Shri V. H. Dalmia (Brother of Managing Director), Shri J. H. Dalmia (HUF), Smt. Kavita Dalmia (Wife of Managing Director), Shri Y. H. Dalmia (HUF), Smt. Bela Dalmia (Wife of Managing Director), Shri Gautam Dalmia (HUF), Smt. Anupama Dalmia (Wife of Director), Smt. Avantika Dalmia (Wife of Director), Kumari Shrutipriya Dalmia (Daughter of Managing Director), Kumari Sukeshi Dalmia (Daughter of Director), Kumari Vaidehi Dalmia (Daughter of Director), Kumari Sumana Dalmia (Daughter of Director), Kumari Avanee Dalmia (Daughter of Director), Mst. Priyang Dalmia (Son of Director) Shri M. H. Dalmia, (Brother of Managing Director) Smt. Abha Dalmia (Wife of Brother of Managing Director), Shri R. H. Dalmia (Brother of Managing Director).

Enterprises controlled by the Key Management Personnel of the Group

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

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

(₹ in Crore)

Nature of Transaction	Associate	Key Management Personnel	Relatives of Key Management Personnel	Key Management Personnel controlled enterprises	Total
Sale of goods and services	12.39	–	–	6.42	18.81
	(29.40)	(–)	(–)	(8.78)	(38.18)
Reimbursement of expenses – Receivable	0.15	–	–	4.54	4.69
	(0.06)	(–)	(–)	(3.38)	(3.44)
Reimbursement of expenses– Payable	–	–	–	7.15	7.15
	(–)	(–)	(–)	(8.21)	(8.21)
Purchase of goods and services	0.42	–	–	55.07	55.49
	(–)	(–)	(–)	(54.22)	(54.22)
Rent Receipt (including Lease Rent)	–	–	–	2.21	2.21
	(–)	(–)	(–)	(2.28)	(2.28)
Interest Received	–	–	–	3.97	3.97
	(–)	(–)	(–)	(1.77)	(1.77)
Refund of Security deposit	–	–	–	6.66	6.66
	(–)	(–)	(–)	(6.66)	(6.66)
Receipt of fund on their behalf and transfer	–	–	–	–	–
	(–)	(–)	(–)	(248.83)	(248.83)
Loans and advances given	–	–	–	222.00	222.00
	(–)	(–)	(–)	(189.20)	(189.20)
Loans and advances received back	–	–	–	197.00	197.00
	(–)	(–)	(–)	(164.20)	(164.20)
Purchase of Fixed Assets	–	–	–	0.11	0.11
	(–)	(–)	(–)	(1.34)	(1.34)
Sale of Fixed Assets	–	–	–	0.01	0.01
	(0.42)	(–)	(–)	(0.24)	(0.66)

Notes to Consolidated Financial Statements

for the year ended March 31, 2012 (contd.)

(₹ in Crore)

Nature of Transaction	Associate	Key Management Personnel	Relatives of Key Management Personnel	Key Management Personnel controlled enterprises	Total
Fixed Deposit received	–	0.13	0.04	–	0.17
	(–)	(–)	(3.60)	(0.99)	(4.59)
Interest paid on Fixed Deposit	–	0.03	0.96	0.03	1.02
	(–)	(–)	(2.08)	(0.09)	(2.17)

1. Sale of goods and services includes transaction with OCL India Limited ₹12.39 Cr. (Previous Year ₹29.40 Cr.), Dalmia Bharat Sugar and Industries Limited ₹5.75 Cr. (Previous Year ₹5.48 Cr.).

2. Reimbursement of expenses – receivable includes transaction with Shri Nataraj Ceramic and Chemical Industries Limited ₹4.24Cr. (Previous Year ₹3.38 Cr.).

3. Reimbursement of expenses – payable includes transaction with Dalmia Bharat Sugar and Industries Limited ₹0.19 Cr. (Previous Year ₹1.54 Cr.), Shri Nataraj Ceramic and Chemical Industries Limited ₹6.96 Cr. (Previous Year ₹6.67 Cr.).

4. Purchase of goods and services includes transaction with Keshav Power Limited ₹24.72 Cr. (Previous Year ₹28.32 Cr.), Shri Nataraj Ceramic and Chemical Industries Limited ₹27.96 Cr.. (Previous Year ₹21.83 Cr.).

5. Rent receipt (includes Lease Rent) includes transaction with Keshav Power Limited ₹2.21 Cr. (Previous Year ₹2.21 Cr.).

6. Interest received includes transaction with Dalmia Bharat Sugar and Industries Limited ₹3.97 Cr. (Previous Year ₹1.77 Cr.).

7. Refund of security deposit includes transaction with Keshav Power Limited ₹6.66 Cr. (Previous Year ₹6.66 Cr.).

8. Receipt of fund on their behalf and transfer includes transaction with Dalmia Bharat Sugar and Industries Limited Nil (Previous Year ₹248.83 Cr.).

9. Loan and advances given includes transaction with Dalmia Bharat Sugar and Industries Limited ₹222.00 Cr. (Previous Year ₹189.20 Cr.).

10. Loan and advances received back given includes transaction with Dalmia Bharat Sugar and Industries Limited ₹197.00 Cr. (Previous Year ₹164.20 Cr.).

11. Purchase of fixed assets includes transaction with Himshikar Investment Limited ₹0.10 Cr. (Previous Year ₹1.13 Cr.), Dalmia Solar Power Ltd Nil (Previous Year ₹0.21 Cr.).

12. Sale of Fixed Assets includes transaction with OCL India Limited Nil (previous Year ₹0.42 Cr.), Dalmia Bharat Sugar and Industries Limited ₹0.01 Cr. (Previous Year ₹0.24 Cr.).

13. Fixed Deposit Received includes transaction with Shri T. Venkatesan (Director of Subsidiary Co.) ₹0.13 Cr. (Previous Year Nil), Smt. Kala Venkatesan (Wife of Director of Subsidiary Co.) ₹0.04 Cr. (Previous Year Nil), Shri Vishnu Hari Dalmia Nil (Previous Year ₹3.60 Cr.).

Notes to Consolidated Financial Statements
for the year ended March 31, 2012 (contd.)

c) Balances outstanding at year end:

(₹ in Crore)

Nature of Transaction	Associate	Key Management Personnel	Relatives of Key Management Personnel	Key Management Personnel controlled enterprises	Total
Fixed Deposits	–	0.29	0.04	–	0.33
	(–)	(16.10)	(–)	(0.99)	(17.09)
Loan Receivable	–	–	–	50.00	50.00
	(–)	(–)	(–)	(25.00)	(25.00)
Amounts receivable	0.28	–	–	2.16	2.44
	(0.91)	(–)	(–)	(31.21)	(32.12)
Amounts payable	–	–	–	23.79	23.79
	(–)	(–)	(–)	(33.00)	(33.00)
Security deposit receivable	–	–	–	1.25	1.25
	(–)	(–)	(–)	(1.25)	(1.25)

1. Fixed Deposits includes Sh. N. Gopalaswamy (Director of Subsidiary Co.) ₹0.16 Cr. (Previous Year Nil), Sh. T. Venkatesan (Director of Subsidary Co.) ₹0.13 Cr. (Previous Year Nil), Smt. Kala Venkatesan (Wife of Director of Subsidiary Co.) ₹0.04 Cr. (Previous Year Nil), Sh. Vishnu Hari Dalmia Nil (Previous Year ₹3.60 Cr.), Sh. Raghu Hari Dalmia Nil (Previous Year ₹12.50 Cr.).

2. Loan receivable includes Dalmia Bharat Sugar and Industries Limited ₹50.00 Cr. (Previous Year ₹25.00 Cr.).

3. Amount receivable includes OCL India Limited ₹0.28 Cr. (Previous ₹0.91 Cr), Dalmia Bharat Sugar and Industries Limited ₹0.01 Cr. (Previous Year ₹29.09 Cr.), Shri Nataraj Ceramic and Chemical Industries Limited ₹0.05 Cr. (Previous Year Nil), Dalmia Solar Power Limited ₹2.10 Cr. (Previous Year ₹2.10 Cr.).

4. Amount Payable includes Keshav Power Limited ₹22.56 Cr. (Previous Year ₹27.60 Cr.), Dalmia Bharat Sugar and Industries Limited ₹0.34 Cr. (Previous Year ₹2.72 Cr.), Shri Nataraj Ceramic and Chemical Industries Limited ₹0.80 Cr. (Previous Year ₹2.68 Cr.).

5. Security deposit receivable includes Shri Nataraj Ceramic and Chemical Industries Limited ₹1.25 Cr. (Previous Year ₹1.25 Cr.).

43. Details of the Group's share in Joint Ventures included in the Consolidated Financial Statement are as follows:

(₹ in Crore)

Particulars	2011–12	2010–11
SOURCES OF FUNDS		
Shareholders Fund	–	–
Reserves & Surplus	–	–
Non Current Liabilities		
Other long term liabilities	–	–
Current Liabilities		
Other current liabilities	0.01	0.01
Short term provision	0.02	0.01
Total	**0.03**	**0.02**

Notes to Consolidated Financial Statements
for the year ended March 31, 2012 (contd.)

(₹ in Crore)

Particulars	2011–12	2010–11
APPLICATION OF ASSETS		
Non Current Assets		
Tangible fixed assets	0.62	0.02
Capital Work in Progress	4.94	4.82
Long Term loans and advances	0.06	0.04
Total	**5.62**	**4.88**
Current Assets		
Cash & Cash equivalents	0.47	0.95
Short term Loans & Advances	0.06	0.06
Total	**0.53**	**1.01**

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

(₹ in Crore)

Particulars	Outstanding amount as at	Maximum amount outstanding during financial year	Outstanding amount as at	Maximum amount outstanding during financial year
	2011-12	2011-12	2010-11	2010-11
Loans and Advances to Associates				
- OCL India Limited	0.28	2.16	0.91	8.69

45. Dalmia Cement (Bharat) Ltd. (DCBL), subsidiary of the Company has entered into definitive agreements with Calcom Cement India Limited ('Calcom'), Saroj Sunrise Private Limited ('SSPL') (a Company owned by the promoters of Calcom) and the promoters of Calcom whereby the Company has initially acquired 14.59% and would be ultimately acquiring 50% stake in the Equity Share Capital of Calcom. The agreements also provide for board representation and assignment of voting rights to the extent of 50% to the Company till the ultimate shareholding of 50% is acquired. A part of the agreements has already been executed whereby DCBL has invested an amount of ₹27.93 Cr. and ₹59.00 Cr. respectively in the Equity Shares of Calcom and Optionally Redeemable Convertible Debentures ('OCDs') of SSPL. Subsequently, Calcom has been restrained by an interim order passed by the Hon'ble High Court of Calcutta on a petition filed by Guarant Co Limited, among other things, to make any change in its ownership, control, management of the business and Memorandum and Articles. In view of the said order the above arrangement is not binding upon Calcom Cement India Limited.

The OCDs are non interest bearing and are secured by the pledge of 108,705,790 equity shares of Calcom held by SSPL. If certain conditions for performance by promoters of Calcom are met, these OCDs are convertible into equity shares constituting 0.01% shareholding of SSPL, else DCBL has an option either to get the debentures redeemed for an aggregate amount of ₹59.00 Crore or convert into equity shares constituting 99.99% shareholding of SSPL.

This being a long term strategic investment acquired in the current year at fair market value, in the opinion of the management, no provision for diminution in value of investment is required to be made as per Accounting Standard 13, "Accounting for Investments" notified under the Companies (Accounting Standards) Rules 2006 (as amended).

46. In the opinion of the management there is no reduction in value of any assets, hence no provisions is required in terms of Accounting Standard 28 "Impairment of Assets".

Notes to Consolidated Financial Statements
for the year ended March 31, 2012 (contd.)

47. Previous Year Comparatives

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

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

per **Arun K. Tulsian**
Partner
Membership No. 089907

Place : New Delhi
Date : May 18, 2012

For and on behalf of Board of Directors
of **Dalmia Bharat Enterprises Limited**

Nidhi Bisaria
Company Secretary

Vipin Agarwal
Executive Director
(Finance)

Puneet Yadu Dalmia
Director

Y. H. Dalmia
Managing Director

Consolidated Cash Flow Statement

for the year ended March 31, 2012

(₹ in Crore)

		2011–2012	2010–2011
A.	**Cash Flow from Operating Activities**		
	Net Profit before tax	**270.40**	**71.40**
	Adjustments		
	Share of Profit in Associates	14.43	51.93
	Depreciation / Amortisation	181.73	175.31
	Provision for doubtful debts/ advances	0.22	5.43
	Bad Debts/ Advances written off	0.28	2.30
	Dividend Income	(12.88)	(0.56)
	Finance Cost	151.28	172.43
	Interest Income	(16.01)	(11.46)
	(Profit)/Loss on sale of Investments	(25.68)	(20.63)
	Assets Written off / Loss on Sale of Fixed Assets	5.30	3.12
	Operating Profit before working Capital Changes	**569.07**	**449.27**
	Adjustments for working Capital changes :		
	Inventories	36.17	(87.37)
	Trade and Other Payables	36.66	2.40
	Trade and Other Receivables	(141.67)	(113.14)
	Cash Generated from Operations	**500.23**	**251.16**
	Direct Taxes Paid	(93.75)	(18.29)
	Net Cash from Operating activities	**406.48**	**232.87**
B.	**Cash Flow from Investing Activities**		
	Purchase of fixed Assets	(61.50)	(21.61)
	Proceeds from sale of Fixed Assets	11.70	3.69
	(Purchase)/ Sale of Current Investments (net)	(212.66)	20.36
	(Purchase) of Non Current Investments	(295.98)	–
	Interest Received	14.46	11.46
	Dividend Received from Current Investments	12.88	0.56
	Net Cash used in Investing Activities	**(531.10)**	**14.46**
C.	**Cash used from Financing Activities**		
	Proceeds / (repayment) of Short term Borrowings	190.76	(27.09)
	(Repayment) of Long term Borrowings	(291.36)	(190.18)
	Proceeds from issue of shares (net of expenses)	–	496.62
	Finance Cost	(151.14)	(166.43)
	Dividend Paid	(9.94)	–
	Corporate Dividend tax paid	(1.65)	–
	Net cash from / (used in) financing activities	**(263.33)**	**112.92**
	Net increase in Cash and Cash Equivalents (A+B+C)	**(387.95)**	**360.25**
	Cash and Cash Equivalents (Opening Balance)	**454.32**	**0.06**
	Cash additions pursuant to Scheme of Arrangement	**–**	**94.01**
	Cash and Cash Equivalents (Closing Balance)	**66.37**	**454.32**
	Change in Cash and Cash Equivalents	**(387.95)**	**360.25**

Note:
1) Cash and Cash Equivalents components are as per Note 18.
2) Previous year figures have been regrouped/restated whereever considered necessary

As per our report of even date

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

per **Arun K. Tulsian**
Partner
Membership No. 089907

Place : New Delhi
Date : May 18, 2012

For and on behalf of Board of Directors
of **Dalmia Bharat Enterprises Limited**

Nidhi Bisaria
Company Secretary

Vipin Agarwal
Executive Director
(Finance)

Puneet Yadu Dalmia
Director

Y. H. Dalmia
Managing Director

STATEMENT ATTACHED TO BALANCE SHEET

AS AT MARCH 31, 2012 PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

	Subsidiary Companies	Dalmia Cement (Bharat) Limited	Kanika Investment Limited	Dalmia Power Limited	D.I. Properties Limited	Shri Rangam Properties Limited
1.	Financial year ending	31-03-2012	31-03-2012	31-03-2012	31-03-2012	31-03-2012
2.	Date from which it became a subsidiary	01-04-2010	01-04-2010	01-04-2010	01-04-2010	01-04-2010
3.	Holding Company's interest in the share capital	85.01%	100%	100%	100%	100%
4.	The net aggregate amount of the subsidiary's profits less losses, so far as it concerns the members of the Holding Company and is not dealt with in the Holding Company's accounts:					
	(a) For the year ended 31-03-2012(₹)	1,54,28,08,055	(-) 3,76,922	(-) 5,09,212	2,38,612	46,535
	(b) For the previous financial years since it became Company's Subsidiary (₹)	(-)362,07,879	13,73,159	(-) 1,89,833	(-)17,586	(-)20,464
5.	The net aggregate amount of the subsidiary's profits less losses, so far these profits are dealt with in the Holding Company's accounts:					
	(a) For the year ended 31-03-2012(₹)	Nil	Nil	Nil	Nil	Nil
	(b) For the previous financial years since it became Company's Subsidiary (₹)	Nil	Nil	Nil	Nil	Nil

	Subsidiary Companies	Arjuna Brokers & Minerals Limited	Dalmia Minerals & Properties Limited	Shri Radha Krishna Brokers & Holdings Limited	Sri Shanmugha Mines & Minerals Limited	Sri Subramanya Mines & Minerals Limited
1.	Financial year ending	31-03-2012	31-03-2012	31-03-2012	31-03-2012	31-03-2012
2.	Date from which it became a subsidiary	01-04-2010	01-04-2010	01-04-2010	01-04-2010	01-04-2010
3.	Holding Company's interest in the share capital	100%	100%	100%	100%	100%
4.	The net aggregate amount of the subsidiary's profits less losses, so far as it concerns the members of the Holding Company and is not dealt with in the Holding Company's accounts:					
	(a) For the year ended 31-03-2012(₹)	3,56,927	(-) 19,324	(-) 2,968	231	(-) 18,558
	(b) For the previous financial years since it became Company's Subsidiary (₹)	(-) 3,075	(-) 16,225	(-)18,400	1,96,795	(-)15,353
5.	The net aggregate amount of the subsidiary's profits less losses, so far these profits are dealt with in the Holding Company's accounts:					
	(a) For the year ended 31-03-2012(₹)	Nil	Nil	Nil	Nil	Nil
	(b) For the previous financial years since it became Company's Subsidiary (₹)	Nil	Nil	Nil	Nil	Nil

STATEMENT ATTACHED TO BALANCE SHEET

AS AT MARCH 31, 2012 PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

	Subsidiary Companies	Ishita Properties Limited	Hemshila Properties Limited	Geetee Estates Limited	Sri Swaminatha Mines & Minerals Limited	Sri Trivikrama Mines & Properties Limited
1.	Financial year ending	31-03-2012	31-03-2012	31-03-2012	31-03-2012	31-03-2012
2.	Date from which it became a subsidiary	01-04-2010	01-04-2010	01-04-2010	01-04-2010	01-04-2010
3.	Holding Company's interest in the share capital	100%	100%	100%	100%	100%
4.	The net aggregate amount of the subsidiary's profits less losses, so far as it concerns the members of the Holding Company and is not dealt with in the Holding Company's accounts:					
	(a) For the year ended 31-03-2012 (₹)	1,27,048	4,476	1,65,224	24,467	(-) 7,482
	(b) For the previous financial years since it became Company's Subsidiary (₹)	(-) 4,24,97,188	(-)16,322	(-)33,805	(-)14,453	(-)11,021
5.	The net aggregate amount of the subsidiary's profits less losses, so far these profits are dealt with in the Holding Company's accounts:					
	(a) For the year ended 31-03-2012 (₹)	Nil	Nil	Nil	Nil	Nil
	(b) For the previous financial years since it became Company's Subsidiary (₹)	Nil	Nil	Nil	Nil	Nil

	Subsidiary Companies	Sri Madhusudana Mines & Properties Limited	Sri Dhandautha-pani Mines & Minerals Limited	Dalmia Cement Ventures Limited	Golden Hills Resort Private Limited	Rajputana Properties Private Limited
1.	Financial year ending	31-03-2012	31-03-2012	31-03-2012	31-03-2012	31-03-2012
2.	Date from which it became a subsidiary	01-04-2010	01-04-2010	01-04-2010	01-04-2010	01-04-2010
3.	Holding Company's interest in the share capital	100%	100%	100%	100%	100%
4.	The net aggregate amount of the subsidiary's profits less losses, so far as it concerns the members of the Holding Company and is not dealt with in the Holding Company's accounts:					
	(a) For the year ended 31-03-2012 (₹)	87,317	22,489	(-)36,89,67,968	Nil	Nil
	(b) For the previous financial years since it became Company's Subsidiary (₹)	(-)37,250	(-)6,271	4,24,874	Nil	Nil
5.	The net aggregate amount of the subsidiary's profits less losses, so far these profits are dealt with in the Holding Company's accounts:					
	(a) For the year ended 31-03-2012 (₹)	Nil	Nil	Nil	Nil	Nil
	(b) For the previous financial years since it became Company's Subsidiary (₹)	Nil	Nil	Nil	Nil	Nil

STATEMENT ATTACHED TO BALANCE SHEET

AS AT MARCH 31, 2012 PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

	Subsidiary Companies	DCB Power Ventures Limited	Sutnga Mines Private Limited	Cosmos Cements Limited
1.	Financial year ending	31-03-2012	31-03-2012	31-03-2012
2.	Date from which it became a subsidiary	01-04-2010	01-04-2010	01-04-2010
3.	Holding Company's interest in the share capital	100%	100%	100%
4.	The net aggregate amount of the subsidiary's profits less losses, so far as it concerns the members of the Holding Company and is not dealt with in the Holding Company's accounts:			
	(a) For the year ended 31-03-2012(₹)	8,12,64,250	(-)5,61,930	(-)61,576
	(b) For the previous financial years since it became Company's Subsidiary (₹)	69,541,672	13,294	(-)60,318
5.	The net aggregate amount of the subsidiary's profits less losses, so far these profits are dealt with in the Holding Company's accounts:			
	(a) For the year ended 31-03-2012(₹)	Nil	Nil	Nil
	(b) For the previous financial years since it became Company's Subsidiary (₹)	Nil	Nil	Nil

Place : New Delhi
Dated: May 18, 2012

Puneet Yadu Dalmia
Director

Y. H. Dalmia
Managing Director

STATEMENT ATTACHED TO BALANCE SHEET

As at March 31, 2012 Pursuant to Section 212 of the Companies Act, 1956

Details of Subsidiary Companies (₹ in Lakhs)

Name of Subsidiary Company	Dalmia Cement (Bharat) Limited	Kanika Invest-ment Limited	Dalmia Power Limited	D.I. Properties Limited	Shri Rangam Properties Limited	Arjuna Brokers & Minerals Limited	Dalmia Minerals & Properties Limited	Shri Radha Krishna Brokers & Holdings Limited	Sri Shan-mugha Mines & Minerals Limited	Sri Subra-manya Mines & Minerals Limited	Ishita Properties Limited	Hemshila Properties Limited
Capital	25,291.90	42.00	50.00	25.00	25.00	5.00	5.00	5.00	5.00	5.00	5.00	25.00
Reserves & Surplus	247,989.78	404.19	(15.51)	32.37	50.40	2.85	(1.19)	3.30	1.27	3.02	(346.06)	29.82
Total Assets	494,788.08	471.83	747.01	64.07	85.59	9.68	4,503.82	9.59	7.10	10.06	105.85	60.71
Total Liabilities	221,506.40	25.64	712.52	6.70	10.19	1.83	4,500.01	1.29	0.83	2.04	446.91	5.89
Investments	119,770.66	443.62	37.00	–	50.56	–	1,250.18	–	–	–	49.50	42.29
Turnover/ Total Income	231,878.10	1.48	0.42	3.79	1.32	5.41	–	0.43	0.36	–	5.87	0.80
Profit/ (Loss) Before Taxation	25,637.38	(3.77)	(5.09)	2.95	0.58	4.68	(0.19)	(0.03)	0.01	(0.19)	1.79	0.06
Provision for Taxation	10,209.30	–	–	0.56	0.11	1.11	–	–	0.01	–	0.52	0.01
Profit/ (Loss) After Taxation	15,428.08	(3.77)	(5.09)	2.39	0.47	3.57	(0.19)	(0.03)	0.00	(0.19)	1.27	0.04
Proposed Dividend	1,391.05	–	–	–	–	–	–	–	–	–	–	–

Details of Subsidiary Companies (₹ in Lakhs)

Name of Subsidiary Company	Geetee Estates Limited	Sri Swami-natha Mines & Minerals Limited	Sri Trivikrama Mines & Properties Limited	Sri Madhu-sudana Mines and Properties Limited	Sri Dhan-dauthapani Mines & Minerals Limited	Dalmia Cement Ventures Limited	Golden Hills Resort Private Limited	Rajputana Properties Private Limited	DCB Power Ventures Limited	Sutnga Mines Private Limited	Cosmos Cements Limited
Capital	5.00	5.00	5.00	5.00	5.00	21,843.99	94.00	1.00	50.00	200.00	1,400.00
Reserves & Surplus	37.41	15.70	11.51	23.22	8.96	(3,613.44)	7.02	–	34,921.53	(4.79)	(22.43)
Total Assets	450.64	25.36	23.27	37.36	19.32	19,314.92	158.43	63.57	39,409.70	203.69	4,812.17
Total Liabilities	408.23	4.66	6.76	9.14	5.36	1,084.37	57.41	62.57	4,438.17	8.48	3,434.60
Investments	–	–	–	–	–	636.00	–	–	6,750.92	–	–
Turnover/ Total Income	2.82	1.59	0.64	1.81	1.02	334.87	–	–	4,005.90	3.14	0.01
Profit/ (Loss) Before Taxation	2.04	0.30	(0.07)	1.08	0.30	(3,686.72)	–	–	1,953.52	(5.65)	(0.62)
Provision for Taxation	0.39	0.06	–	0.21	0.08	2.96	–	–	1,140.88	(0.03)	–
Profit/ (Loss) After Taxation	1.65	0.24	(0.07)	0.87	0.22	(3,689.68)	–	–	812.64	(5.62)	(0.62)
Proposed Dividend	–	–	–	–	–	–	–	–	–	–	–

DALMIA CEMENT (BHARAT) LIMITED

Directors' Report FOR THE YEAR ENDED MARCH 31, 2012

The Directors have pleasure in presenting the Sixteenth Annual Report and Audited Statements of Account of the Company for the year ended March 31, 2012.

FINANCIAL RESULTS

(₹ in Crore)

	FY12	FY11
Net Sales Turnover	**2251.70**	1675.69
Profit before interest, depreciation and tax (EBITDA)	**567.73**	364.17
Less: Interest	**150.96**	171.15
Profit before depreciation and tax (PBDT)	**416.77**	193.02
Less: Depreciation	**160.41**	153.98
Profit before tax (PBT)	**256.36**	39.04
Provision for current tax	**71.01**	0.70
Provision for deferred tax	**31.34**	41.96
Prior year tax written back	**-0.26**	–
Profit/(Loss) after tax (PAT)	**154.47**	-3.62
Add: (i) Surplus brought forward	**0.83**	4.24
(ii) Transfer from Debenture Redemption Reserve	**–**	10.00
Profit available for appropriation	**155.10**	10.62
APPROPRIATIONS:		
General Reserve	**–**	–
Debenture Redemption Reserve (net)	**9.79**	9.79
Interim/Proposed Dividend	**13.91**	–
Dividend Distribution tax thereon	**2.26**	–
Balance carried forward	**129.14**	0.83
	155.10	10.62

DIVIDEND

Your Directors are pleased to announce declaration of a maiden dividend of ₹0.55 per equity share of ₹10/- each.

BUSINESS PERFORMANCE

The future of global economy continues to be uncertain. The economic recovery of the United States, in the absence of any signs of secular growth trends appear to be fragile. With the political developments in Greece and France, the situation in Europe has become fluid. Sustaining the recovery over the long term will be a challenge, as per World Economic Outlook released by the International Monetary Fund (IMF) in mid-April 2012.

Global growth is projected to drop from about 4% in 2011 to about 3.5 % in 2012. However, unless clarity emerges about the future of Euro and European economy, any projection of the global growth for the year 2013 or thereafter will remain suspect.

India, considered as the engine of Asian economic growth, has also been adversely impacted by a combination of high inflation, tight monetary policy, high current account deficit, falling rupee, weak global economic conditions and near paralysis of the country's fiscal policies and reforms. The tight monetary policy raised borrowing costs, which had a cascading impact of weakening investment and dampening business sentiment, resulting in high volatility of capital flows. The year also witnessed Indian industries struggle with fall in export demand and volatility of commodity prices (and fear of even higher crude prices due to heightened geopolitical uncertainty). The recent April Mid-Policy Review announcement of the first cut in rates by the Reserve Bank of India in three years provided some albeit short lived cheer to the industry and may not lift overall business sentiment and help in stimulating investment as the interest rates have actually not come down.

In this backdrop, India's economic growth is expected to be about 6.9% in FY12, while it is expected to clock a 7.1% rate for FY 13. IMF more optimistic projections about India's growth at 7.3% has proffered.

	FY12	FY11	FY10
CEMENT DIVISION ('000 MT)			
Clinker Production	**4288**	3533	3335
Cement Production	**5380**	4666	4074
Cement Sales and Self Consumption	**5392**	4617	4064

* Figures for FY – 10 relate to the operations of the cement division of Dalmia Bharat Sugar and Industries Limited which was demerged into the Company.

Following two consecutive years of sluggish demand, more meaningful demand growth of 9-10% is expected in the future. Infrastructure spends are expected to improve during the calendar year 2012 , as it is the 1st year of the 12th Five-Year Plan, when typically, 15% of the Plan expenditure is likely to be spent. Housing is expected to be the biggest demand driver for cement. Normally, the run-up to an election perks up a region's government spending and, in turn, its cement demand. Elections are slated in Gujarat (December 12), Karnataka (May 13), while Andhra Pradesh is expected to hold elections in the next 12-24 months and the next general elections are slated by 2014. A stable political environment will play an important role in shaping the industry's growth in the coming year.

The 12th Five-Year Plan target envisages infrastructure spending of $1 trillion, in which several mega road and railway projects are planned. The large outlays have also been matched with greater government focus on facilitating

long-term funding and private sector participation, which will provide a growth impetus to the sector. As India embarks on this massive infrastructure capex, the cement industry will also be a beneficiary of the derivative demand.

Urban housing too will generate better demand, with increasing affordability and the potential of slow return to a softer interest rate cycle. Rural housing and construction activity is also expected to pick up. Cement demand from the unorganised housing segment is thus on the growth trajectory and is expected to further expand by approximately 7% per annum in the next three years.

INVESTMENT IN CALCOM CEMENT INDIA LIMITED

During the year under review the Company entered into definitive agreements with Calcom Cement India Limited, its affiliates and the Bawri Group for making strategic investment in Calcom Cement India Limited. The Company has agreed to acquire 50% of the share capital of Calcom Cement India Limited. Calcom Cement India Limited is entitled to various fiscal benefits under the North East Industrial and Investment Promotion Policy, 2007, which is likely to be substantial. With this investment the Company will be the first reputed mainland player to have a presence in the North-East, which is a fast growing region.

INDUSTRIAL RELATIONS

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

EMPLOYEES' PARTICULARS

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

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE TRANSACTIONS

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

SUBSIDIARIES

The Directors' Report and audited accounts of the Company's Subsidiaries, Ishita Properties Limited, Shri Rangam Properties Limited, Geetee Estates Limited, D. I. Properties Limited, Hemshila Properties Limited, Arjuna Brokers & Minerals Limited, Shri Radha Krishna Brokers & Holdings Limited, Dalmia Minerals & Properties Limited, Sri Subramanya Mines & Minerals Limited, Sri Swaminatha Mines & Minerals Limited, Sri Shanmugha Mines & Minerals Limited, Sri Dhandauthapani Mines and Minerals Limited, Sri Trivikrama Mines and Properties Limited, Sri Madhusudhana Mines and Properties Limited, Dalmia Cement Ventures Limited and its ultimate Subsidiaries Cosmos Cements Limited, Sutnga Mines Private Limited, Rajputana Properties Private Limited and Golden Hills Resort Private Limited for the year ended March 31, 2012 are attached.

FIXED DEPOSITS

The total amount of deposits remaining due for payment and not claimed by the depositors as on March 31, 2012 was ₹0.08 Crore in respect of 12 depositors. None of the depositors have approached the Company for renewal/repayment of deposits till date.

DIRECTORS

Mr. Rajeev Gupta, was co-opted as an Additional Director of the Company in the Meeting held on August 8, 2011 and holds office as a Director of the Company till the conclusion of the ensuing Annual General Meeting. The Company has received Notice from a Shareholder together with requisite deposit as required under the provisions of section 257 of the Companies Act, 1956 to the effect that he intends to propose the name of the said persons for being appointed as a Director of the Company.

The appointment of Mr. T. Venkatesan as Deputy Managing Director was also approved by the Board of Directors of the Company in the meeting held on August 8, 2011.

Mr. Sanjay Nayar and Mr. Jai Hari Dalmia, being the Directors longest in office retire by rotation at the forthcoming General Meeting of the Company and offer themselves for re-appointment.

All the above named Directors have confirmed that they are not disqualified from being appointed/re-appointed as Directors of the Company in terms of the provisions of Section 274(1)(g) of the Companies Act, 1956.

DIRECTORS RESPONSIBILITY STATEMENT

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

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

(b) the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;

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

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

AUDITORS

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

COST AUDITORS

M/s. R. J. Goel & Co., Cost Accountants, were appointed as the Cost Auditors of the Company to conduct cost audit of the cement manufacturing units for the year ended March 31, 2011, and they have submitted the Cost Audit Reports for the said year on August 8, 2011. The said firm has been appointed as Cost Auditors to conduct cost audit of the cement manufacturing units and power generaition units for the year ended March 31, 2012.

For and on behalf of the Board

Place : New Delhi
Dated : May 16, 2012

Chairman

Annexure – B

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

A. CONSERVATION OF ENERGY

(a) Energy Conservation measures taken:

(i) Liquid waste/ municipal waste/spent carbon used as alternate fuels.

(ii) Time delay interlock for Reverse Air Bag House Raw Mill Fan and GRR Cooling Fan to reduce power consumption.

(iii) Optimisation of Compressed Air usage in Bag Filters and Air Blasters.

(iv) Installation of Slip Power Recovery System.

(v) Expert optimiser implemented for Raw Mill, Cement Mill and Coal Mill.

(vi) Auto stop logic built for Conveyors to avoid idle running hours.

(vii) Kiln inlet modification done so as to save fuel consumption.

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

(i) Reduction of Belt Conveyor speed at Coal Crusher.

(ii) High efficiency Fan for Raw Mill.

(iii) Alternate Fuel firing system to reduce the coal consumption.

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

Enabling the Company to save electrical energy and thermal energy by about 2% as compared to previous levels.

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

B. TECHNOLOGY ABSORPTION

Efforts made in technology absorption as per Form “B” attached.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

(i) Cement was exported during the year.

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

(i) Used: ₹ 433.46 Crore

(ii) Earned: ₹ 1.95 Crore

FORM 'A'

(FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY)

			2011-12	2010-11
A.	**POWER AND FUEL CONSUMPTION**			
1.	**ELECTRICITY:**			
	a)	Purchased:		
		Units (KWH in million)	**112.47**	85.56
		Total Amount (₹ Crore)	**485.95**	394.66
		Rate/Unit (₹)	**4.32**	4.61
	b)	Own Generation:		
	i)	Through Captive Thermal Power Plant		
		Units (KWH in million)	**288.58**	265.09
		Total Amount (₹ Crore)	**1956.63**	1441.84
		Rate/Unit (₹)	**6.78**	5.44
	ii)	Through Diesel Generator:		
		Units (KWH in million)	**3.29**	1.86
		KWH per Litre of HSD/FO	**3.48**	3.56
		Rate/Unit (₹)	**9.88**	7.80
2.	**COAL-SLACK/STEAM – GRADES B TO E, LIGNITE AND COKE BREEZE**			
	Quantity ('000 MT)		**771**	728
	Total Cost (₹ Crore)		**6201.64**	4350.45
	Average Rate (₹ / MT)		**8043.63**	5979.22
3.	**FURNACE OIL INCLUDING (LSHS & HSD)**			
	Quantity (KL)		**1712**	2799
	Total Amount (₹ Crore)		**69.04**	94.10
	Average Rate (₹ / KL)		**40327**	33613
B.	**CONSUMPTION PER UNIT OF PRODUCTION:**			
	PRODUCT		CEMENT	
		Standard If any	Current Year	Previous Year
	Electricity (Units/MT)		**73**	76
	Furnace Oil (including LSHS) (Litres/MT)		**0.29**	0.46
	Coal (Kgs. / MT)		**97**	102

FORM 'B'

(FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION)

RESEARCH AND DEVELOPMENT (R&D)

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

(a) FLS Cooler drive split into three drives.

(b) Conversion of VRM 1 as Fly Ash drier.

(c) Laser Sensor replaced with Proximity in HPMP 2 at Robo Lab.

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

Better control over process and cycle time reduction.

Compensated shortfall of dry fly ash to maintain PPC production.

3. Future plans of action:

(a) Increased usage of alternate fuels.

(b) Limestone screening plant to reduce rejections.

4. Expenditure on R&D:

	(₹ million)
(a) Capital	
(b) Recurring	
(c) Contribution/Expenditure on Research and Development	—
(d) Total	
(e) Total R&D Expenditure as a percentage of turnover Above excludes material and other costs.	

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

NONE

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

NIL

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

FINANCIAL

Auditors' Report

To
The Members of
Dalmia Cement (Bharat) Limited

1. We have audited the attached Balance Sheet of Dalmia Cement (Bharat) Limited ('the Company') as at March 31, 2012 and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

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

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

   iii. The Balance Sheet, Statement of Profit and Loss and Cash Flow statement dealt with by this report are in agreement with the books of accounts;

   iv. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

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

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

      a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;

      b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

      c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

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

per **Manoj Gupta**
Partner
Membership No.: 83906
Place: Gurgaon
Date: May 16, 2012

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

per **Arun K. Tulsian**
Partner
Membership No.: 89907
Place: New Delhi
Date: May 16, 2012

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

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

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

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. 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 inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. Inventories lying with outside parties have been confirmed by them as at year end.

(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. The discrepancies noticed on physical verification of inventory as compared to books of account were not material and have been properly dealt with in the books of account.

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

(e) The Company had taken unsecured loans in the form of fixed deposits from two directors covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year is ₹0.34 Crore and the year-end balance of loans taken from such parties is ₹0.29 Crore.

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

(g) In respect of loans taken, repayment of the principal amount is as stipulated and payment of interest has been regular.

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

(v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of ₹ Five Lakh in respect of each party have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.

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

(vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company 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 Power, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained.

(ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues have generally been regularly deposited during the year with the appropriate authorities *though there has been a slight delay in a few cases.*

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

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

Name of the statute	Nature of dues	Amount (₹ Crore)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Demand of excise duty on the clinker content of the cement removed to SEZ without payment of duty	12.24	Jul. 2006 to Mar. 2012	CESTAT, Chennai
Central Excise Act, 1944	Denial of credit on MS plates, steel and angles etc. used in civil structure and immovable property	4.87	Apr. 2004 to Apr. 2006	CESTAT, Chennai
Finance Act, 1994	Service tax credit on Outdoor catering	0.04	Apr. 2006 to May 2007	CESTAT Chennai
Finance Act, 1994	Service tax on Consulting Engineer Services	1.01	2006	CESTAT Chennai
Tamil Nadu Sales Tax Act	Sales tax on packing charges	0.18	1983-84	High Court Madras
Central Excise Act, 1944	Disallowance of Cenvat credit on cement, TMT bar etc used in construction of factory	10.72	2009-10 and 2010-11	CESTAT, Delhi
Central Excise Act, 1944	Denial of cenvat credit availed on Steel items, such as plates, angles, channels, welding electrodes used in the fabrication of Capital goods.	0.05	Jul. 2010 to Dec. 2010	Commissioner Appeals, Trichy
Central Excise Act, 1944	Disallowance of credit taken on Inputs, capital goods and services	75.94	Aug. 2007 to Sep. 2009	CESTAT, Delhi
Finance Act, 1994	Denial of Input and Service Tax Credit on welding electrods	0.05	Sep. 2010 to Mar. 2011	CESTAT, Chennai
Finance Act, 1994	Denial of Input and Service Tax Credit on welding electrods	0.18	Apr. 2010 to Jun. 2010	Comm. Appeals Guntur
Andhra Pradesh VAT Act, 2005	Disallowance of Vat credit on project related purchases	0.09	May 2007 to May 2008	Sales Tax Appellate Tribunal, Andhra Pradesh
Andhra Pradesh VAT Act, 2005	Disallowance of Vat credit on project related purchases	0.32	Jun. 2008 to Aug. 2010	DC Appeals, Andhra Pradesh
Central Sales tax Act	CST on non submission of forms	0.02	2008-09	CTO, Hyderabad
Income Tax Act, 1961	Differential tax demand for section 194 J instead of section 194 C	0.31	2008-09 & 2009-10	CIT(Appeals) Vijayawada
Income Tax Act, 1961	Delay in deposit of TDS	0.01	Jul. to Sep. 2009	ITO, Tirupati

(x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institutions, banks or debenture holders.

(xii) Based on our examination of documents and records, we are of the opinion that the Company has maintained adequate records where the Company has 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 Order are not applicable to the Company.

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

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

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

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

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

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

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

(xxi) *We have been informed that an employee, since terminated, of the Company, in connivance with a C&F agent of the Company had misappropriated stocks amounting to around ₹0.69 Crore during the year under audit. The Company has initiated appropriate remedial action against the concerned parties to recover the above amount. The same has been provided in the books of the Company.*

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

per **Manoj Gupta**
Partner
Membership No.: 83906
Place: Gurgaon
Date: May 16, 2012

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

per **Arun K. Tulsian**
Partner
Membership No.: 89907
Place: New Delhi
Date: May 16, 2012

Balance Sheet as at March 31, 2012

(₹ in Crore)

	Notes	As at March 31, 2012	As at March 31, 2011
EQUITY & LIABILITIES			
Shareholder's Funds			
Share Capital	2	252.92	252.92
Reserves and Surplus	3	2,479.89	2,341.79
		2,732.81	**2,594.71**
Non- Current Liabilities			
Long-Term Borrowings	4	1,501.52	1,755.18
Deferred Tax Liability (Net)	5	73.30	41.96
Other Long-Term Liabilities	6	72.49	61.89
Long Term Provisions	7	9.09	2.42
		1,656.40	**1,861.45**
Current Liabilities			
Short-Term Borrowings	8	220.84	33.96
Trade Payables	9	135.05	120.08
Other Current Liabilities	10	186.18	187.06
Short-Term Provisions	11	16.58	7.16
		558.65	**348.26**
Total		**4,947.86**	**4,804.42**
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	12	2,965.94	3,090.94
Intangible Assets	12	1.70	2.99
Capital work-in-progress		66.06	33.50
		3,033.70	**3,127.43**
Non-Current Investments	13	892.02	666.20
Long Term Loans and Advances	14	188.92	171.09
		4,114.64	**3,964.72**
Current Assets			
Current Investments	15	305.69	6.00
Inventories	16	229.20	266.94
Trade Receivables	17	122.40	90.43
Cash and Cash Equivalents	18	44.91	376.22
Short-Term Loans and Advances	19	131.02	100.11
		833.22	**839.70**
Total		**4,947.86**	**4,804.42**
Summary of Significant Accounting Policies	1		

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

As per our report of even date

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

per **Manoj Gupta**
Partner
Membership No.: 83906
Place : Gurgaon
Date : May 16, 2012

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

per **Arun K. Tulsian**
Partner
Membership No.: 89907
Place : New Delhi
Date : May 16, 2012

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

Puneet Yadu Dalmia
Managing Director

Vipin Agarwal
Executive Director
(Finance)

Y. H. Dalmia
Director

Manisha Bansal
Company
Secretary

Statement of Profit and Loss Account
for the year ended March 31, 2012

(₹ in Crore)

	Notes	For the year ended March 31, 2012	For the year ended March 31, 2011
Income			
Revenue from operations (gross)	**20**	2,546.51	1,898.76
Less: Excise Duty		294.81	223.07
Revenue from operations (Net)		**2,251.70**	**1,675.69**
Other income	**21**	67.08	45.51
Total Revenue (I)		**2,318.78**	**1,721.20**
Expenses			
Cost of Raw materials consumed	**22**	206.86	156.60
(Increase)/ Decrease in inventories of finished goods and work in progress	**23**	0.31	8.33
Employee benefit expenses	**24**	104.08	75.54
Other Expenses	**25**	1,439.80	1,116.56
Total (II)		**1,751.05**	**1,357.03**
Earnings before interest, tax, depreciation and amortisation (EBITDA) (I) - (II)		**567.73**	**364.17**
Finance costs	**26**	150.96	171.15
Depreciation and amortisation expenses	**12**	160.41	153.98
Profit before Tax		**256.36**	**39.04**
Tax expense			
Current tax		63.73	7.98
MAT Credit (Entitlement) / Charge		7.28	(7.28)
		71.01	0.70
Deferred Tax charge		31.34	41.96
Prior year tax written back		(0.26)	–
Total Tax Expense		**102.09**	**42.66**
Profit/ (loss) after Tax		**154.27**	**(3.62)**
Earning per Share	**27**		
Basic and Diluted Earnings Per Share (In ₹)		6.10	(0.15)
[Nominal Value of Share ₹10 (₹10) each]			
Summary of Significant Accounting Policies	**1**		

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

As per our report of even date

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

per **Manoj Gupta**
Partner
Membership No.: 83906
Place : Gurgaon
Date : May 16, 2012

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

per **Arun K. Tulsian**
Partner
Membership No.: 89907
Place : New Delhi
Date : May 16, 2012

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

Puneet Yadu Dalmia
Managing Director

Vipin Agarwal
Executive Director
(Finance)

Y. H. Dalmia
Director

Manisha Bansal
Company
Secretary

Notes to Financial Statements
for the year ended March 31, 2012

Note 1
Significant Accounting Policies

A. Corporate Information

Dalmia Cement (Bharat) Limited (the Company) is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its debt securities are listed on two stock exchanges in India. The Company is engaged in the manufacturing and selling of cement. The Company mainly caters to markets in southern India.

B. Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the *Companies (Accounting Standards) Rules, 2006, (as amended)* and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention, except for assets transferred and vested in the Company as on April 1, 2010 pursuant to the Scheme of Arrangement which are carried at fair market value determined as on April 1, 2010.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

C. Presentation and disclosure of financial statements

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

D. Use of estimates

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

E. Tangible fixed assets

Fixed assets, except for assets transferred and vested in the Company as on April 1, 2010 pursuant to the Scheme of Arrangement, are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of Profit and Loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of Profit and Loss when the asset is derecognised.

F. Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under Schedule XIV to the Companies Act, 1956, whichever is higher. The Company has used the rates different from rates prescribed in Schedule XIV in the following case:-

	Rates (SLM)
Polysius Kiln Buildings	7.14%

G. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated

Notes to Financial Statements
for the year ended March 31, 2012 (contd.)

amortisation and accumulated impairment losses, if any.

Intangible assets are amortised on a straight line basis over the estimated useful economic life. The Company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the effect that useful life of an intangible asset exceeds ten years, the Company amortises the intangible asset over the best estimate of its useful life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortisation method is changed to reflect the changed pattern. Such changes are accounted for in accordance with *AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.*

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

A summary of amortisation policies applied to the Company's intangible assets is as below:

	Rates (SLM)
Computer software	20% to 33.33%

H. Leases

Where the Company is lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the statement of Profit and Loss. Lease management fees, legal charges and other initial direct costs of lease are capitalised.

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule XIV to the Companies Act, 1956, whichever is lower. However, if there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, the capitalised asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in Schedule XIV to the Companies Act, 1956.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Where the Company is the lessor

Leases in which the Company transfers substantially all the risks and benefits of ownership of the asset are classified as finance leases. Assets given under finance lease are recognised as a receivable at an amount equal to the net investment in the lease. After initial recognition, the Company apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance lease. The interest income is recognised in the statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the statement of Profit and Loss.

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognised in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognised as an expense in the statement of Profit and

Notes to Financial Statements
for the year ended March 31, 2012 (contd.)

Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the statement of Profit and Loss.

I. Borrowing costs

Borrowing cost includes interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

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 capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

J. Impairment of tangible and intangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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 the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses, including impairment on inventories, are recognised in the statement of profit and loss.

K. Government grants and subsidies

Grants and subsidies from the government are recognised when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognised as income on a systematic basis in the statement of Profit and Loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Where the Company receives non-monetary grants, the asset is accounted for on the basis of its acquisition cost. In case a non-monetary asset is given free of cost, it is recognised at a nominal value.

L. Investments

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined for each category separately. 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.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

M. Inventories

Raw materials, stores and spares are valued at 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

Notes to Financial Statements
for the year ended March 31, 2012 (contd.)

at or above cost. Cost of raw materials and stores and spares is determined on a weighted average basis.

Work-in-progress and finished goods are valued at 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 and is determined on a weighted average basis.

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.

N. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head “other income” in the statement of profit and loss.

Dividends

Dividend income is recognised when the Company’s right to receive dividend is established by the reporting date.

Insurance Claim

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

O. Foreign currency translation

Foreign currency transactions and balances

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.

Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

Exchange differences

All other exchange differences are recognised as income or as expenses in the period in which they arise.

Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability

The premium or discount arising at the inception of forward exchange contract is amortised and recognised as an expense/ income over the life of the contract. Exchange differences on such contracts, except the contracts which are long-term foreign currency monetary items, are recognised in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognised as income or as expense for the period.

P. Retirement and other employee benefits

Retirement benefit in the form of provident fund contribution to Statutory Provident Fund, pension fund, superannuation fund and ESI are defined contribution schemes. The contributions are charged to the statement of profit and loss for the year when the contributions are due. The Company has no obligation, other than the contribution payable to the provident fund.

The Company operates two defined benefit plans for its employees, viz., gratuity and provident fund contribution to Dalmia Cement Provident Fund Trust. The costs of providing benefits under these plans are determined

Notes to Financial Statements
for the year ended March 31, 2012 (contd.)

on the basis of actuarial valuation at each year-end. Separate actuarial valuation is carried out for each plan using the projected unit credit method. Actuarial gains and losses for both defined benefit plans are recognised in full in the period in which they occur in the statement of Profit and Loss.

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

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

Q. Income taxes

Tax expense comprises of current and deferred. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted, at the reporting date.

Deferred income tax reflects the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences of earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences 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 reporting date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each reporting 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.

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 taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognises MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognises MAT credit as an asset in accordance with the *Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961,* the said asset is created by way of credit to the statement of profit and loss and shown as “MAT Credit Entitlement.” The Company reviews the “MAT Credit Entitlement” asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

R. Segment reporting

Identification of segments

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

Notes to Financial Statements
for the year ended March 31, 2012 (contd.)

Inter-segment transfers
The Company generally accounts for intersegment sales and transfers at cost plus appropriate margins.

Allocation of common costs
Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items
Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting 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.

S. Earnings Per Share
Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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.

T. Provisions
A provision is recognised when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

U. Contingent liabilities
A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

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

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

Notes to Financial Statements
for the year ended March 31, 2012 (contd.)

2. Share Capital

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
Authorised :		
30,00,00,000 (30,00,00,000) Equity Shares of ₹10/– each	300.00	300.00
	300.00	**300.00**
Issued, Subscribed and Fully Paid Up :		
252,919,005 (252,919,005) Equity Shares of ₹10/– each	252.92	252.92
	252.92	**252.92**

a. Reconciliation of Equity Shares outstanding at the beginning and at the end of the reporting period

	March 31, 2012		March 31, 2011	
	No. of Shares	₹ in Crore	No. of Shares	₹ in Crore
At the beginning of the period	252,919,005	252.92	215,000,000	215.00
Issued during the period	–	–	37,919,005	37.92
At the end of the period	**252,919,005**	**252.92**	**252,919,005**	**252.92**

b. Terms/ rights attached to Equity shares

The Company has only one class of equity shares having a face value of ₹10 per share. Each equity shareholder is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuring Annual General Meeting.

During the year ended March 31, 2012, the amount of dividend per share recognised as distribution to equity shareholders was ₹0.55 (Nil).

In the event of winding–up of the Company, the equity shareholders shall be entitled to be repaid remaining assets of the Company in the ratio of the amount of capital paid up on such equity shares.

c. Equity shares held by holding Company

	March 31, 2012		March 31, 2011	
	No. of Shares	₹ in Crore	No. of Shares	₹ in Crore
Dalmia Bharat Enterprises Limited (holding Company)	215,000,000	215.00	215,000,000	215.00

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

	March 31, 2012		March 31, 2011	
	No. of Shares	% holding	No. of Shares	% holding
Dalmia Bharat Enterprises Limited	215,000,000	85.01%	215,000,000	85.01%
KKR Mauritius Cements Investments Limited	37,919,005	14.99%	37,919,005	14.99%

Notes to Financial Statements
for the year ended March 31, 2012 (contd.)

3. Reserves and Surplus

(₹ in Crore)

	March 31, 2012	March 31, 2011
Business Restructuring Reserve		
Opening Balance as per last financial statements	1,833.51	–
Add: Additions pursuant to Scheme of Arrangement	–	1,833.51
Closing Balance	**1,833.51**	**1,833.51**
Securities Premium Reserve		
Opening Balance as per last financial statements	458.70	–
Add: Premium on issue of equity shares	–	462.08
Less: Expenses incurred in connection with issue of fresh equity shares	–	3.38
Closing Balance	**458.70**	**458.70**
Debenture Redemption Reserve		
Opening Balance as per last financial statements	48.75	–
Add: Additions pursuant to Scheme of Arrangement	–	48.96
Add: Amount transferred from surplus balance in the Statement of Profit and Loss	9.79	9.79
Less: Amount transferred to surplus balance in the Statement of Profit and Loss	–	10.00
Closing Balance	**58.54**	**48.75**
Surplus in the Statement of Profit and Loss		
Balance as per last financial statements	0.83	4.24
Profit /(Loss) for the year	154.27	(3.62)
Add: Transfer from Debenture Redemption Reserve	–	10.00
Less: Appropriations		
Transfer to debenture redemption reserve	9.79	9.79
Proposed Dividend on equity shares	13.91	–
Dividend Distribution Tax	2.26	–
Total Appropriations	**25.96**	**9.79**
Net Surplus in the Statement of Profit and Loss	**129.14**	**0.83**
Total reserves and surplus	**2,479.89**	**2,341.79**

Notes to Financial Statements
for the year ended March 31, 2012 (contd.)

4. Long Term Borrowings

(₹ in Crore)

	As at March 31, 2012		As at March 31, 2011	
Secured				
A. Redeemable Non–Convertible Debentures	280.00		280.00	
Less: Shown in current maturities of long term borrowings	24.00	256.00	-	280.00
B. Term Loans:				
i. From Banks	987.16		1,213.84	
Less: Shown in current maturities of long term borrowings	70.51	916.65	84.34	1,129.50
ii. From Others		256.20		256.20
(A)		**1,428.85**		**1,665.70**
Unsecured				
C. Fixed Deposits*	6.56		18.47	
Less: Shown in current maturities of long term borrowings	3.18	3.38	3.68	14.79
D. Deferred payment liabilities	73.71		78.46	
Less: Shown in current maturities of long term borrowings	4.73	68.98	4.10	74.36
E. From Bank	0.33		0.35	
Less: Shown in current maturities of long term borrowings	0.02	0.31	0.02	0.33
(B)		**72.67**		**89.48**
Total long term borrowings (A+B)		**1,501.52**		**1,755.18**

1) Debentures referred to in A above to the extent of:
   i) 10.35%, Series XIII ₹100 Cr. (₹100 Cr.) are secured by a first pari–passu charge on the Immovable properties of Cement unit at Dalmiapuram & redeemable in three yearly equal installments commencing from May 8, 2014.

   ii) 9.00%, Series XI A ₹50 Cr. (₹50 Cr.) are secured by a first pari–passu charge on all the movable and immovable properties of Cement Unit at Dalmiapuram (except inventories and trade receivables) & redeemable in three yearly installments in the ratio of 30:30:40 commencing from October 15, 2013.

   iii) 8.87%, Series XI ₹50 Cr. (₹50 Cr.) are secured by a first pari–passu charge on all the movable and immovable properties of Cement unit at Dalmiapuram (except inventories and trade receivables) & redeemable in three yearly installments in the ratio of 30:30:40 commencing from May 15, 2013.

   iv) 9.00%, Series XB ₹40 Cr. (₹40 Cr.) are secured by a first pari–passu charge on whole of the movable and immovable properties (except trade receivables) of Cement unit at Dalmiapuram & redeemable in three yearly installments in the ratio of 30:30:40 commencing from December 17, 2012.

   v) 8.90%, Series XA ₹40 Cr. (₹40 Cr.) are secured by a first pari–passu charge on whole of the movable and immovable properties (except trade receivables) of Cement unit at Dalmiapuram & redeemable in three yearly installments in the ratio of 30:30:40 commencing from December 17, 2012.

2) Term Loans from Banks referred to in B (i) above to the extent of :
   i) Libor plus 2.146% (presently 2.9313%) ₹58.66 Cr. (₹60.34 Cr.) are secured by way of exclusive charge on Vertical roller mills & other machineries and equipments acquired through this loan for projects at Kadapa & Ariyalur. The Loan has been availed in foreign currency repayable in half yearly installments of USD 0.10 Cr. each till August 2017.

Notes to Financial Statements
for the year ended March 31, 2012 (contd.)

ii) ₹891.00 Cr. (₹891.00 Cr.) are secured by exclusive first charge on land and building and hypothecation of all the fixed assets of Cement units at Kadapa and Ariyalur excluding assets charged to working capital lenders and Vertical roller mills & other machineries and equipments for projects at Kadapa & Ariyalur acquired under foreign currency loan at base rate plus 1.50% (present 11%). It is repayable within 40 unequal quarterly installment in the range of ₹11.14 Cr. to ₹47.33 Cr. each commencing after 5 years from 1st disbursement, i.e. December 2012.

iii) ₹37.50 Cr. (₹112.50 Cr.) are secured by exclusive first charge on land and building and hypothecation of all the fixed assets of Cement units at Kadapa and Ariyalur excluding assets charged to working capital lenders and Vertical roller mills & other machineries and equipments for projects at Kadapa & Ariyalur acquired under foreign currency loan at Base rate plus 1.50% (present 11%). It is payable in 2 equal quarterly installment of ₹18.75 Cr. each till September 2012.

iv) Nil (₹150 Cr.) is secured by a subservient charge on the assets of Cement division.

3) Term Loans from others referred to in B (ii) above to the extent of:
0.10%, ₹256.20 Cr. (₹256.20 Cr.) are secured by a first pari–passu charge on the movable and immovable properties of Cement unit at Dalmiapuram. Repayment schedule is yet to be finalised.

4) Fixed deposit referred to in C above to the extent of:
₹6.56 Cr. (₹18.47 Cr.) are repayable in next 1 month to 36 months with interest rate in the range of 9% to 10%.

*Includes from Directors ₹0.29 Cr. (₹0.26 Cr.)

5) Interest free, ₹73.71 Cr. (₹78.46 Cr.) deferred payment liabilities referred to in D above are repayable in unequal quarterly installments in the range of ₹0.05 Cr. to ₹6.59 Cr. each till FY 2016–17.

6) Housing loans from Bank referred to in E above to the extent of ₹0.05 Cr. (₹0.07 Cr.) is payable in unequal monthly installment in the range of ₹ 0.0018 Cr. to ₹ 0.0025 Cr. each till FY 2014–15. For ₹0.28 Cr. (₹0.28 Cr.) repayment terms are yet to be communicated by bank.

5. Deferred Tax Liability (Net)

Deferred Tax assets/ liabilities are attributable to the following items :

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
Liabilities		
Depreciation	79.24	48.61
Assets		
Unabsorbed depreciation	-	4.73
Provision for doubtful debts and advances	1.32	1.76
Expenses allowable for tax purpose when paid	4.58	0.16
Others	0.04	-
	5.94	6.65
Net	**73.30**	**41.96**

Notes to Financial Statements
for the year ended March 31, 2012 (contd.)

6. Other Long Term Liabilities

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
Security deposit received	66.85	60.10
Mines reclamation exp.	2.21	–
Other Liabilities	3.43	1.79
	72.49	**61.89**

7. Long Term Provisions

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
Provision for leave encashment	2.64	1.99
Provision for other employee benefits	6.45	0.43
	9.09	**2.42**

8. Short Term borrowings

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
Secured		
A. Working capital loan from Banks	12.28	26.14
B. Foreign currency loan from Banks	207.53	–
(A)	**219.81**	**26.14**
Unsecured		
C. Fixed Deposits	1.03	7.82
(B)	**1.03**	**7.82**
Total short term borrowings (A+B)	**220.84**	**33.96**

A) Working capital loans are secured by hypothecation of inventories and other assets in favour of the participating banks ranking pari–passu on inter–se basis, repayable in next one year and carry interest rate in the range of 11.75% to 12.50%.

B) Foreign currency loans have been secured against the pledge of mutual funds and hypothecation of inventories and trade receivables repayable in next 1 month to 11 months with Interest in the range of LIBOR Plus 0.35% to LIBOR plus 1.95% (Presently 0.8237% to 2.55%).

C) Fixed deposit referred to in C above to the extent of:
₹1.03 Cr. (₹7.82 Cr.) are repayable in next 1 month to 1 year with interest rate in the range of 9.00% to 9.25%.

9. Trade Payables

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
	135.05	120.08
(Refer note 31 for details of notes to financial statements of dues to Micro & Small Enterprises)	**135.05**	**120.08**

Notes to Financial Statements
for the year ended March 31, 2012 (contd.)

10. Other Current Liabilities

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
Current maturities of long term borrowings	102.44	92.14
Interest accrued but not due on borrowings	6.28	6.13
Advance from customers	14.93	14.62
Security deposit received	3.03	4.58
Director's Commission payable	0.40	0.12
Unclaimed Fixed Deposits and Interest thereon*	0.17	0.20
Other liabilities		
– Statutory dues	49.82	45.03
– Others	9.11	24.24
	186.18	**187.06**

* Not due for deposit with Investor Education & Protection Fund.

11. Short Term Provisions

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
Proposed dividend	13.91	–
Dividend distribution tax	2.26	–
Provision for employee benefits	0.41	0.35
Provision for Income Tax (net of advance tax Nil (₹3.78 Cr.))	–	6.81
	16.58	**7.16**

12. Fixed Assets

(₹ in Crore)

	Tangible						Intangible	Total
	Land	Building	Plant and equipment	Furniture and Fixtures	Vehicles	Office equipment	Computer Software	
Cost								
as at April 1, 2010	–	–	–	–	–	–	–	–
Additions								
Additions pursuant to Scheme of Arrangement	256.64	224.77	2,628.18	2.95	12.41	17.30	4.49	3,146.74
Additions during the year	20.60	34.87	44.45	0.24	0.48	0.72	–	101.36
Deductions during the year	–	–	0.17	0.02	–	–	–	0.19
as at March 31, 2011	**277.24**	**259.64**	**2,672.46**	**3.17**	**12.89**	**18.02**	**4.49**	**3,247.91**
Additions during the year	8.03	1.44	33.17	0.06	1.52	1.73	0.25	46.20
Disposals during the year	–	0.10	12.33	–	0.07	–	–	12.50
as at March 31, 2012	**285.27**	**260.98**	**2,693.30**	**3.23**	**14.34**	**19.75**	**4.74**	**3,281.61**
Depreciation/ Amortisation								
as at April 1, 2010	–	–	–	–	–	–	–	–
Charge for the year	–	7.05	140.85	0.55	1.37	2.66	1.50	153.98
Disposals	–	–	–	–	–	–	–	–
as at March 31, 2011	**–**	**7.05**	**140.85**	**0.55**	**1.37**	**2.66**	**1.50**	**153.98**
Charge for the year	–	7.39	147.63	0.22	1.41	2.22	1.54	160.41
Disposals	–	–	0.41	–	0.01	–	–	0.42
as at March 31, 2012	**–**	**14.44**	**288.07**	**0.77**	**2.77**	**4.88**	**3.04**	**313.97**
Net Block								
as at March 31, 2011	**277.24**	**252.59**	**2,531.61**	**2.62**	**11.52**	**15.36**	**2.99**	**3,093.93**
as at March 31, 2012	**285.27**	**246.54**	**2,405.23**	**2.46**	**11.57**	**14.87**	**1.70**	**2,967.64**

Notes to Financial Statements
for the year ended March 31, 2012 (contd.)

13. Non–Current Investments

(₹ in Crore)

	As at March 31, 2012		As at March 31, 2011	
Trade investments				
Investments in Associates				
Equity Shares				
Quoted				
25,814,904 (25,814,904) Shares of ₹2/– each fully paid up in OCL India Limited		408.27		408.27
Unquoted				
130,000 (130,000) Shares of ₹10/– each fully paid up in DCB Power Ventures Limited		91.08		91.08
Investments in Joint Venture				
Equity Shares				
Unquoted				
1,836,500 (1,836,500) Shares of ₹10/– each fully paid up in Khappa Coal Company Private Limited		1.84		1.84
Investments in Subsidiaries				
Equity Shares				
Unquoted				
50,000 (50,000) Shares of ₹10/– each fully paid up in Arjuna Brokers & Minerals Limited.	0.05		0.05	
161,711,000 (161,711,000) Shares of ₹10/– each fully paid up in Dalmia Cement Ventures Limited.	162.46		162.46	
250,000 (250,000) Shares of ₹10/– each fully paid up in D.I. Properties Limited.	0.25		0.25	
50,000 (50,000) Shares of ₹10/– each fully paid up in Dalmia Minerals & Properties Limited.	0.05		0.05	
50,000 (50,000) Shares of ₹10/– each fully paid up in Geetee Estates Limited.	0.05		0.05	
250,000 (250,000) Shares of ₹10/– each fully paid up in Hemshila Properties Limited.	0.25		0.25	
50,000 (50,000) Shares of ₹10/– each fully paid up in Ishita Properties Limited.	1.30		1.30	
50,000 (50,000) Shares of ₹10/– each fully paid up in Shri Radha Krishna Brokers & Holdings Limited.	0.05		0.05	
250,000 (250,000) Shares of ₹10/– each fully paid up in Shri Rangam Properties Limited.	0.25		0.25	
50,000 (50,000) Shares of ₹10/– each fully paid up in Sri Dhandauthapani Mines & Minerals Limited.	0.05		0.05	
50,000 (50,000) Shares of ₹10/– each fully paid up in Sri Madhusudana Mines & Properties Limited.	0.05		0.05	
50,000 (50,000) Shares of ₹10/– each fully paid up in Sri Shanmugha Mines & Minerals Limited.	0.05		0.05	
50,000 (50,000) Shares of ₹10/– each fully paid up in Sri Subramanya Mines & Minerals Limited.	0.05		0.05	
50,000 (50,000) Shares of ₹10/– each fully paid up in Sri Swaminatha Mines & Minerals Limited.	0.05		0.05	
50,000 (50,000) Shares of ₹10/– each fully paid up in Sri Trivikrama Mines & Properties Limited.	0.05	165.01	0.05	165.01
Others				
Equity Shares (unquoted)				
27,500,000 (–) Shares of ₹10/– each fully paid up in Calcom Cement India Ltd. (Refer note 44 of notes to financial statements).		27.93		–

Notes to Financial Statements
for the year ended March 31, 2012 (contd.)

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
Debentures		
Unquoted		
5,900 (–) zero coupon optionally redeemable convertible debentures of ₹1,00,000/– each in Saroj Sunrise Pvt. Ltd. (Refer note 44 of notes to financial statements).	59.00	–
Other Investments		
Units of Mutual Funds (Quoted)		
Debt based schemes	138.89	–
Total	**892.02**	**666.20**
Quoted (including Mutual Funds):		
Book Value	547.16	408.27
Market Value	397.86	284.22
Book Value of Unquoted Investments	344.86	257.93

14. Long Term Loans and Advances (Considered good and unsecured unless otherwise stated)

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
Capital advances	4.63	2.69
Security deposit	15.98	16.62
Loans and advances to:		
Employees@	0.74	–
Related Parties:		
Advance against Share Application Money	4.28	4.04
Advance for Warrants	56.73	56.73
Others	53.46	48.96
(Refer note 42 of notes to financial statements)		
Advances recoverable in cash or in kind or for value to be received	31.80	14.89
MAT Credit entitlement	–	7.28
Advance Income Tax (Net of Provision for Tax ₹70.21 Cr. (Nil))	9.15	–
Deposit and Balances with Government Departments and Other Authorities	12.15	19.88
	188.92	**171.09**
@includes		
Due form officers of the Company	0.74	–

15. Current Investments

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
Units of Mutual Funds (Quoted)		
Debt based schemes	305.69	6.00
Total	**305.69**	**6.00**
Quoted		
Book Value	305.69	6.00
Market Value	309.49	6.00

Notes to Financial Statements
for the year ended March 31, 2012 (contd.)

16. Inventories

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
(Mode of valuation – refer note 1(k) on inventories)		
Raw Materials	9.57	5.13
Packing Materials		
On hand	4.71	4.52
In transit	0.53	–
Work in Progress	36.61	29.92
Finished Goods		
On hand	19.15	27.47
In transit	7.16	5.84
Stores, Spares etc		
On hand	124.01	96.51
In transit	27.46	97.55
	229.20	**266.94**

17. Trade Receivables

(₹ in Crore)

	As at March 31, 2012		As at March 31, 2011	
a) Receivables outstanding for a period exceeding six months from the date they are due for payment				
Considered good				
Secured		0.96		0.79
Unsecured		2.25		1.28
Considered doubtful	14.11		13.89	
Less: Provision for Bad and Doubtful receivables	14.11	–	13.89	–
(A)		**3.21**		**2.07**
b) Other receivables				
Considered good				
Secured		60.73		39.88
Unsecured		133.94		87.31
(B)		**194.67**		**127.19**
Trade Receivables (A+B)		**197.88**		**129.26**
Less: Provision for Rebate / Discount		75.48		38.83
		122.40		**90.43**

18. Cash and Cash Equivalents

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
Cash on hand	0.05	0.09
Cheques in Hand	13.35	0.02
Balances with Scheduled Banks :		
– On current accounts	29.66	222.88
– On deposit accounts	1.84	153.22
Other bank balances		
– Margin money (pledged with bank against bank guarantee)	0.01	0.01
	44.91	**376.22**

Notes to Financial Statements
for the year ended March 31, 2012 (contd.)

19. Short Term Loans and Advances

(₹ in Crore)

	As at March 31, 2012	As at March 31, 2011
Secured		
Loan to Employees	0.02	0.06
Unsecured, considered good		
Loan and advances to		
– Employees@	0.79	2.14
– Related parties (Refer note 42 of notes to financial statements)	1.89	0.45
Other loans and advances	108.12	50.72
Interest receivable	1.60	1.59
Deposit and Balances with Government Departments and Other Authorities	18.60	45.15
	131.02	**100.11**
@includes		
Due form officers of the Company	0.34	1.93

20. Revenue from Operations

(₹ in Crore)

	For the year ended March 31, 2012	For the year ended March 31, 2011
Revenue from operations		
Cement Sales	2,498.49	1,811.96
Other Sales	48.02	86.80
	2,546.51	**1,898.76**

21. Other Income

(₹ in Crore)

	For the year ended March 31, 2012	For the year ended March 31, 2011
Dividend income		
– from non current Investments	10.33	10.33
– from current investments	12.26	–
Interest Income on Bank deposits & other	7.45	2.31
Profit on sale of Investments	4.77	13.85
Sales Tax incentive	11.82	6.30
(Refer note 34 of notes to financial statements)		
Miscellaneous receipts	20.45	12.72
	67.08	**45.51**

22. Cost of Raw materials consumed

(₹ in Crore)

	For the year ended March 31, 2012	For the year ended March 31, 2011
Class of Product		
Limestone	115.57	82.37
Gypsum	25.76	26.00
Fly ash	50.46	40.66
Others	15.07	7.57
	206.86	**156.60**

Notes to Financial Statements
for the year ended March 31, 2012 (contd.)

23. (Increase)/ Decrease in inventories of finished goods and work in progress

(₹ in Crore)

	For the year ended March 31, 2012		For the year ended March 31, 2011	
Finished Goods				
– Closing stock		26.31		33.31
– Opening stock	33.31		–	
– Addition pursuant to Scheme of Arrangement	–	33.31	19.87	19.87
		7.00		(13.44)
Work–in–Process				
– Closing stock		36.61		29.92
– Opening stock	29.92		–	
– Addition pursuant to Scheme of Arrangement	–	29.92	51.69	51.69
		(6.69)		21.77
		0.31		**8.33**

24. Employee Benefit Expenses

(₹ in Crore)

	For the year ended March 31, 2012	For the year ended March 31, 2011
Salaries, Wages and Bonus	86.82	60.42
Contribution to Provident Fund and Other Funds	5.04	3.90
(Refer note 40 of notes to financial statements)		
Workmen and Staff Welfare expenses	12.22	11.22
	104.08	**75.54**

25. Other Expenses

(₹ in Crore)

	For the year ended March 31, 2012	For the year ended March 31, 2011
Power and Fuel (Refer note 34 of financial statements)	704.11	552.71
Packing Materials	98.87	77.00
Consumption of Stores and Spares Parts	5.65	3.08
Freight and Forwarding Charges	316.50	248.00
Repairs and Maintenance		
– Plant & Machinery	66.05	53.04
– Buildings	3.03	2.46
Rent	1.47	1.68
Rates and Taxes	3.15	2.83
Insurance	2.49	2.35
Management Service Charges	64.19	48.60
Branch Selling Expenses	54.32	43.46
Excise duty variation on opening / closing inventories	0.82	5.29
Exchange Fluctuation	5.36	–
Miscellaneous Expenses	113.79	76.06
	1,439.80	**1,116.56**

Notes to Financial Statements
for the year ended March 31, 2012 (contd.)

26. Finance Costs

(₹ in Crore)

	For the year ended March 31, 2012	For the year ended March 31, 2011
Interest		
– On term loans and debentures	133.71	159.02
– On borrowing from banks	0.04	0.41
– Others	7.90	8.72
Other borrowing cost	4.17	2.70
Exchange differences to the extent considered as an adjustment to borrowing cost	5.14	0.30
	150.96	**171.15**

27. Earning Per Share

	For the year ended March 31, 2012	For the year ended March 31, 2011
Net profit for calculation of basic and diluted EPS (₹ in Cr.)	**154.27**	**(3.62)**
Total number of equity shares outstanding at the end of the year	252,919,005	252,919,005
Weighted average number of equity shares in calculating basic and diluted EPS	252,919,005	236,816,414
Basic and Diluted EPS (₹)	**6.10**	**(0.15)**

28. Contingent Liabilities (not provided for) in respect of:

(₹ in Crore)

S. No.	Particulars	2011–12	2010–11
a)	Claims against the Company not acknowledged as debts	44.62	63.25
b)	Demand raised by following authorities in dispute:		
	Excise & Service tax	107.85	94.06
	Other tax matters	2.45	0.64
c)	Guarantees/Counter Guarantees given to banks on account of guarantees issued by the banks to Bodies Corporate	4.00	4.00
	Total	**158.92**	**161.95**

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

29. Capital and Other Commitments

(₹ in Crore)

Particulars	2011–12	2010–11
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	14.85	4.62
Other commitments	–	–

Notes to Financial Statements
for the year ended March 31, 2012 (contd.)

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

(₹ in Crore)

Particulars	2011–12	2010–11
Statutory auditors		
a) as an auditor		
i) Statutory audit fee	0.22	0.21
ii) Tax audit fee	0.04	–
iii) Limited review	0.20	0.07
In other capacity		
i) Company law matter	0.01	–
ii) Management Services	–	0.04
iii) Certification fee	0.02	0.02
Reimbursement of expenses	0.11	0.02
Cost Auditor		
a) Audit Fee	0.01	0.01
b) For Expenses	–	–

31. Details of dues to Micro and Small Enterprises as per MSMED Act, 2006

(₹ in Crore)

Particulars	2011–12	2010–11
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	0.07	–
The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprises (Development) Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	–	–
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	–	–
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	–	–
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	–	–
Total	**0.07**	–

32. Operating Lease

Assets taken on lease

The Company has entered into cancellable lease agreements with an average life of between one to five years with renewal option at the mutual consent of lessor & lessee. Some of the lease agreements contain escalation clause of upto 10%. There are no restrictions placed upon the Company by entering into these leases.

(₹ in Crore)

Particulars	2011–12	2010–11
Lease payments for the year	43.91	40.38
Total	**43.91**	**40.38**

Notes to Financial Statements

for the year ended March 31, 2012 (contd.)

33. Particulars of forward contracts and Unhedged Foreign Currency Exposure as at the Balance Sheet date:

Forward contract outstanding as at Balance Sheet date:

Particulars	Currency	Amount in Foreign Currency	Amount (₹ in Crore)	Purpose
Buy	Euro	47,900 (739,961)	0.32 (4.65)	To hedge the import creditors for Spare Parts.
Total	**Euro**	**47,900** **(739,961)**	**0.32** **(4.65)**	
Buy	GBP	57,804 (–)	0.46 (–)	To hedge the import creditors for Spare Parts.
Total	**GBP**	**57,804** (–)	**0.46** (–)	
Buy	USD	918,000 (–)	4.60 (–)	To hedge the import creditors for capital goods.
Buy	USD	14,464,800 (10,926,210)	72.08 (49.60)	To hedge the import creditors for Coal and spare parts.
Buy	USD	36,949,536 (1,212,678)	192.60 (5.64)	To hedge the repayment of principal and interest foreign currency loans.
Total	**USD**	**52,332,336** **(12,138,888)**	**269.28** **(55.24)**	

Particulars of Unhedged Foreign Currency Exposure:

Particulars	Amount in Foreign Currency	Amount (₹ in Crore)
Foreign currency loans	USD 15,110,511 (USD 12,427,915) (Closing rate 1 USD = ₹51.49 (₹44.77))	77.80 (55.64)
Purchase of spare parts	Nil (Euro 636,000) (Closing rate 1 Euro = N.A. (₹63.1077))	– (4.01)
Purchase of Coal, Spare Parts.	Nil (USD 4,098,000) (Closing rate 1 USD = N.A. (₹44.77))	– (18.35)

34. The Company has recognised power and sales tax incentives at its at Kadapa unit, Andhra Pradesh under the Industrial Investment Promotion policy 2005–2010 issued by Government of Andhra Pradesh. Under the policy, the Company is entitled to a fixed power cost reimbursement upto ₹0.75 per unit of power consumed and 25% of Central Sales Tax and Value Added Tax paid in Andhra Pradesh. The Company has recognised the same as revenue grant as per Accounting Standard –12. The amounts recognised in Statement of Profit and Loss is as given below:–

(₹ in Crore)

Particulars	2011–12	2010–11
Power incentive (netted from Power and Fuel in Note 25)	4.87	3.07
Sales tax incentive (Other income in Note 21)	11.82	6.30
Total	**16.69**	**9.37**

35. The Company has debited direct expenses relating to limestone mining, captive power generation etc. to cost of raw material consumed, power & fuel and other accounts as under:

(₹ in Crore)

Particulars	2011–12	2010–11
Consumption of stores and spare parts	40.17	32.29
Rent	42.44	38.70
Insurance	0.08	0.11
Salary and wages	3.04	2.75
	85.73	**73.85**

Notes to Financial Statements
for the year ended March 31, 2012 (contd.)

Expenses as mentioned above are debited to following expenses account:

(₹ in Crore)

Particulars	2011–12	2010–11
Cost of raw materials consumed	3.00	2.75
Power and fuel	37.64	36.20
Repair and maintenance to Plant & Machinery	39.82	31.59
Branch selling expenses	5.20	3.30
Repair and maintenance to building	0.07	–
Misc. expenses	–	0.01
	85.73	**73.85**

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

A) Details of Finished Goods

(₹ in Crore)

Class of Product	2011–12	2010–11
Opening stock		
Cement	33.31	19.87
Closing stock		
Cement	26.31	33.31

B) CIF Value of Imports

(₹ in Crore)

Particulars	2011–12	2010–11
Stores & spares	8.39	6.49
Coal	418.24	418.01

37. Expenditure in foreign currency (Accrual basis):

(₹ in Crore)

Particulars	2011–12	2010–11
Professional and Consultation Fees	3.21	1.12
Interest	2.94	2.48
Travelling expense	0.04	0.04
Others	0.64	4.15
Total	**6.83**	**7.79**

38. Earnings in foreign currency (Accrual basis):

(₹ in Crore)

Particulars	2011–12	2010–11
Export of goods at FOB value	1.95	7.05
Total	**1.95**	**7.05**

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

	Imported		Indigenous		Value of total consumption
	Value (₹ in Crore)	Percentage to total consumption	Value (₹ in Crore)	Percentage to total consumption	(₹ in Crore)
Raw Materials	–	–	**206.86**	**100.00**	**206.86**
	(–)	(–)	**(156.60)**	**(100.00)**	**(156.60)**
Spares Parts etc.	**3.14**	**6.85**	**42.68**	**93.15**	**45.82**
	(2.16)	**(6.11)**	**(33.21)**	**(93.89)**	**(35.37)**

Notes to Financial Statements
for the year ended March 31, 2012 (contd.)

40. Gratuity and Other Post Employment Benefit Plans

Gratuity

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

The following tables summarise the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the Balance Sheet for the plan.

Provident Fund

The Company contributes provident fund liability to Dalmia Cement Provident Fund Trust. As per the Guidance Note on implementing AS 15, Employee Benefit (Revised 2005) issued by the Accounting Standards Board (ASB), provident funds set up by the employers, which require interest shortfall to be met by the employer, needs to be treated as defined benefit plan.

During the current financial year, actuarial valuation for Provident Fund for the financial year 2011–12 was carried out in accordance with the Guidance Note issued by the Actuarial Society of India, and accordingly, the Company has provided shortfall in provident fund liability in the books. No actuarial valuation was carried out in the last year pending issuance of guidance note in this regard. Further, there was no shortfall in the provident fund liability ascertained by the Company in the last year. In view of this, comparative figures for last year have not been given.

Statement of Profit and Loss

Net employee benefit expense (recognised in Employee Benefit Expenses)

(₹ in Crore)

Particulars	Gratuity (Funded)		PF Trust (Funded)
	2011–12	2010–11	2011–12
Current service cost	1.15	1.01	0.67
Interest cost on benefit obligation	0.75	–	–
Expected return on plan assets	(1.07)	–	–
Net actuarial (Gain)/ Loss recognised in the year	(0.05)	(1.00)	–
Net Benefit Expense	0.78	0.01	0.67
Actual return on planned assets	1.07	0.81	–

Balance Sheet

(₹ in Crore)

Particulars	Gratuity (Funded)		PF Trust (Funded)
	2011–12	2010–11	2011–12
Present value of defined benefit obligation as at year–end	11.06	9.49	7.63
Fair value of plan assets as at year–end	12.22	11.43	7.59
Funded status {(Surplus/(Deficit)}	1.16	1.94	(0.04)
Net Asset/(Liability) as at year end	**1.16**	**1.94**	**(0.04)**

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

(₹ in Crore)

Particulars	Gratuity (Funded)		PF Trust (Funded)
	2011–12	2010–11	2011–12
Opening defined benefit obligation	9.49	–	6.84
Contribution by plan participation / employees	–	–	0.67
Acquisition adjustments	–	8.70	–
Current service cost	1.15	1.01	0.67
Interest cost	0.76	–	0.58
Benefits paid out of funds	(0.28)	(0.03)	(1.36)
Actuarial (Gains)/ losses on obligation	(0.06)	(0.19)	(0.13)
Settlements / transfer in	–	–	0.36
Closing defined benefit obligation	**11.06**	**9.49**	**7.63**

Notes to Financial Statements
for the year ended March 31, 2012 (contd.)

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

(₹ in Crore)

Particulars	Gratuity (Funded)		PF Trust (Funded)
	2011–12	2010–11	2011–12
Opening fair value of plan assets	11.43	–	6.67
Contribution by plan participation / employees	–	–	0.67
Expected return on plan assets	1.07	–	0.57
Acquisition adjustments	–	8.70	–
Contribution by employer	–	1.95	0.67
Benefits paid	(0.28)	(0.03)	(1.36)
Actuarial gains/ (losses) on obligation	–	0.81	0.01
Settlements / transfer in	–	–	0.36
Closing fair value of plan assets	**12.22**	**11.43**	**7.59**

The Company expects to contribute ₹0.83 Cr. (₹0.85 Cr.) to gratuity and ₹0.78 Cr. to PF trust in 2012–13.

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

Particulars	Gratuity (Funded)		PF Trust (Funded)
	2011–12	2010–11	2011–12
Qualifying insurance policy	100%	100%	–
Govt. securities and financial securities as defined under Income Tax rules	–	–	100%

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

The principal assumptions used in determining defined benefits for the Company are shown below:

Particulars	Gratuity (Funded)		PF Trust (Funded)
	2011–12	2010–11	2011–12
Discount rate	8.00%	8.00%	8.00%
Expected rate of return on assets	9.40%	9.15%	–
Mortality table	**LIC (1994–96) duly modified**	**LIC (1994–96) duly modified**	**LIC (1994–96) duly modified**
Salary escalation	7.00%	7.00%	–

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

Amounts for the current and previous year in respect of defined benefit plans are as follows:

(₹ in Crore)

Particulars	Gratuity (Funded)		PF Trust (Funded)
	2011–12	2010–11	2011–12
Defined benefit obligation	11.06	9.49	7.63
Plan assets	12.22	11.43	7.59
Surplus/ (deficit)	1.16	1.94	(0.04)
Experience adjustment on plan assets	0.02	0.81	–
Experience adjustment on plan liabilities	0.06	0.19	–

As AS–15 was applicable for the Company from the previous financial year, the above disclosure as required under para 120(n) has been made prospectively from the date it became applicable on the Company.

Notes to Financial Statements
for the year ended March 31, 2012 (contd.)

Provident and other funds
Contribution to Defined Contribution Plans:

(₹ in Crore)

Particulars	2011–12	2010–11
Provident Fund/superannuation fund/ ESI/pension scheme	3.66	3.41

41. The Company is operating in single segment 'Cement' which is the primary business segment. Secondary segment by geographical location is as under:

(₹ in Crore)

Particulars	2011–12	2010–11
Domestic turnover	2,536.15	1,889.03
Export turnover	10.36	9.73
	2,546.51	**1,898.76**

There are no assets outside India except for trade receivables of ₹ Nil (₹0.17 Cr.) as at year end.

42. Related Party Disclosure as required by Accounting Standard–18.

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

i. **Holding Company**
Dalmia Bharat Enterprises Limited

ii. **Subsidiaries of the Company**
Arjuna Brokers & Minerals Limited, Dalmia Cement Ventures Limited, D.I. Properties Limited, Dalmia Minerals & Properties Limited, Geetee Estates Limited, Hemshila Properties Limited, Ishita Properties Limited, Shri Radha Krishna Brokers & Holdings Limited, Shri Rangam Properties Limited, Sri Dhandauthapani Mines & Minerals Limited, Sri Madhusudana Mines & Properties Limited, Sri Shanmugha Mines & Minerals Limited, Sri Subramanya Mines & Minerals Limited, Sri Swaminatha Mines & Minerals Limited, Sri Trivikrama Mines & Properties Limited.

iii. **Step down Subsidiaries of Dalmia Cement Ventures Limited**
Golden Hills Resort Private Limited and Rajputana Properties Private Limited

iv. **Step down Subsidiaries of Dalmia Minerals & Properties Limited**
Cosmos Cements Limited and Sutnga Mines Private Limited

Related parties with whom transactions have taken place during the year:

i. **Fellow subsidiaries**
Dalmia Power Limited, Kanika Investment Limited

ii. **Associate of the Company**
OCL India Limited, DCB Power Ventures Limited

iii. **Joint Ventures**
Khappa Coal Company Private Limited

iv. **Key Management Personnel/Director of the Company**
Shri J. H. Dalmia–Director, Shri Y. H. Dalmia–Director, Shri Gautam Dalmia – Managing Director, Shri Puneet Yadu Dalmia – Managing Director, Shri N. Gopalaswamy – Director, Shri T. Venkatesan – Director.

Notes to Financial Statements
for the year ended March 31, 2012 (contd.)

v. **Relatives of Key Management Personnel/Director**
Shri V. H. Dalmia (Brother of Director), Shri R. H. Dalmia (Brother of Director), Smt. Kavita Dalmia (Wife of Director), Smt. Kala Venkatesan (Wife of Director).

vi. **Enterprises controlled by the Key Management Personnel of the Company**
Shri Nataraj Ceramic and Chemical Industries Limited, Keshav Power Limited, Himshikhar Investment Limited, Dalmia Solar Power Limited, Dalmia Bharat Sugar and Industries Limited, Vaidhehi Trust, Sukeshi Trust, Sumana Trust.

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

(₹ in Crore)

Nature of Transaction	Holding Company	Fellow Subsidiaries	Subsidiary Companies	Associate	Joint Venture	Key Management Personnel/ Director	Relatives of Key Management Personnel/ Director	Key Management Personnel controlled enterprises	Total
Sale of goods	5.32	–	–	9.54	–	–	–	0.48	15.34
	(5.79)	(–)	(–)	(26.68)	(–)	(–)	(–)	(0.41)	(32.88)
Reimbursement of expenses – Receivable	0.36	–	0.15	0.10	–	–	–	0.10	0.71
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Reimbursement of expenses – Payable	0.45	–	0.07	–	–	–	–	0.14	0.66
	(14.94)	(–)	(–)	(–)	(–)	(–)	(–)	(1.31)	(16.25)
Purchase of goods and services	80.24	–	–	–	–	–	–	25.98	106.22
	(64.27)	(–)	(–)	(27.77)	(–)	(–)	(–)	(31.28)	(123.32)
Rent/Lease rent payment	–	–	0.04	35.40	–	–	–	–	35.44
	(–)	(–)	(0.03)	(35.40)	(–)	(–)	(–)	(–)	(35.43)
Receipt of fund on their behalf and transfer	1.49	–	–	–	–	–	–	–	1.49
	(34.50)	(–)	(–)	(–)	(–)	(–)	(–)	(227.99)	(262.49)
Loans and Advances given	–	–	5.18	–	0.24	–	–	–	5.42
	(–)	(–)	(15.48)	(–)	(–)	(–)	(–)	(–)	(15.48)
Sale of Fixed Assets	–	–	–	–	–	–	–	0.01	0.01
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Purchase of Fixed Assets	–	–	0.60	–	–	–	–	0.11	0.71
	(–)	(–)	(0.41)	(–)	(–)	(–)	(–)	(1.34)	(1.75)
Dividend Income	–	–	–	10.33	–	–	–	–	10.33
	(–)	(–)	(–)	(10.33)	(–)	(–)	(–)	(–)	(10.33)
Fixed Deposit received	–	–	–	–	–	0.13	0.04	–	0.17
	(–)	(–)	(–)	(–)	(–)	(–)	(3.60)	(0.99)	(4.59)
Interest paid on Fixed Deposit	–	–	–	–	–	0.03	0.96	0.03	1.02
	(–)	(–)	(–)	(–)	(–)	(–)	(2.08)	(0.09)	(2.17)
Salary & Perquisites	–	–	–	–	–	8.11	–	–	8.11
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)

1. Sale of goods includes transaction with Dalmia Bharat Enterprises Limited ₹5.32 Cr. (Previous Year ₹5.79 Cr.), OCL India Limited ₹9.54 Cr. (Previous Year ₹26.68 Cr.).

2. Reimbursement of expenses – receivable includes transaction with Dalmia Bharat Enterprises Limited ₹0.36 Cr. (Previous Year Nil), Dalmia Cement Ventures Limited ₹0.12 Cr. (Previous Year Nil), OCL India Limited ₹0.10 Cr. (Previous Year Nil), Dalmia Bharat Sugar and Industries Limited ₹0.10 Cr. (Previous Year Nil).

Notes to Financial Statements
for the year ended March 31, 2012 (contd.)

3. Reimbursement of expenses – payable includes transaction with Dalmia Bharat Enterprises Limited ₹0.45 Cr. (Previous Year ₹14.94 Cr.), Dalmia Cement Ventures Limited ₹0.07 Cr. (Previous Year Nil), Dalmia Bharat Sugar and Industries Limited ₹0.14 Cr. (Previous Year ₹1.31 Cr.).

4. Purchase of goods and services includes transaction with Dalmia Bharat Enterprises Limited ₹80.24 Cr. (Previous Year ₹64.27 Cr.), DCB Power Ventures Limited Nil (Previous Year ₹27.77 Cr.), Keshav Power Limited ₹24.72 Cr. (Previous Year ₹28.32 Cr.).

5. Rent/ lease rent payment includes transaction with DCB Power Ventures Limited ₹35.40 Cr. (Previous Year ₹35.40 Cr.).

6. Receipt of fund on their behalf and transfer includes transaction with Dalmia Bharat Enterprises Limited ₹1.49 Cr. (Previous Year ₹34.50 Cr.), Dalmia Bharat Sugar and Industries Limited Nil (Previous Year ₹227.99 Cr.).

6. Loan and advances given includes transaction with Dalmia Minerals & Properties Limited ₹0.45 Cr. (Previous Year ₹15.42 Cr.), Geetee Estates Limited ₹4.00 Cr. (Previous Year Nil).

7. Purchase of fixed assets includes transaction with Shri Trivikrama Mines and Properties Limited ₹0.31 Cr. (Previous Year Nil), Arjuna Brokers & Properties Ltd. Nil (Previous Year ₹0.19 Cr.), Dalmia Minerals & Properties Limited ₹0.21 Cr. (Previous Year Nil), Himshikar Investment Limited ₹0.10 Cr. (Previous Year ₹1.13 Cr.), Dalmia Solar Power Ltd Nil (Previous Year ₹0.21 Cr.).

8. Sale of Fixed Assets includes transaction with Dalmia Bharat Sugar and Industries Limited ₹0.01 Cr. (Previous Year Nil).

9. Dividend Income includes transaction with OCL India Limited ₹10.33 Cr. (Previous Year ₹10.33 Cr.).

10. Fixed Deposit Received includes transaction with Shri T. Venkatesan ₹0.13 Cr. (Previous Year Nil), Smt. Kala Venkatesan ₹0.04 Cr. (Previous Year Nil), Shri Vishnu Hari Dalmia Nil (Previous Year ₹3.60 Cr.).

11. Interest paid on Fixed Deposit includes transaction with Shri Raghu Hari Dalmia ₹0.84 Cr. (Previous Year ₹1.24 Cr.), Shri Vishnu Hari Dalmia Nil (Previous Year ₹0.84 Cr.).

12. Salary & Perquisities includes transaction with Shri Puneet Yadu Dalmia ₹4.05 Cr. (Previous Year Nil), Shri Gautam Dalmia ₹4.06 Cr. (Previous Year Nil).

b) Balances outstanding at year end:

(₹ in Crore)

Nature of Transaction	Holding Company	Fellow Subsidiaries	Subsidiary Companies	Associate	Joint Venture	Key Management Personnel/ Director	Relatives of Key Management Personnel/ Director	Key Management Personnel controlled enterprises	Total
Loans receivable	–	–	53.43	–	–	–	–	–	53.43
	(–)	(–)	(48.96)	(–)	(–)	(–)	(–)	(–)	(48.96)
Amounts receivable	1.70	–	0.03	0.13	4.28	–	–	0.06	6.20
	(–)	(–)	(–)	(0.45)	(4.04)	(–)	(–)	(–)	(4.49)
Fixed Deposits	–	–	–	–	–	0.29	0.04	–	0.33
	(–)	(–)	(–)	(–)	(–)	(16.10)	(–)	(0.99)	(17.09)
Amounts payable	0.18	–	–	2.45	–	–	–	2.75	5.38
	(9.14)	(1.69)	(1.74)	(8.06)	(–)	(–)	(–)	(3.62)	(24.25)

Notes to Financial Statements
for the year ended March 31, 2012 (contd.)

Note: Investment with related parties are disclosed in Note 13.

1. Loan receivable includes Dalmia Minerals & Properties Limited ₹45.00 Cr. (Previous Year ₹44.34 Cr.).

2. Amount receivable includes Dalmia Bharat Enterprises Limited ₹1.70 Cr. (Previous Year Nil), Khappa Coal Company Limited ₹4.28 Cr. (Previous Year ₹4.04 Cr.).

3. Fixed Deposits includes Shri N. Gopalaswamy ₹0.16 Cr. (Previous Year Nil), Shri T. Venkatesan ₹0.13 Cr. (Previous Year Nil), Smt. Kala Venkatesan ₹0.04 Cr. (Previous Year Nil), Shri Vishnu Hari Dalmia Nil (Previous Year ₹3.60 Cr.), Shri Raghu Hari Dalmia Nil (Previous Year ₹12.50 Cr.).

4. Amount payable includes Dalmia Bharat Enterprises Limited ₹0.18 Cr. (Previous Year ₹9.14 Cr.), DCB Power Ventures Limited ₹2.45 Cr. (Previous Year ₹8.06 Cr.), Keshav Power Limited ₹2.52 Cr. (Previous Year ₹0.90 Cr.), Dalmia Bharat Sugar and Industries Limited Nil (Previous Year ₹2.71 Cr.).

43. Information in respect of Joint venture – Khappa Coal Company Private Limited

(₹ in Crore)

S. No.	Particulars	2011–12	2010–11
1	Proportion of Ownership Interest	**36.73%**	**36.73%**
2	Country of Incorporation or Registration	**India**	**India**
3	Accounting Period ended	**31.03.2012**	**31.03.2011**
4	Current Assets	**0.55**	**1.02**
5	Non-Current Assets (including capital work in progress)	**5.55**	**4.84**
6	Current Liabilities	**0.02**	**0.02**
7	Non-Current Liabilities	**4.28**	**4.04**
8	Income	**–**	**–**
9	Expenses	**–**	**–**
10	Contingent Liabilities	**1.43**	**1.43**
11	Capital Commitments	**–**	**–**

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

44. The Company has entered into definitive agreements with Calcom Cement India Limited ('Calcom'), Saroj Sunrise Private Limited ('SSPL') (a Company owned by the promoters of Calcom) and the promoters of Calcom whereby the Company has initially acquired 14.59% and would be ultimately acquiring 50% stake in the Equity Share Capital of Calcom. The agreements also provide for board representation and assignment of voting rights to the extent of 50% to the Company till the ultimate shareholding of 50% is acquired. A part of the agreements has already been executed whereby the Company has invested an amount of ₹27.93 Cr. and ₹59.00 Cr. respectively in the Equity Shares of Calcom and Optionally Redeemable Convertible Debentures ('OCDs') of SSPL. Subsequently, Calcom has been restrained by an interim order passed by the Hon'ble High Court of Calcutta on a petition filed by Guarant Co. Limited, among other things, to make any change in its ownership, control, management of the business and Memorandum and Articles. In view of the said order the above arrangement is not binding upon Calcom Cement India Limited.

The OCDs are non interest bearing and are secured by the pledge of 108,705,790 equity shares of Calcom held by SSPL. If certain conditions for performance by promoters of Calcom are met, these OCDs are convertible into equity shares constituting 0.01% shareholding of SSPL, else the Company has an option either to get the debentures redeemed for an aggregate amount of ₹59.00 Crore or convert into equity shares constituting 99.99% shareholding of SSPL.

This being a long term strategic investment acquired in the current year at fair market value, in the opinion of the management, no provision for diminution in value of investment is required to be made as per Accounting Standard 13, "Accounting for Investments" notified under the Companies (Accounting Standards) Rules 2006 (as amended).

Notes to Financial Statements
for the year ended March 31, 2012 (contd.)

45. In the opinion of the management there is no reduction in value of any assets, hence no provisions is required in terms of Accounting Standard 28 "Impairment of Assets".

46. Previous Year Comparatives

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

As per our report of even date

For S. R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants
per **Manoj Gupta**
Partner
Membership No.: 83906
Place : Gurgaon
Date : May 16, 2012

For S. S. Kothari Mehta & Co.
Firm Registration No. 000756N
Chartered Accountants
per **Arun K. Tulsian**
Partner
Membership No.: 89907
Place : New Delhi
Date : May 16, 2012

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

Puneet Yadu Dalmia
Managing Director

Y. H. Dalmia
Director

Vipin Agarwal
Executive Director
(Finance)

Manisha Bansal
Company
Secretary

Cash Flow Statement for the year ended March 31, 2012

(₹ in Crore)

		2011–2012	2010–2011
A.	**Cash Flow from Operating Activities**		
	Net Profit before tax	**256.36**	**39.04**
	Adjustments		
	Depreciation / Amortisation	160.41	153.98
	Provision for doubtful debts/ advances	0.22	5.43
	Bad Debts written off	0.28	0.63
	Dividend Income	(22.59)	(10.33)
	Finance Cost	150.96	171.15
	Interest Income	(7.45)	(2.31)
	(Profit)/Loss on sale of Investments	(4.77)	(13.85)
	Assets Written off / Loss on sale of assets	5.28	0.02
	Operating Profit before working Capital Changes	**538.70**	**343.76**
	Adjustments for working Capital changes :		
	Inventories	37.74	(87.17)
	Trade and Other Payables	20.97	(47.14)
	Trade and Other Receivables	(79.33)	(2.96)
	Cash Generated from Operations	**518.08**	**206.49**
	Direct Taxes Paid	(79.43)	(1.92)
	Net Cash from Operating activities	**438.65**	**204.57**
B.	**Cash Flow from Investing Activities**		
	Purchase of fixed Assets	(78.76)	(36.03)
	Proceeds from sale of Fixed Assets	6.80	0.06
	(Purchase)/ Sale of Current Investments (net)	(294.92)	8.50
	(Purchase) of Non Current Investments	(225.82)	–
	Interest Received	7.44	0.96
	Dividend Received from Current Investments	12.26	–
	Dividend Received from Non Current Investments	10.33	10.33
	Net Cash used in Investing Activities	**(562.67)**	**(16.18)**
C.	**Cash flow from Financing Activities**		
	Proceeds / (repayment) of Short term Borrowings	186.88	(25.40)
	(Repayment) of Long term Borrowings	(243.36)	(193.18)
	Proceeds from issue of shares	–	500.00
	Share issue expenses	–	(3.38)
	Finance Cost	(150.81)	(171.44)
	Net cash from / (used in) financing activities	**(207.29)**	**106.60**
	Net increase in Cash and Cash Equivalents (A+B+C)	**(331.31)**	**294.99**
	Cash and Cash Equivalents (Opening Balance)	**376.22**	**0.21**
	Cash additions pursuant to Scheme of Arrangement	**–**	**81.02**
	Cash and Cash Equivalents (Closing Balance)	**44.91**	**376.22**
	Change in Cash and Cash Equivalents	**(331.31)**	**294.99**

Note:
1) Cash and Cash Equivalents components are as per Note 18.
2) Previous year figures have been regrouped/restated whereever considered necessary

As per our report of even date

For S. R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants
per **Manoj Gupta**
Partner
Membership No.: 83906
Place : Gurgaon
Date : May 16, 2012

For S. S. Kothari Mehta & Co.
Firm Registration No. 000756N
Chartered Accountants
per **Arun K. Tulsian**
Partner
Membership No.: 89907
Place : New Delhi
Date : May 16, 2012

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

Puneet Yadu Dalmia
Managing Director

Y. H. Dalmia
Director

Vipin Agarwal
Executive Director
(Finance)

Manisha Bansal
Company
Secretary

Corporate Office : Hansalaya Building, 11th & 12th Floor, 15, Barakhamba Road, New Delhi - 110001.
Ph.: 011 - 23310121 / 23 / 24 / 25 Fax : 011 - 23313303
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