Annual Report 2013

HEIDELBERGCEMENT INDIA Ltd

CORPORATE INFORMATION

BOARD OF DIRECTORS

Non Executive Chairman

Mr. P.G. Mankad

Non Executive Directors

Dr. Bernd Scheifele

Dr. Lorenz Naeger

Dr. Albert Scheuer

Mr. S. Krishna Kumar

Mr. Pradeep V. Bhide

Mr. Daniel R. Fritz

CEO & Managing Director

Mr. Ashish Guha

Wholetime Director

Mr. Sushil Kumar Tiwari

Chief Financial Officer

Mr. Anil Kumar Sharma

Legal Head & Company Secretary

Mr. Rajesh Relan

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

Auditors
S.R. Batliboi & Associates LLP
Chartered Accountants

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

CONTENTS

HeidelbergCement India Limited

CIN: L26942HR1958FLC042301
Regd. Office: 9th Floor, Tower 'C', Infinity Towers, DLF Cyber City, Phase II, Gurgaon, Haryana -122002,
Ph. +91 0124-4503795, Fax +91 0124-4147698, Email Id: investors.mcl@mycem.in; Website: www.mycemco.com

NOTICE TO MEMBERS

NOTICE is hereby given that the 55th Annual General Meeting of the Members of the Company will be held at 9.30 A.M. on Thursday, the 19th June 2014 at Epicentre, Apparel House, Sector 44, Institutional Area, Gurgaon, Haryana to transact the following business: -

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Accounts of the Company consisting of the Balance Sheet as at 31st December 2013 and the Profit and Loss Account for the financial year ended on that date including notes thereto together with the Reports of the Directors' and Auditors' thereon for the financial year ended 31st December 2013.
2. To appoint a Director in place of Mr. Daniel Robert Fritz (holding DIN 03491499), who retires by rotation and being eligible offers himself for re-appointment.
3. To consider and if thought fit to pass, with or without modification(s) the following as an Ordinary Resolution:

   "RESOLVED that pursuant to Section 139 and other applicable provisions of Companies Act, 2013 and the Rules made thereunder S.R. Batliboi & Co. LLP, Chartered Accountants (Firm Registration No.: 301003E) be and are hereby appointed as Auditors of the Company in place of retiring Auditors, S.R. Batliboi & Associates LLP, Chartered Accountants, who have expressed their unwillingness to continue as Auditors, to hold office from conclusion of 55th Annual General Meeting until conclusion of 58th Annual General Meeting on such remuneration as may be agreed upon between the Board of Directors and the Auditors, in addition to reimbursement of service tax and out of pocket expenses in connection with Audit of the accounts of the Company."

SPECIAL BUSINESS:

4. To consider and if thought fit to pass, with or without modification(s) the following as an Ordinary Resolution:

   "RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Pradeep V. Bhide (holding DIN 03304262), Director of the Company who retires by rotation at the Annual General Meeting be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years from 1st April 2014 up to 31st March, 2019."
5. To consider and if thought fit to pass, with or without modification(s) the following as an Ordinary Resolution:

   "RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. P.G. Mankad (holding DIN 00005001), Director of the Company whose period of office is liable to determination by retirement of directors by rotation be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years from 1st April 2014 up to 31st March, 2019."
6. To consider and if thought fit to pass, with or without modification(s) the following as an Ordinary Resolution:

   "RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. S. Krishna Kumar (holding DIN 01785323), Director of the Company whose period of office is liable to determination by retirement of directors by rotation be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years from 1st April 2014 up to 31st March, 2019."
7. To consider and if thought fit to pass, with or without modification(s) the following as a Special Resolution:

   "RESOLVED that pursuant to the provisions of Sections 196, 197, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the Rules framed thereunder including any statutory modification(s) and/ or re-enactment thereof, consent of the members of the Company be and is hereby accorded to the re-appointment of Mr. Sushil Kumar Tiwari as Wholetime Director of the Company from 29th April 2014 till 9th June 2015, being the date of his retirement from the services of the Company on the terms and conditions as detailed in Statement pursuant to Section 102 of the Act annexed hereto.

   RESOLVED FURTHER that pursuant to the provisions of Sections 196, 197, 203, Schedule V and other applicable provisions, if any, of the Act and the Rules framed thereunder including any statutory modification(s) and/or re-enactment thereof, the terms of remuneration of Mr. Sushil Kumar Tiwari effective from 1st January 2014 as set out in the Statement pursuant to Section 102 of the Act be and are hereby approved.

   RESOLVED FURTHER that pursuant to paragraph (A) of Section II of Part II of Schedule V and other applicable provisions, if any, of the Act and subject to such approvals as may be necessary, the Company be and is hereby authorized to pay the remuneration as detailed in the Statement pursuant to Section 102 of the Act annexed hereto as minimum remuneration to Mr. Tiwari in any financial year, in which the Company has no profit or the profit is inadequate.

   RESOLVED FURTHER that the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall be deemed to include any Committee thereof and any person authorised by the Board in this behalf) shall, in accordance with the statutory limits/approvals as may be applicable for the time being in force, be at full liberty to revise and/or change the terms and conditions of the appointment and remuneration from time to time as may be deemed appropriate."
8. To consider and if thought fit to pass, with or without modification(s) the following as a Special Resolution:

"RESOLVED THAT in supersession of the Ordinary Resolution passed by the members at the Annual General Meeting held on 16th May 2013 with respect to borrowing powers of Board of Directors, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter called "the Board" which term shall be deemed to include any Committee, which the Board may hereinafter constitute to exercise its powers including the powers conferred by this resolution and with the power to delegate such authority to any person or persons) in terms of the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act 2013 including any statutory modification or re-enactment thereof for borrowing from time to time, as it may think fit, any sum or sums of money (including non-fund based facilities) not exceeding Rs. 20,000 million (Rupees Twenty Thousand million) on such security and on such terms and conditions as the Board may deem fit including the borrowings in foreign currency equivalent to Rs. 20,000 million (Rupees Twenty Thousand million) through External Commercial Borrowings (ECBs) in accordance with the provisions of Foreign Exchange Management Act, 1999 from any one or more Banks, Financial Institutions and other persons, firms, bodies corporate and other eligible lenders, notwithstanding that the monies to be borrowed, together with the monies already borrowed by the Company (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business), exceed the aggregate, for the time being, of the paid up capital of the Company and its free reserves, (that is to say, reserves not set apart for any specific purpose).

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

9. To consider and if thought fit to pass, with or without modification(s) the following as a Special Resolution:

RESOLVED THAT in supersession of the Ordinary Resolution passed by the members through Postal Ballot on 11th May 2010, with respect to creation of mortgage/charge on the properties of the Company, the consent of the Company be and is hereby granted in terms of Section 180(1)(a) and other applicable provisions of the Companies Act, 2013, (including any statutory modification or re-enactment thereof), to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may constitute for this purpose) to mortgage and/or charge, in such form and manner and with such ranking and at such time and on such terms as the Board may determine, all or any of the moveable and/or immoveable properties of the Company, both present and future and/or the whole or any part of the undertaking(s) of the Company together with the power to take over the management of the business and concern of the Company in certain events of default, in favour of the Banks, National or International Financial Institutions, other Lender(s), Agent(s) and Trustee(s), for securing the borrowings availed/ to be availed by the Company by way of loan(s) (in foreign currency and/or Indian Rupees whether Term Loan / Cash Credit/ other facilities) and Securities (comprising Fully / Partly Convertible Debentures and/or Non Convertible Debentures with or without detachable or non-detachable Warrants and/or secured premium notes and/or floating rate notes/bonds or other debt instruments), to be issued by the Company, from time to time, for an amount not exceeding Rs. 20,000 million (Rupees Twenty Thousand million) or an amount equivalent thereto in foreign currency together with interest at the respective agreed rates, additional interest, compound interest in case of default, accumulated interest, liquidated damages, commitment charges, premia on prepayment, remuneration of the Agent(s)/Trustees, premium (if any) on redemption, all other costs, charges and expenses, including any increase as a result of devaluation / revaluation / fluctuation in the rates of exchange and all other monies payable by the Company in terms of the Loan Agreement(s)/Heads of Agreement(s), Debenture Trust Deed(s) or any other document, entered into/to be entered into between the Company and the Banks/ Financial Institutions/ other Lender(s)/Agent(s) and Trustee(s), in respect of the said loans / borrowings / debentures / bonds and containing such specific terms and conditions and covenants, in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors or Committee thereof and the Banks/ Financial Institutions/ other Lender(s)/ Agent(s)and Trustee(s).

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board and/or its duly constituted Committee be and are hereby authorised to finalise, settle and execute such documents/ deeds/writings/papers/ agreements as may be required and do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to creating mortgages/charges as aforesaid."

By Order of the Board

Date : 2nd May 2014 — Rajesh Relan
Place : Gurgaon — Legal Head & Company Secretary

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY HAS TO BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the company.

2. **Voting through electronic means**

   I. In compliance with provisions of Section 108 of the

Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 55th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL):

The instructions for e-voting are as under:

A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)]:

   (i) Open email and open PDF file viz; "HeidelbergCement India Limited e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.

   (ii) Launch internet browser by typing the following URL: https://www.evoting.nsdl.com/.

   (iii) Click on Shareholder – Login.

   (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.

   (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

   (vi) Home page of e-voting opens. Click on e-Voting: Active Voting Cycles.

   (vii) Select "EVEN" of HeidelbergCement India Limited.

   (viii) Now you are ready for e-voting as Cast Vote page opens.

   (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

   (x) Upon confirmation, the message "Vote cast successfully" will be displayed.

   (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.

   (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to officenns@gmail.com with a copy marked to evoting@nsdl.co.in.

B. In case a Member receives physical copy of the Annual Report [for members whose email IDs are not registered with the Depository Participants(s)]:

   (i) Initial password is provided on the Attendance Slip for the AGM:

   (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

II. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of www.evoting.nsdl.com

III. If you are already registered with NSDL for e-voting then you can use your existing user ID and password/PIN for casting your vote.

IV. The e-voting period commences on 14th June 2014 (9:00 am) and ends on 16th June 2014 (6:00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 16th May, 2014, may cast their votes electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

V. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 16th May 2014.

VI. The Company has appointed Mr. Nityanand Singh, Company Secretary in wholetime practice (FCS No. 2668, CP No. 2388) as scrutinizer for conducting the e-voting process in a fair and transparent manner. Mr. Arvind Kohli, Company Secretary in wholetime practice (FCS No. 4434, CP No. 2818) has been appointed as an alternate scrutinizer.

VII. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

VIII. The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.mycemco.com and on the website of NSDL within two(2) days of passing of the resolutions at the AGM of the Company and communicated to Stock Exchanges.

3. Statement pursuant to section 102 of Companies Act, 2013 is annexed.

4. The Register of Members and the Share Transfer Books of the Company will remain closed from 14th June 2014 to 19th June 2014 (both days inclusive).

5. The share transfer instruments, complete in all respects, should be sent to the Registrar & Share Transfer Agents, Integrated Enterprises (India) Limited, 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore - 560003 well in advance so as to reach the Registrar & Share Transfer Agents prior to the book closure.

6. Members who continue to hold the shares in physical

form are requested to inform any change in their address, bank particulars, nominee, email address etc., to the Registrar & Share Transfer Agents. Members holding shares in dematerialized form are requested to approach their Depository Participant for change of address, bank particulars, nominee, email address etc.

7. Members are requested to note that in case of transfers, deletion of name of deceased shareholder, transmission and transposition of names in respect of shares held in physical form, submission of photocopy of PAN Card of the transferee(s), surviving holder(s), legal heir(s) and joint holder(s) respectively, along with necessary documents at the time of lodgement of request for transfer/ transmission/ transposition, is mandatory.

8. Under the provisions of Section 72 of the Companies Act, 2013, shareholder(s) is/are entitled to nominate in the prescribed manner, a person to whom his/her/their shares in the Company, shall vest after his/her/their lifetime. Members who are holding shares in physical form and are interested in availing the nomination facility are requested to write to the Company/RTA.

9. (a). Members attending the meeting are requested to complete the enclosed attendance slip and submit the same at the entrance of the meeting hall. Attendance at the Annual General Meeting shall not be allowed without production of the attendance slip duly signed.

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

STATEMENT PURSUANT TO SECTION 102 OF COMPANIES ACT, 2013

Item No. 2:

Brief resume of Mr. Daniel Robert Fritz, who is proposed to be re-appointed as Director, is given below:

Mr. Fritz, aged 59 years, completed his Bachelor of Science degree in Civil Engineering Technology from University of Massachusetts at Dartmouth (USA) in the year 1977. He also completed the AMP/ ISMP Executive Education Program from Harvard University in the year 1996.

Mr. Fritz started his professional career in 1977 with the Willis & Paul Group, a heavy industrial engineering and construction firm engaged in civil design and construction of Aggregates, Cement, Pulp & Paper and Power Plants throughout North America. From 1977-1991 he held several management positions including Division President for their southern US operations. In 1991 he joined Polysius Corporation located in Atlanta Georgia as its President. Polysius Corporation is a group Company of Krupp Polysius a global design, equipment supplier and builder of cement and mining manufacturing facilities.

In 2004 he joined the Brazilian industrial conglomerate Votorantim Cimentos North America responsible for their Southeast US vertically integrated operations including cement, ready mix and aggregates holding the position of Chief Operating Officer.

In 2008 he joined HeidelbergCement Asia Pte. Ltd. as Director HTC Asia-Oceania responsible for managing the technical centres in this Area, which not only provides technical support to all the cement manufacturing facilities of HeidelbergCement group in this region but also takes care of new projects.

Mr. Fritz does not hold directorship in any other company in India. Mr. Fritz does not hold any Equity Shares in the Company. The Board of Directors has recommended the appointment of Mr. Fritz by the shareholders.

Except Mr. Fritz, none of the Directors, Key Managerial Personnel of the Company and/or their relatives is concerned or interested, financial or otherwise, in the proposed appointment. This explanatory statement may also be regarded as a disclosure pursuant to Clause 49 of Listing Agreement with Stock Exchanges.

Item No. 3

The statutory auditors of the Company, S.R. Batliboi & Associates LLP, have expressed unwillingness to be re-appointed as Auditors of the Company at the ensuing AGM. It is proposed to appoint S.R. Batliboi & Co. LLP, Chartered Accountants as Statutory Auditors in place of the retiring auditors, S.R. Batliboi & Associates LLP, who have confirmed that their appointment would be in accordance with the conditions laid down under the Companies Act, 2013 and the Rules made thereunder.

Section 139 of the Companies Act, 2013 provides that a listed company shall not appoint or re-appoint an audit firm as auditor for more than two consecutive terms of five consecutive years each. It also provides that audit firms having common audit partners who had been appointed as Auditors and who have completed period of ten years shall not be appointed as Auditor for a period of five years. The proviso to Section 139 also provides that every company which is required to comply with the provisions of this sub-section, shall comply with the requirements of this sub-section within three years from the date of commencement of this Act. S.R. Baliboi & Co. LLP and S.R. Batliboi & Associates LLP are part of the same network of chartered accountancy firms and have taken together completed eight years as Auditors of the Company i.e., from financial year 2006 to financial year 2013. The Resolution provided at Item No. 3 of this notice proposes to appoint S.R. Batliboi & Co. LLP, as Auditor for the remaining term of three years i.e., from conclusion of 55th AGM till conclusion of 58th AGM.

None of the Directors, Key Managerial Personnel of the Company and/or their relatives are concerned or interested in the proposed resolution. The Board of Directors recommends the Resolution for approval of the members.

Item No. 4

Brief resume of Mr. Pradeep V. Bhide who is proposed to be appointed as an Independent Director is given below:

Mr. Pradeep V. Bhide, aged 64 years, is a retired IAS Officer and holds degrees in MBA, LL.B. and B.Sc. During his career spanning about four decades he held various positions at senior level, including the Secretary, Department of Revenue, Ministry of Finance, Government of India; Secretary and Joint Secretary, Department of Disinvestment, Ministry of Finance, Government of India; Additional Secretary / Spl. Secretary, Ministry of Home Affairs, Government of India; Deputy Secretary/Director in the Department of Economic Affairs, Ministry of Finance, Government of India; Director Fund-Bank Division of the Department and Advisor to India's Executive Director to the International Board for Reconstruction and Development, Washington D.C; Secretary, Department of Finance, Government of Andhra Pradesh; Secretary, Department of Energy, Government of Andhra Pradesh and Managing Director of Godavari Fertilisers and Chemicals

Limited. During his tenure as Secretary, Department of Revenue, Ministry of Finance he was involved in formulation of the Direct and Indirect Taxation Policies including the Direct Taxes Code and the proposed roll out of the Goods and Services Tax.

Mr. Bhide joined the Board of Directors of the Company as an Independent Director on 29th April 2011. He is Chairman of Nomination and Remuneration Committee and a member of Audit Committee and Stakeholders' Relationship Committee of the Board of Directors of the Company.

Mr. Bhide holds directorships in L & T Finance Ltd., GlaxoSmithKline Pharmaceuticals Ltd. NOCIL Ltd., Tube Investments of India Ltd., A.P.I.D.C. Venture Capital Pvt. Ltd., Joshi Technologies International Inc., Ballarpur International Graphic Paper Holdings B.V., L & T Finance Holdings Ltd., Cholamandalam MS General Insurance Company Ltd. He is chairman of Audit Committee of L & T Finance Limited. He is also member of Audit Committee of GlaxoSmithKline Pharmaceuticals Ltd. and Tube Investments of India Ltd. He is a member of Shareholders' / Investors' Grievance Committee of GlaxoSmithKline Pharmaceuticals Ltd.

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

Mr. Bhide retires by rotation at the ensuing AGM pursuant to the erstwhile Sections 255 and 256 of Companies Act, 1956. In terms of Section 149 and other applicable provisions of Companies Act 2013, Mr. Bhide being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for a term of five consecutive years from 1st April 2014 up to 31st March 2019. A notice has been received from a member pursuant to Section 160 of the Companies Act, 2013 proposing Mr. Bhide as a candidate for the office of Director of the Company. In the opinion of the Board, Mr. Bhide fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director.

The Board is of the opinion that Mr. Bhide's continued association as an Independent Director shall immensely benefit the Company. Accordingly, the Board of Directors has recommended the resolution set out at Item No. 4 of this Notice for approval of the members of the Company.

Except Mr. Bhide, none of the Directors, Key Managerial Personnel of the Company and/or their relatives is concerned or interested, financial or otherwise, in the proposed resolution. This explanatory statement may also be regarded as a disclosure pursuant to Clause 49 of Listing Agreement with Stock Exchanges.

Item No. 5

Brief resume of Mr. P.G. Mankad who is proposed to be appointed as an independent Director is given below:

Mr. P.G. Mankad, IAS (Retd.) aged 72 years, is M.A. and has done Diploma in Development Studies from Cambridge, U.K. He was Finance Secretary and Secretary (Industries) in the respective Ministries of Government of India. He has also worked as Executive Director with Asian Development Bank, Manila. He has expertise in the areas of Public Administration & Policy, Finance, Industrial Development & Investment, International Economic Relations and Development Banking.

Mr. P.G. Mankad joined the Board of Directors of the Company as an Independent Director on 19th October 2006. He was appointed as Chairman of the Board of Directors of the Company on 24th April 2008. He is Chairman of Stakeholders' Relationship Committee and a member of Audit Committee and Nomination and Remuneration Committee of the Board of Directors of the Company.

Mr. P.G. Mankad is on the Board of Directors of Tata International Ltd., Tata Elxsi Ltd., The Tata Power Company Ltd., DSP Black Rock Fund Managers Private Limited, Mahindra & Mahindra Financial Services Ltd., Noida Toll Bridge Company Ltd., ICRA Ltd., Hindustan Media Ventures Ltd. and Tata South East Asia Ltd., Hong Kong.

Mr. P.G. Mankad is Member of the Audit Committee of Tata International Ltd., The Tata Power Company Ltd., DSP Black Rock Fund Managers Private Limited, Mahindra & Mahindra Financial Services Ltd., Noida Toll Bridge Company Ltd. and ICRA Ltd. He is Chairman of Investors' Grievance & Share Transfer Committee of Tata Elxsi Ltd. and Noida Toll Bridge Company Ltd.

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

Mr. Mankad is a director whose period of office is liable to determination by retirement of directors by rotation pursuant to the erstwhile Sections 255 and 256 of Companies Act, 1956. In terms of Section 149 and other applicable provisions of Companies Act 2013, Mr. Mankad being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for a term of five consecutive years from 1st April 2014 up to 31st March 2019. A notice has been received from a member pursuant to Section 160 of the Companies Act, 2013 proposing Mr. Mankad as a candidate for the office of Director of the Company. In the opinion of the Board, Mr. Mankad fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director.

The Board is of the opinion that Mr. Mankad's continued association as an Independent Director shall immensely benefit the Company. Accordingly, the Board of Directors has recommended the resolution set out at Item No. 5 of this Notice for approval of the members of the Company.

Except Mr. P.G. Mankad, none of the Directors, Key Managerial Personnel of the Company and/or their relatives is concerned or interested, financial or otherwise, in the proposed resolution. This explanatory statement may also be regarded as a disclosure pursuant to Clause 49 of Listing Agreement with Stock Exchanges.

Item No. 6

Brief resume of Mr. S. Krishna Kumar who is proposed to be appointed as an independent Director is given below:

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

Mr. S. Krishna Kumar joined the Board of Directors of the Company as an Independent Director on 19th April 2007. He is Chairman of Audit Committee and Corporate Social Responsibility Committee of the Board of Directors of the Company.

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

Mr. Kumar is a director whose period of office is liable to determination by retirement of directors by rotation pursuant to the erstwhile Sections 255 and 256 of Companies Act, 1956. In terms of Section 149 and other applicable provisions of Companies Act 2013, Mr. Kumar being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for a term of five consecutive years from 1st April 2014 up to 31st March 2019. A notice has been received from a member pursuant to Section 160 of the Companies Act, 2013 proposing Mr. Kumar as a candidate for the office of Director of the Company. In the opinion of the Board, Mr. Kumar fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director.

The Board is of the opinion that Mr. Kumar's continued association as an Independent Director shall immensely benefit the Company. Accordingly, the Board of Directors has recommended the resolution set out at Item No. 6 of this Notice for approval of the members of the Company.

Except Mr. Kumar, none of the Directors, Key Managerial Personnel of the Company and/or their relatives is concerned or interested, financial or otherwise, in the proposed resolution. This explanatory statement may also be regarded as a disclosure pursuant to Clause 49 of Listing Agreement with Stock Exchanges.

Item No. 7

The members of the Company at the Annual General Meeting held on 10th June 2011 had approved the appointment of Mr. Sushil Kumar Tiwari as Wholetime Director of the Company from 29th April 2011 till 28th April 2014. The Board of Directors of the Company has re-appointed Mr. Tiwari as Wholetime Director of the Company from 29th April 2014 till 9th June 2015 (being the date of his retirement from the services of the Company). The remuneration of Mr. Tiwari was approved by Nomination & Remuneration Committee and the Board of Directors at their respective meetings held on 2nd May 2014.

The terms and conditions of Mr. Tiwari's remuneration effective from 1st January 2014 are as under:

i) Basic Salary : Rs. 4,772,640 per annum. The annual increment will be effective from 1st January 2015, and the same shall be approved by Nomination & Remuneration Committee and the Board of Directors based on the merits and taking into account the Company's performance and market parity.

ii) House Rent Allowance : 40% of the basic salary.

iii) Variable Pay : Variable Pay shall be equivalent to Rs. 2,908,301 on 100% achievement of the Company's and individual targets set at the beginning of the year. It can vary between 0% to 200% of the base amount of Rs. 2,908,301 depending upon results of evaluation of individual's and Company's performance. The annual increment in variable pay will also be effective from 1st January 2015.

iv) Car Allowance : 612,000 per annum.

v) Perquisites & Allowances : Medical Reimbursement, Mediclaim Premium, Special Allowance, Long Term Incentive Plan, Leave Travel Allowance, Ex-gratia etc., in accordance with the Rules of the Company or as may be agreed to between the Company and Mr. Tiwari.

Perquisites and allowances shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost. Provision for use of telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the remuneration.

vi) Retirement benefits : Contribution to Provident Fund and Superannuation Fund, as per Company's policy. Gratuity to be paid in accordance with Payment of Gratuity Act, 1972 and encashment of leave at end of tenure.

Minimum Remuneration: Where in any financial year during the tenure of the Wholetime Director, the Company has no profit or its profit is inadequate, the Company will pay remuneration specified herein above as minimum remuneration, subject to the requisite approvals as may be necessary.

Within the overall ceiling on managerial remuneration prescribed under the Companies Act, 2013, or any statutory modification or re-enactment thereof the Board (including any Committee of the Board or any person authorised by the Board in this behalf) shall be entitled to add, alter or vary any of the foregoing terms of remuneration, benefits or perquisites to which Mr. Tiwari may be entitled as aforesaid.

The Company's financial year being January to December, the annual increments are effective from 1st January each year. Therefore, Mr. Tiwari's remuneration is being revised w.e.f. 1st January 2014 although the re-appointment is effective from 29th April 2014.

The statement as required under Para A of Section II, Part II of Schedule V of the Companies Act, 2013 with reference to aforesaid item is given below:

I. General Information:

(1)	Nature of industry.	: Manufacturing of Cement.
(2)	Date or expected date of commencement of commercial production.	: Not Applicable (The Company was incorporated on 13th May 1958 and commenced commercial production in 1962).
(3)	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.	: Not Applicable

(4) Financial performance based on given indicators. :

(Rs. in million)

Particulars	For year ended 31st December 2013	For year ended 31st December 2012	For year ended 31st December 2011
Net Sales and Other Income	14,006.0	11,144.2	9,998.0
EBITDA (Earnings before interest, tax, depreciation and amortization)	1,222.1	876.8	776.1
Profit / (loss) before tax	-806.7	456.6	423.6
Net Profit / (Loss)	-407.3	308.4	291.7

(5) Foreign investments or collaborations, if any. : The foreign holding in the share capital of the Company as on 31st March 2014 is as under:-

Foreign holding	No. of shares	Percentage of holding
Promoter (Cementrum I B.V.)	157,244,693	69.39%
Foreign Institutional Investors	10,833,715	4.78%
Non-Resident Indians / OCBs	1,428,112	0.63%

II. Information about the appointee:

(1) Background details. : Mr. Sushil Kumar Tiwari, aged 58 years, is Engineer in Electrical as well as Electronics and Communication from the Institute of Engineers, Kolkata. In his career spanning over 35 years he has rich and vast experience of more than 28 years in the Cement Sector. He has worked with Raymond Limited (Cement Division), which was taken over by Lafarge India Private Limited in the year 2001.

Mr. Tiwari joined HeidelbergCement India Limited in April 2007 as Unit Head of Company's Ammasandra Plant. In August 2008, he was appointed as Unit Head of the Company's Damoh and Jhansi units. In view of the valuable contribution of Mr. Tiwari, he was elevated to the position of Technical Head of the Company w.e.f. 1st September 2010. He was appointed as Wholetime Director of the Company w.e.f. 29th April 2011. He is a member of Corporate Social Responsibility Committee of the Company. He is also Director of Cochin Cements Limited.

(2) Past remuneration. : Year 2011: Mr. Tiwari was appointed as Wholetime Director of the Company w.e.f. 29th April 2011. During the year 2011 he was paid managerial remuneration of Rs. 4,841,200/- for the period from 29th April 2011 to 31st December 2011. It may be noted that Mr. Tiwari was paid salary, perquisites & allowances, performance incentive etc., amounting to Rs. 3,444,572 for the period from 1st January 2011 to 28th April 2011 in the capacity of Technical Head of the Company.

Year 2012: He was paid remuneration of Rs. 12,534,254 during the year ended 31st December 2012.

Year 2013: He was paid remuneration of Rs. 13,988,282/- during the year ended 31st December 2013.

(3) Recognition or awards. : The Institution of Engineers (India) at its 21st National Convention 2005-06 held on 4th & 5th day of February 2006, honoured Mr. Tiwari for the outstanding achievements and contribution in the field of Electronics & Telecommunication Engineering. The Award was presented to Mr. Tiwari by the then Hon'ble Governor of Chattisgarh, Mr. Krishna Mohan Seth.

(4) Job profile and his suitability. : As Wholetime Director, Mr. Tiwari performs such duties and exercises such powers as are entrusted to him from time to time by the Board of Directors and/or CEO & Managing Director. In view of Mr. Tiwari's rich and vast experience of more than 28 years in Cement Sector, he is competent to discharge the functions and tasks associated with his position as Wholetime Director of the Company. Mr. Tiwari plays a crucial role in overseeing activities at Plants and Mines of the Company.

(5) Remuneration proposed. : As per details given in the Statement pursuant to Section 102 of the Act.

(6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person : The remuneration payable to Mr. Tiwari has been benchmarked with remuneration being drawn by similar positions in the cement industry and has been approved by the Nomination and Remuneration Committee at its meeting held on 2nd May 2014.

(7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any. : Apart from receiving his remuneration as stated in the statement pursuant to Section 102 of Act, Mr. Tiwari does not have any pecuniary relationship, directly or indirectly with the Company, its Directors, Key Managerial Personnel and/or their relatives. Mr. Tiwari does not hold any shares of the Company.

III. Other information:

(1) Reasons of loss or inadequate profits. : Cement Industry in India has been adversely impacted by several factors such as economic slowdown, high interest rates, high raw material, power & fuel and freight cost and volatility in forex rates. The Industry witnessed flattish growth during the year ended 31st December 2013. Slow execution of infrastructure projects and delay in launch of new projects resulted in sluggish demand. Moreover, commissioning of number of new cement manufacturing units during last 3 years has led to surplus capacity, resulting into lower capacity utilisation of cement plants across India.

Due to all these factors, industry players were unable to fully pass on cost increases to the customers. Industry trends over the last few years indicate consistent erosion of margins.

Your Company being no exception to the overall trend has also been hit by demand-supply mismatch resulting in drop in capacity utilisation after commissioning of new plants at Damoh and Jhansi. Post expansion of capacity of Damoh and Jhansi plants, the Company's EBITDA during the year ended 31st December 2013 was Rs. 1,222.1 million compared to Rs. 876.8 million during the year ended 31st December 2012. However due to higher incidence of interest and depreciation on commissioning of the new Plants, the Company has reported net loss of Rs. 407.3 million during year ended 31st December 2013 compared to net profit of Rs. 308.4 million during year ended 31st December 2012.

(2) Steps taken or proposed to be taken for improvement. : The Company is taking all possible steps to check costs for improving profitability. A few notable steps being taken in this direction are as under:

Finance Costs: In order to curtail the finance costs, your Company issued Debentures aggregating to INR 3700 million to its ultimate holding company HeidelbergCement AG of Germany thus facilitating repayments of high interest bearing term loans of INR 3700 million taken from banks for Damoh and Jhansi expansion projects. These Debentures carry a fixed interest rate of 10.4% per annum which will lead to a saving of around 3% per annum in the interest costs. Since these debentures were allotted on 16th December 2013, the Company will benefit from the savings in the coming years.

Energy Costs: In order to check the burgeoning fuel costs owing to high coal prices, your Company has successfully altered the fuel mix for firing of the kiln by increasing the usage of petcoke, which is an economical fuel, as compared to coal. The Company is also exploring measures for further reduction in specific power consumption and fuel consumption which will lead to optimization in power and fuel costs.

Operational Efficiencies: Consumption parameters of various raw materials are being closely monitored and immediate corrective actions are being taken, wherever necessary. The Company is in the advanced stages of installing wagon tippler, extending railway siding and modifying the packing plant at its Central India locations which will help in reducing the turnaround time and increasing the operational efficiencies.

Logistics Costs: The Company is aggressively planning and executing changes in its Rail-Road mix for cement despatches to optimise logistics costs.

(3) Expected increase in productivity and profits in measureable terms. : With the stabalisation of new plants at Damoh & Jhansi and with pick-up in Cement demand in markets, the capacity utilisation of plants is expected to increase in the coming years which will improve the margins and thus add to the bottomline.

IV. **Disclosures:** The remuneration package of the managerial personnel has been described in the statement pursuant to section 102 of the Act and will also be provided in the Corporate Governance Report of the subsequent years.

The Board recommends the resolution set out at Item No.7 of the Notice for approval of the members as a Special Resolution.

Except Mr. Sushil Kumar Tiwari, none of the other Directors, Key Managerial Personnel of the Company and/or their relatives are concerned or interested, financial or otherwise, in the aforesaid resolution.

Item No. 8:

At the Annual General Meeting held on 16th May 2013 shareholders had approved the borrowing of funds up to Rs. 20,000 million through an Ordinary Resolution passed pursuant to Section 293(1)(d) of the Companies Act, 1956.

Section 180(1)(c) of Companies Act, 2013 which has replaced Section 293(1)(d), provides that the Board of Directors cannot, except with the consent of the Shareholders by means of a Special Resolution, borrow money in excess of the aggregate of the paid-up capital and free reserves.

It is therefore proposed to obtain the consent of the members, by way of passing a Special Resolution for enabling the Company to borrow funds up to INR 20,000 million.

The Board recommends the resolution set out at Item No. 8 of the Notice for approval of the members as a Special Resolution.

None of the Directors, Key Managerial Personnel of the Company and/or their relatives are concerned or interested in the aforesaid resolution.

Item No. 9:

Shareholders of the Company had by an Ordinary Resolution passed through Postal Ballot on 11th May 2010 approved creation of charge / mortgage on the Company's properties to secure the borrowed funds up to INR 12,000 million, in terms of Section 293(1)(a) of Companies Act, 1956.

Section 180(1)(a) of Companies Act, 2013 which has replaced Section 293(1)(a), provides that the Board of Directors cannot, except with the consent of the Shareholders by means of a Special Resolution, create charge / mortgage on the Company's properties to secure the borrowed funds.

In order to bring in line the limit for creation of charge / mortgage on the Company's properties under Section 180(1)(a) with the limit for borrowing of funds under Section 180(1)(c), it is proposed to enhance the limit under Section 180(1)(a) to Rs. 20,000 million.

It is therefore proposed to obtain the consent of the members, by passing a Special Resolution to enable the Company to create charge / mortgage on its movable / immovable properties for securing the funds borrowed up to MINR 20,000.

The Board recommends the resolution set out at Item No. 9 of the Notice for approval of the members as a Special Resolution. None of the Directors, Key Managerial Personnel of the Company and/or their relatives are concerned or interested in the aforesaid resolution.

By Order of the Board

Date : 2nd May 2014 Rajesh Relan
Place : Gurgaon Legal Head & Company Secretary

Directors' Report

TO THE MEMBERS,

The Directors of your Company present the 55th Annual Report together with the audited accounts of the Company for the year ended 31st December 2013.

THE YEAR IN RETROSPECT

The year 2013 began on a tepid note in economic terms. The Indian economy continued to be plagued with growth slippages, high inflation, depreciating rupee and high interest rates. GDP growth dropped to a decade low of 5% in fiscal year 2012-2013 and is not expected to show any significant improvement during 2013-2014.

Weak macroeconomic scenario and deceleration in execution of infrastructure and real estate projects adversely impacted the cement industry both in terms of demand and pricing. Delays in environmental clearances for industrial and infrastructure projects further worsened the situation. The Indian cement industry witnessed more or less flattish demand during 2013, breaking the growth trend prevailing over a decade. Despite high input costs, the shaky demand scenario did not allow the industry to pass on the cost increases to customers leading to a sharp drop in the margins.

Significant capacity additions in the last 5 years and slow demand have pushed down the average pan-India capacity utilization levels to a 5-year low of around 73%. By the time 2013 drew to a close the country's overall installed cement manufacturing capacity had risen to about 350 million tonnes (industry estimates for large plants only), further deviating the demand – supply equation.

FINANCIAL HIGHLIGHTS / REVIEW OF OPERATIONS

During 2013, your Company successfully completed expansion of capacity at its units in Damoh and Jhansi which lead to an increase in gross sales to MINR 16102.4, compared to MINR 12839.4 during the previous year ended 31st December 2012, an increase of 25 %.

EBITDA (Earnings before interest, tax and depreciation) grew by 39%, to MINR 1222.1 against MINR 876.8 in the previous year.

A snapshot of your Company's financial performance for the year ended 31st December 2013 vis-à-vis performance for the previous year ended 31st December, 2012 is as under:-

(₹ in Millions)

	Continuing operation		Discontinuing operation*		Total	
	31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-12
Income						
Revenue from operations (gross)	**14,049.4**	10,138.6	**2053.0**	2,700.8	**16,102.4**	12,839.4
Revenue from operations (net of Excise Duty)	**12,089.1**	8,698.1	**1843.1**	2,414.5	**13932.2**	11,112.6
Other income	**73.0**	30.8	**0.8**	0.8	**73.8**	31.6
Total revenue	**12,162.1**	8,728.9	**1,843.9**	2,415.3	**14,006.0**	11,144.2
Earnings before interest, tax, depreciation and amortization (EBITDA)	**1,093.3**	662.9	**128.8**	213.9	**1,222.1**	876.8
Net Depreciation and Amortization	**890.7**	235.9	**79.6**	79.0	**970.3**	314.9
Finance costs	**1,056.4**	103.0	**2.1**	2.3	**1,058.5**	105.3
Total tax expense	**(399.4)**	148.2	**-**	-	**(399.4)**	148.2
Profit/(loss) for the year	**(454.4)**	175.8	**47.1**	132.6	**(407.3)**	308.4

**Discontinuing operations are of Raigad Unit which was sold on 3rd January 2014.*

Sluggish demand of cement, owing to an overall weak economic scenario took a heavy toll on the Company in terms of lower Capacity Utilization and drop in Net Sales Realisation. In addition, higher incidence of finance costs and depreciation after commencement of commercial production from Damoh and Jhansi expansion projects also adversely impacted the profitability.

The Company has reported a net loss of MINR (407.3) compared to a net profit of MINR 308.4 during the previous year. Cash profit for 2013 was MINR 563.0 compared to MINR 623.3 in 2012.

Despite the high costs of various inputs during the year, the consumption parameters were improved thus minimizing the adverse impact on our operations. Your Company maximised the usage of petcoke over linkage coal since the cost per Giga Joules of former was lower compared to the latter, resulting in a reduction of overall fuel cost. The 44% hike in power rate in UP in October 2012 also impacted our profitability in 2013. Due to the depreciation of Rupee, indigenous gypsum, despite being of lower purity, turned out to be an economical alternative compared to imported gypsum. Diesel prices saw a huge spurt owing to the removal of subsidy for bulk consumers thus impacting our logistics and raw material costs. Railway freight witnessed two hikes in April and October 2013 aggregating to ~ 12% increase compared to the previous year. Prices of packing bags also witnessed steep increase of over 14% due to increase in poly propylene granule prices. However, at Ammasandra unit your Company re-negotiated slag prices resulting in a savings of 23% over previous year. Generally, your Company was able to procure raw materials at competitive prices for the increased production. On a comparative basis our margins shrunk less than that of our competitors in Central India and other major players in the Industry.

Consistent good quality of the product has enabled the Company to meet expectations of its discerning customers thereby sustaining the image of its brand “mycem”. Brand visibility helped your Company to expand its channel network. To strengthen its bond with channel partners, the Company conducted a number of events, training programs and conferences. Your Company conducted Annual Dealer Conference in 2013 for Central India in which around 1,000 C&F Agents and Dealers participated. It was the largest conference held in the history of the industry, wherein over 200 top performing C & F Agents and Dealers were felicitated.

Felicitation of C&F Agent at Annual Dealer Conference

DIVIDEND

The Board of Directors does not recommend any dividend for the year ended 31st December 2013 due to loss incurred during the year.

AN EYE ON COSTS SETS THE TONE FOR SUCCESS

The Company is taking all possible steps to check costs for improving profitability. A few notable steps being taken in this direction are as under:

Finance Costs: In order to curtail the finance costs, your Company issued Debentures aggregating to INR 3700 million to its ultimate holding company HeidelbergCement AG of Germany thus facilitating repayments of high interest bearing term loans of INR 3700 million taken from banks for Damoh and Jhansi expansion projects. These Debentures carry a fixed interest rate of 10.4% per annum which will lead to a saving of around 3% per annum in the interest costs. Since these debentures were allotted on 16th December 2013, the Company will benefit from the savings in the coming years. The Debentures are listed at BSE Limited and shall be redeemed in three tranches of INR 1250 million, INR 1250 million and INR 1200 million at the end of 6th, 7th and 8th year from the date of allotment.

Energy Costs: In order to check the burgeoning fuel costs owing to high coal prices, your Company has successfully altered the fuel mix for firing of the kiln by increasing the usage of petcoke, which is an economical fuel, as compared to coal. The Company is also exploring measures for further reduction in specific power consumption and fuel consumption which will lead to optimization in power and fuel costs.

Operational Efficiencies: Consumption parameters of various raw materials are being closely monitored and immediate corrective actions are being taken, wherever necessary. The Company is in the advanced stages of installing wagon tippler, extending railway siding and modifying the packing plant at its Central India locations which will help in reducing the turnaround time and increasing the operational efficiencies.

Logistics Costs: The Company is aggressively planning and executing changes in its Rail-Road mix for cement despatches to optimise logistics costs.

The Company is hopeful that improvements in the economic scenario will increase capacity utilization of new plants resulting in higher volumes and economies of scale.

FIRMLY ROOTED IN CENTRAL INDIA

Your Company successfully completed Damoh and Jhansi expansion projects and commercial production commenced in 1st quarter of 2013. The expanded capacities of the plants are as under:

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

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

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

A distinct feature of the project is the construction of around 20 kilometer long Overland Belt Conveyor (OLBC), one of the longest in the Country, for transportation of limestone from the mines at Patharia to the Clinkerisation unit at Narsingarh. The new plants and OLBC are now fully stabilized.

A view of Overland Belt Conveyor

The new manufacturing capacity has enabled the Company to increase its market share in Central India and in markets of Bihar, Haryana and Uttarakhand. With the help of a committed sales team supported by quality product, the Company has carved a niche for its brand "mycem" in new markets and has further improved its brand positioning in the existing ones.

DIVESTMENT OF RAIGAD UNIT

Your Company had been exploring possible ways of improving margins of grinding unit situated at Raigad (Maharashtra), including the possibilities for scaling up of operations, however, the same became infeasible due to infrastructural bottlenecks. After obtaining the consent of shareholders by way of a special resolution passed through postal ballot, the Raigad unit has been sold as a 'going concern' on a slump sale basis to JSW Steel Limited for a lump sum consideration of MINR 1660 with effect from the close of business hours on 3rd January 2014.

Divestment of Raigad unit will enable the Company to focus on strategic and key operations in Central India.

ENVIRONMENTAL SUSTAINABILITY

The Company discharges its responsibility towards the environment and society effectively. We consider concern for the environment, climate protection and sustainable resource conservation to be the foundation for our future development. We seek to contribute to sustainability by incorporating environmental and social considerations at every stage in the business decision making process. Towards this goal the following initiatives were taken in 2013:

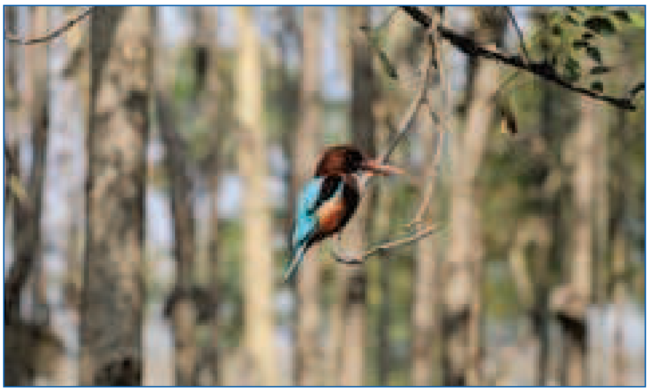
- All plants and corporate office of the Company were recognised with Integrated Management System for ISO 9001:2008 (Quality Management System), ISO 14001:2004 (Environment Management System) and OHSAS 18001: 2007 (Occupational Health & Safety Assessment Series).
- Trainings on environmental legislations and environmental management were conducted at all the plants.
- Two Continuous Ambient Air Quality Monitoring Stations (CAAQMS) were installed at all the plants of the Company during 2012. Establishment of 2 additional CAAQMS are under progress at Clinkerisation Unit, Narsingarh and Ammasandra Plant.
- ESP of Cement Mill at Jhansi Grinding Unit has been converted into Bag House for better control of Air Pollution. Moreover, Auto Road Sweepers have been deployed for collecting fugitive dust emissions.
- Rehabilitated Hybrid filters of Line 1 & 2 at Narsingarh plant for better Air Pollution Control.
- Increased the usage of Alternate Fuel in Ammasandra plant.
- Provided concrete floored covered storage bins with locking facility for storing hazardous and other wastes.
- Planted a wide range of tree saplings in the Green Belt to improve the environment.

Planting of saplings

ENRICHING BIODIVERSITY

We positively contribute to the biodiversity as it plays a vital role in sustainable development. Development of green belt in the plants and mines provides several benefits to the environment and the society at large in terms of release of oxygen, absorption of carbon di-oxide, prevention of soil erosion, sustenance of precipitation etc. Tree plantation provides food and shelter to a diverse array of living creatures and micro-organisms. Due to the efforts of your Company numerous varieties of birds, including certain species of migratory birds, and animals have been noticed at our plants and mines. Continuous efforts are being made at the plants and mines to further enrich this biodiversity.

Rose garden at Narsingarh plant



Migratory bird

MAKING A DIFFERENCE THROUGH CSR

We aim to work with local partners to create added value for both the Company and the local communities. The Company is committed towards CSR verticals such as health care, education, community development, women empowerment, drinking water facilitation & capacity buildup to uplift the village communities. The Company has undertaken numerous projects in the aforementioned fields which have strengthened our relationships with the community around our plants.

Access to drinking water is the most pressing need and the Company undertook installation of new and deepening of existing bore-wells, deepening and cleaning of ponds, construction of ghats, culverts and supply of water through pipelines and tankers to minimize the water problem. In 2013, 7 villages having population of around 31000 were provided with potable water. The Company has installed hand pumps and submersible pumps for supplying drinking water. It has also installed a hand-pump for drinking water in a girl's school at Satpara village as well. Toilet blocks have also been built in the primary and middle schools near our plant in Jhansi

The Company organised free health check-up camps manned with qualified and experienced doctors and also provided mobile medical services distributing free medicines. The camps were organized in the fields of orthopaedics, gynaecology, pediatrics and geriatrics. The health services undertaken by the Company covered 22 villages serving ~ 5500 patients in 2013. In order to support government policies four family planning camps were organised and utensils distributed to ensure active participation. Around 1000 participants from the villages around Damoh attended these family planning camps.

Health check-up camp at Narsingarh village

The Company has constructed six community centres in Damoh District. It also constructed an all-weather 1 Km bituminous road, along-with culverts, linking the village of Simri Rajaram to SH-72 thereby facilitating speedier and smoother connectivity. Due to this connectivity another 3 villages are now approachable from Imlai.

Community hall constructed in Imlai village

The Company's prime focus is on safety and it wants to instill the same values in the communities as well. On the occasion of National Safety Week, the Company organized street plays creating awareness about the risks involved in the use of mobile phones while driving.

On the vocational training / self-empowerment front the Company is continuing with stitching, embroidery, tailoring centres and driving school programme which have got a positive response. We are pleased to report that twelve students from the driving school are now self-dependent. The Company distributed furniture, school bags, water bottles and note-books in the neighbouring schools. It is also creating a scholarship programme targeted at children from the lower strata of the communities. Adult Education Centres are continuing with the objective of providing basic education to laborers and loaders.

Women empowerment

As part of the environment protection the Company has planted more than 32000 trees near the vicinity of its factories. It has also installed a total of 10 solar street lighting systems in the villages around Patharia, Narsingarh and Jhansi. Environment Awareness campaigns were also run in the villages for water conservation and use of environmentally friendly products in the day to day activities.

The Company's schools at Narsingarh in Madhya Pradesh and at Ammasandra in Karnataka, provide education of high standard to the wards of employees as well as to the children from the surrounding villages. Around 1,000 students are studying in each of these schools and majority of them are from nearby villages. Various sports and cultural events have been organized at the schools, to ensure a holistic development of the students, where children from other schools have also participated.

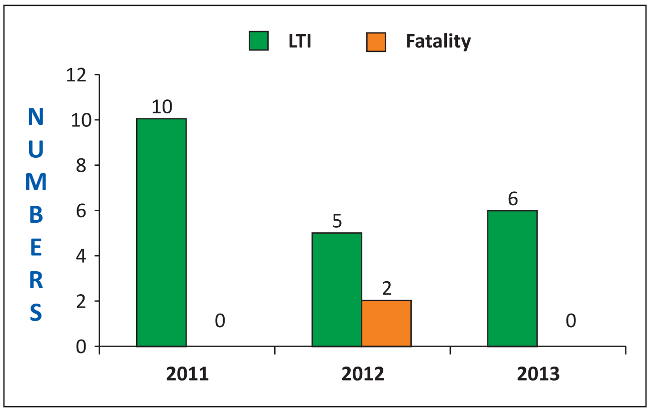
OCCUPATIONAL HEALTH & SAFETY

"There's one figure we want to keep at zero: the accident rate" is the motto of HeidelbergCement Group.

Occupational Health and Safety is the foremost priority of your Company. We make employees and contractors aware of the risks and give our managers specific training to help them become role models in occupational health and safety. Appropriate rules and systems are in place for these purposes notably energy isolation, machine guards, working at heights, safe driving techniques and contractors' safety. Relentless efforts are being made for continual improvement on the basis of past experiences combined with best safety practices, continuous surveillance by safety teams and vigils by HODs to ensure safe working environment.

Safety trainings on different aspects were conducted for developing an accident free working culture by focusing on behavior and attitudes of individuals. Various contests and competitions were organized to reinforce significance of safe working environment. A system of rewards and penalties is in place and the same is being applied judiciously in the interest of safety.

No fatality occurred during the year 2013. The chart given below shows the number of fatalities and lost time injuries during the last three years:-



"LTI / Lost Time Injury" means work related injury that causes the absence of an employee for one or more workdays."

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

- All plants & Corporate Office have been certified for Integrated Management System (QMS, EMS and OHSAS confirming to ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 standards respectively) by the certifying agency, TUV SUD in 2013.
- Standard Operating Procedures and permit systems for safe working which were, already in place for the critical activities, have been revisited.
- Risk Assessment for all activities and communication about the risks involved, control measures and safe plan of action was communicated to all concerned through tool box talk.
- Training on different safety aspects is regularly imparted at all locations based on theme of the month.
- All Heads of Departments routinely take safety rounds to ensure proper implementation of all safety control measures.
- Safety Head conducts periodic reviews of all plants, mines and offices and observations / findings are discussed with the concerned officials for ensuring effective compliance.
- Interplant and external audits were conducted. Audit was also conducted by external auditors for HeidelbergCement Group's Sustainability Report, wherein no issues were reported.
- Implementation of Lock Out Tag Out (Electrical Isolation system) and multi-locking system in new plants.
- Introduced LOTO Permit System (electronically, i.e. SMS based in combination with physically signing the permit and applying locks) for OLBC and Rope Way maintenance.
- Installed Fire Hydrant at Ammasandra Plant.
- Endorsement of gate passes for critical trade personnel (welders, working at height personnel) for avoiding any high risk task being carried out by non-pass holder.
- Conducted 8 batches on "Defensive Driving", as part of Road Safety, deployed points man, implemented "Driver Passport" and "Vehicle Pass" for trucks & private vehicles, provided Personnel Protection Equipment for trucks drivers and installed "Solar Road Studs and Delineators".
- Observed National Safety Week (4^{th} to 10^{th} March 2013), Group Safety Week (23^{rd} to 28^{th} September 2013) and MP Safety Day (3^{rd} December 2013) at plants. During the week practical safety demonstrations and safety trainings were conducted. Nukkad (Street play), Safety Quiz, Poster, Extempore Speech, Slogan competitions were organized to instill strong safety culture.
- On Going activities include implementation of Group Safety guidelines, Safety Inspections and ensuring corrective actions, Daily Safety Gate Meetings, Knowledge/ experience sharing by Line Managers, HODs, Plant Head, Unit Head, Safety Head, Safety Person of the month and Screening of a film on Safety.

AWARDS AND ACCOLADES

During the year, the Company earned following awards and honours.

- Narsingarh plant won the "Certificate of Appreciation" for good safety practices in 3^{rd} FICCI Safety Systems Excellence Awards for Manufacturing-2013. It was a privilege to receive the Certificate from Mr. Kodikunnil Suresh, Hon'ble Minister of State for Labour & Employment at a presentation ceremony held on 10th December 2013.

- Clinkerisation Unit at Narsingarh was awarded a Certificate of Merit under 'Green Manufacturing Excellence Awards 2013' by M/s. Frost & Sullivan, an international consultancy organization of repute.
- Patharia Mines was awarded Third prize for "Use of Explosives and Dust Suppression" and also Third prize for "Mineral Transport and Machineries" during Metalliferous Mines Safety Week Celebrations in Jabalpur Region in Mechanized 'A' Category Mines.

CORPORATE GOVERNANCE

"Securing Success through Ethics, Transparency and Accountability" is your Company's Corporate Governance Philosophy.

Your Company believes that success requires highest standards of corporate behaviour & ethics towards all the stakeholders and we are committed to doing things the right way which means taking business decisions and acting in a manner that is ethical as well as in compliance with the applicable laws. The Company not only adheres to the corporate governance practices provided under Clause 49 but is also committed to sound governance principles and practices and constantly endeavours to adopt emerging best practices.

All Directors and employees are bound by Codes of Conduct that set out the fundamental standards to be followed in all actions carried out on behalf of the Company. Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section on Corporate Governance, together with a certificate from a Practicing Company Secretary confirming compliance with conditions of Corporate Governance, forms part of this Annual Report. Management Discussion and Analysis Report is given as an addition to this Report.

A certificate furnished by Mr. Ashish Guha, CEO & Managing Director and Mr. Anil Sharma, Chief Financial Officer in respect of the financial statements and the cash flow statement for the year ended 31st December 2013 is annexed as Annexure 'C'.

DIRECTORS

Mr. Daniel R. Fritz, Director of the Company retires by rotation at the ensuing Annual General Meeting (AGM) and being eligible offers himself for re-appointment. The Board has reappointed Mr. Sushil Kumar Tiwari as Wholetime Director for the period from 29th April 2014 to 9th June 2015 (being date of his retirement from the services of the Company), subject to the approval of shareholders. The Board recommends the reappointment of the aforesaid Directors by the shareholders at the ensuing AGM.

Pursuant to Section 149 and other applicable provisions of the Companies Act, 2013, the Board of Directors is seeking appointment of Mr. P.G. Mankad, Mr. S. Krishna Kumar and Mr. Pradeep V. Bhide as Independent Directors for a term of five consecutive years from 1st April 2014 up to 31st March 2019. Details of the proposal for appointment of Mr. Mankad, Mr. Kumar and Mr. Bhide are mentioned in Statement pursuant to Section 102 of the Companies Act, 2013 in the Notice of Annual General Meeting. The aforesaid directors fulfil the conditions specified in the Companies Act, 2013 and rules made thereunder for their appointment as Independent Directors. The Board is of the opinion that their continued association as Independent Directors shall immensely benefit the Company. Accordingly, the Board recommends their appointment as independent directors by the shareholders up to 31st March 2019.

DIRECTORS' RESPONSIBILITY STATEMENT

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

(a) The applicable accounting standards have been followed in the preparation of the annual accounts for the year ended 31st December 2013 and no departures have been made there from;

(b) They have selected such accounting policies and applied them consistently and they have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at 31st December 2013 and of the profit of your Company for the year ended on that date;

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

(d) The annual accounts for the year ended 31st December 2013 are prepared on a going concern basis.

AUDITORS

The Statutory Auditors of your Company S.R. Batliboi & Associates LLP, Chartered Accountants, who were appointed at the last Annual General Meeting held on 16th May 2013 have expressed their unwillingness for re-appointment as Statutory Auditors at the ensuing AGM. The Auditors' observations in their Report and the relevant notes to the accounts are self-explanatory.

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

COST AUDIT

Your Company has appointed M/s. R.J. Goel & Co., Cost Accountants as Cost Auditor of the Company under Section 233B of the Companies Act, 1956 for the year 2013. The Cost Audit Report for the year ended 31st December 2013 will be submitted to the Ministry within the stipulated time.

PARTICULARS OF EMPLOYEES

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

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

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

ACKNOWLEDGEMENTS

We take this opportunity to express our sincere gratitude for the cooperation and support received by the Company from various agencies of the Central and State Government(s). The Directors also acknowledge the continued assistance and support of all stakeholders including Customers, Bankers, Distributors, Dealers, Suppliers and Contractors. The Directors wish to place on record their sincere appreciation to all employees for their commitment and continued contribution to the Company. We are grateful for the confidence, faith and trust reposed by the shareholders.

For and on behalf of the Board

Place: Gurgaon — P.G. Mankad
Date: 02nd May 2014 — Chairman

Annexure - 'A' to the Directors' Report

Statement pursuant to Section 217(2A) of Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the financial year ended 31st December, 2013

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

S. No.	Name	Designation/ Nature of Duties	Total Remuneration (Rs.)	Qualifications	Experience in years	Age in years	Date of Commencement of Employment	Last Employment
1	Mr. Anil Kumar Sharma	Chief Financial Officer	13,012,558	B.Com, ACA, ACS	19	41	18-Mar-02	Bhaskar Tea & Industries Ltd.
2	Mr. Jamshed N. Cooper	Director - Sales & Marketing	19,198,332	MBA	36	57	14-Dec-06	ACC Limited
3	Mr. S.K. Tiwari	Whole Time- Director	13,988,282	Graduation (AMIE)- Electrical & Electonics Communication Engineering	35	58	16-Apr-07	Lafarge India Pvt. Ltd.
4	Mr. Avinash Joshi	Director - Procurement	8,514,741	B.Tech. (Civil)	31	53	03-Dec-07	Raymond Ltd.
5	Ms. Poonam Sharma	Director - Human Resources	9,271,327	MBA	26	49	01-Jun-10	Carrier Air Conditioning & Refrigeration Ltd.
6	Mr. Shiva Kant Pandey	Deputy Director-Technical & Unit Head-Damoh & Jhansi	7,092,020	B. E. (Elec.)	28	51	16-Aug-10	Ambuja Cement Limited
7	Mr. Sumeet Bisarya	Senior Vice President- Business Development	6,749,532	MBA	19	48	17-Dec-10	Dalmia Bharat Enterprises Ltd.
8	Mr. Rabindra Nath Rai	Senior Vice President- Mines	6,720,484	Diploma (Mech.)	36	55	30-Jul-98	Jindal Strips Ltd. Raigad
9	Mr. Manish Kumar Shah	Head - HTC India (Sr. Vice President)	6,631,121	B.E.(Mech.)	21	47	01-Jan-07	Holtec Consulting Private Limited
10	Mr. Fazliddin Akhmedov	Sr. Financial Controller	6,209,471	MBA (Financial Management)	10	32	05-Jul-12	HeidelbergCement, Germany

Notes:

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

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

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

Annexure - 'B' to the Directors' Report

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

A. CONSERVATION OF ENERGY

a). Energy conservation and efficiency measures taken during the year 2013 :-

1. Replacement of cement silo feeding air lifts with Belt bucket elevators in Cement Mill-I and II at Imlai Grinding Plant.
2. Conversion of Ball Mill Electro Static Precipitator (ESP) to Bag House in Jhansi Plant.
3. Addition of GRR (Grid Rotor Resistance) in line III Coal Mill Fan at Narsingarh Plant.

b). Additional proposals for the year 2014 :-

Replacement of Kiln-II kiln outlet seal with installation of graphite seal at Narsingarh Plant.

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

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

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

Information is given in the prescribed Form A Annexed.

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

Information is given in the prescribed Form B Annexed.

C. FOREIGN EXCHANGE EARNINGS & OUTGO

Total foreign exchange used and earned:

Rs. in Million

	Current Year ended 31.12.2013	Previous Year ended 31.12.2012
Foreign exchange used		
- Imports	**1.0**	79.4
- Expenditure	**549.1**	423.3
Total	**550.1**	502.7
Foreign exchange earning		
FOB value of Exports realised in Rupees	**Nil**	Nil

Form – A (See Rule 2)

Form for Disclosure of Particulars with respect to Conservation of Energy

I POWER AND FUEL CONSUMPTION

Particulars		Units		Total Amount		Avg. Rate/unit	
		Current Year ended 31.12.2013	Previous Year ended 31.12.2012	Current Year ended 31.12.2013	Previous Year ended 31.12.2012	Current Year ended 31.12.2013	Previous Year ended 31.12.2012
		(Million Units)		(Million ₹)		₹/Unit	
1	**Electricity**						
	a. Purchased	**283.9**	224.8	**1949.3**	1406.5	**6.87**	6.26
	b. Own generation						
	i. Through Diesel Generators	**0.3**	0.6	**-**	-	**33.96**	19.94
	Units per Liter of diesel/ furnace oil	**2.12**	2.38	**-**	-	**-**	-
	ii. Through Steam Turbine/ Generator	**-**	9.8	**-**	-	**-**	6.28
	Units per Kg. of coal	**-**	0.75	**-**	-	**-**	-
		(Million Cal)				(₹/Million Cal)	
2	**Coal (including Petcoke)**						
	In process (Cement)	**1484971**	1199745	**1813.31**	1515.20	**1221.11**	1262.92
	In Thermal Power Plant	**-**	50057	**-**	60.80	**-**	1214.67
		(Kilo Ltrs)				(₹/ Ltr)	
3	**Furnace Oil**						
	In Generators	**-**	13	**-**	0.50	**-**	38.96
4	**Diesel (HSD)**						
	In Generators	**128**	254	**8.0**	10.7	**62.51**	42.16
	In Kilns	**97**	89	**6.6**	3.7	**67.45**	42.08
	In VRM	**552**	-	**31.0**	-	**56.19**	-
5	**Light Diesel Oil in VRM**	**216**	244	**13.4**	11.8	**61.92**	48.43
		(Million Cubic Mtrs)				(₹/Cubic Mtr)	
6	**Blast Furnace gas**	**17.8**	19.1	**67.8**	56.3	**3.80**	2.95

II CONSUMPTION PER UNIT OF PRODUCTION

		Standard	Current Period (if any)	Previous Period
Product - Cement				
Electricity	Units/t of Cement	-	**75.9**	79.4
Diesel Oil	Ltr/t of clinker	-	**0.05**	0.06
Coal	%/t of clinker	-	**14.27**	15.52
Light Diesel oil	ltr/mt			
- GGBS	-		**1.13**	0.52
- PSC	-		**0.49**	0.43
Blast Furance gas	Nm3/t			
- GGBS	-		**85.08**	86.29
- PSC	-		**40.82**	42.31

Form - B (See Rule 2)

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

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. **Efforts, in brief, made towards Technology Absorption, Adaptation and Innovation :-**
   a. Installation of Air Quality Monitoring stations (AQMS) and SEMS (Stack Emission Monitoring Station).
   b. Installation of 20 km Over Land Belt Conveyor (OLBC) for Limestone transportation between Narsingarh Plant and Patharia Mines.
   c. State of art clinkerisation plant at Narsingarh and grinding plants at Imlai and Jhansi as part of Company's expansion project at Damoh (M.P.) and Jhansi (U.P.).
   d. Wagon tippler installation at Imlai and Jhansi for unloading of Clinker, Coal and Gypsum.
   e. Higher usage of pet-coke in the fuel mix.
2. **Benefits derived as a result of above efforts:-**
   a. Installation of AQMS has helped to keep a check on the emission levels.
   b. OLBC is an innovative technology for Limestone transportation over a long distance which has improved availability of Limestone and reduced the transportation cost of Limestone.
   c. Increase of production capacity and reduction in energy consumption and emission levels.
   d. Wagon tippler will reduce the ambient air pollution during unloading of the materials and reduction in the unloading cost.
   e. Higher Pet coke usage will contribute in the conservation of the natural resources and reduction in overall fuel cost.
3. **Information regarding technology imported during last 5 years:-**

   NIL

Annexure - 'C' to the Directors' Report

The Board of Directors
HeidelbergCement India Limited

Dear Sirs,

Sub. : CEO & CFO's Certification

(a) We have reviewed the financial statements and the cash flow statement of the Company for the financial year ended 31st December 2013 and that to the best of our knowledge and belief :

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

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

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

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

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

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

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

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

Place : Gurgaon
Date : 12-02-2014

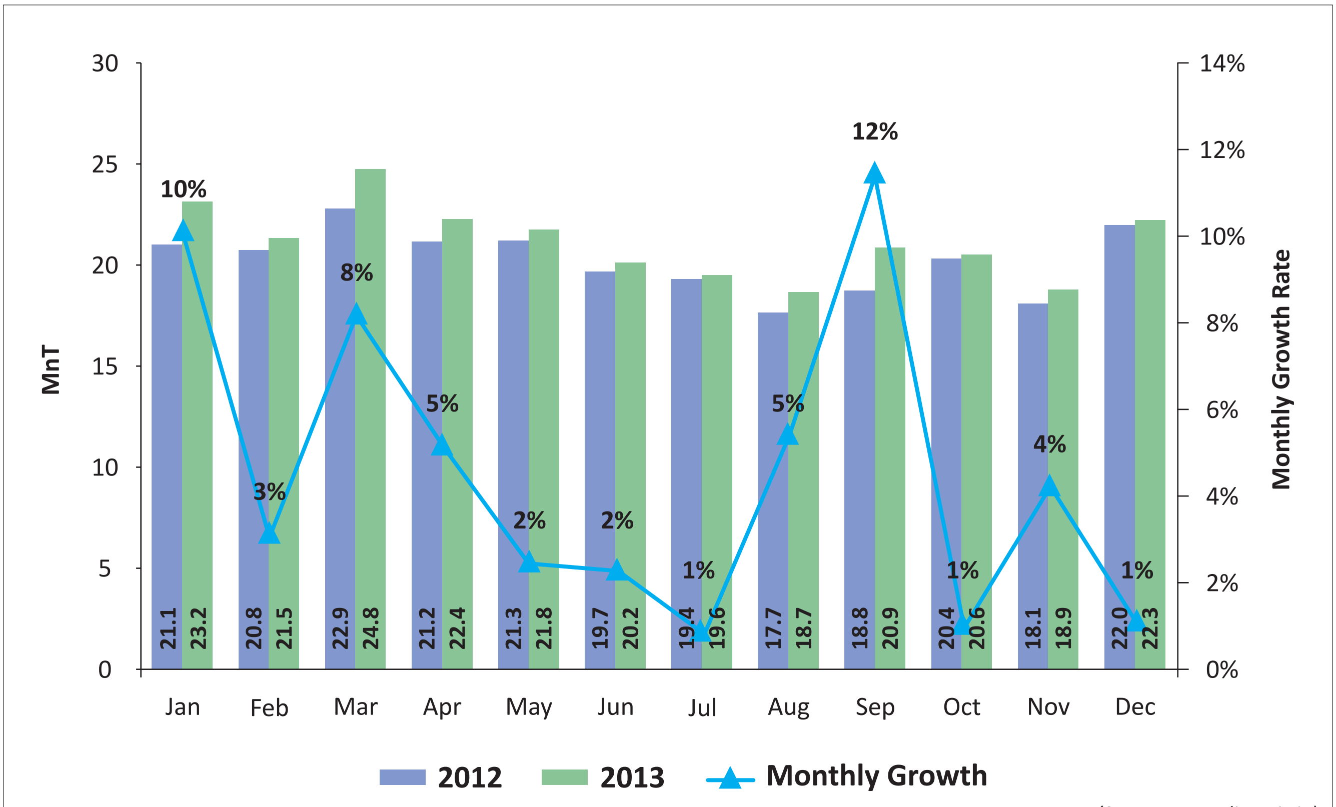
Ashish Guha
CEO & Managing Director

Anil Kumar Sharma
Chief Financial Officer

Management Discussion and Analysis

INDUSTRY STRUCTURE AND DEVELOPMENTS

All India Cement Production (2012 Vs. 2013)

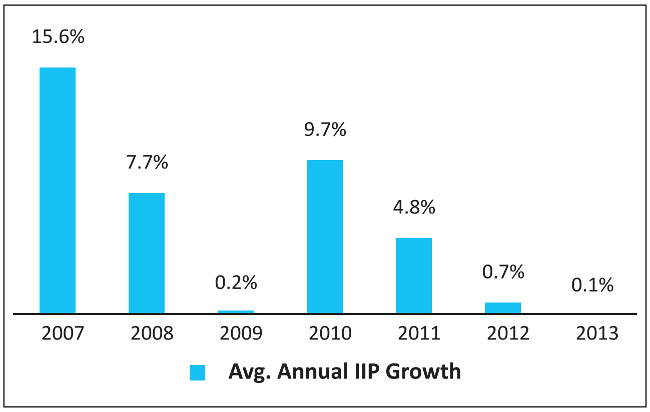


(Source: www.dipp.nic.in)

The Indian cement industry is the 2nd largest in the world after China. The industry had a total installed capacity of about 350 million tonnes (large plants only) as of financial year ended 31st December 2013. Cement is a cyclical industry and is a part of the core sectors. Therefore, the vicissitudes of the industry are directly linked to the economic development of the country. The monthly cement production as shown in the graph above indicates more or less a flattish trend in 2013.

The Indian cement industry grew at a rapid pace up to the year 2010. However, high inflation and interest rates have impacted the demand for housing, which is one of the largest contributors for the cement demand. The Index of Industrial Production (IIP) has shown a declining trend since the last three years adversely impacting the cement industry.

Year-wise growth of IIP



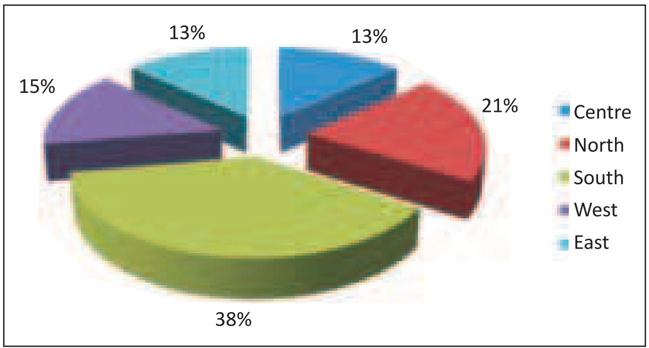
(Source: CSO)

The housing sector is the biggest demand driver accounting for almost 58% of the total cement demand followed by infrastructure (23%) and commercial & industrial construction (19%).

Cement, being a bulk commodity, is freight sensitive. It is usually transported to economically viable distances only.

Moreover, the production of cement requires a higher quantity of limestone and accordingly, the integrated cement plants are built near the limestone mines. The rationale for taking maximum advantage out of freight economies has resulted in the cement industry becoming a regional play. There are high pockets of supply, which lead to high competition amongst the plants in that area. To a certain extent this is being addressed via split location of plants.

Distribution of Installed cement capacity in India



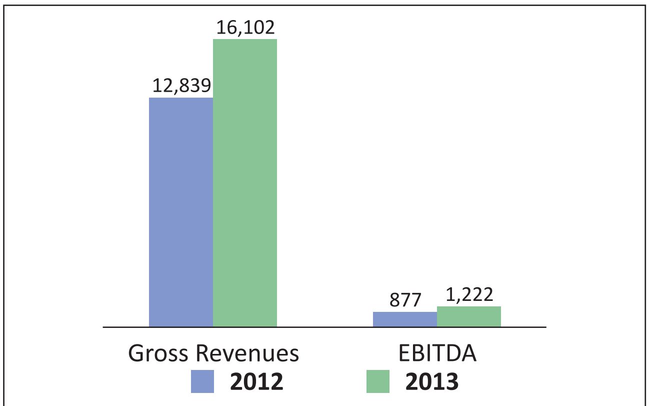
(Source: Industry Estimates)

Whereas in the last couple of years, new capacity additions have slowed down considerably due to diminishing returns on capital employed, the overall scenario in the sector still remains one of surplus capacity. The capacity utilisation levels hovered around 73%, in terms of industry estimates.

During the year prices of the majority of the inputs and overheads remained at the elevated levels. Imported materials, like coal and gypsum, became dearer due to the depreciation of Indian Rupee. Diesel prices saw huge spurts leading to direct and indirect impact on the industry. Owing to the sluggishness in demand, the high prices of power & fuel, freight and other raw materials could not be fully absorbed by the industry leading to a drop in profitability.

FINANCIAL AND OPERATIONAL PERFORMANCE

Gross Revenue and EBITDA



Successful completion of the expansion of capacity of Damoh and Jhansi plants led to an increase in our gross sales and EBITDA. The gross sales for the year increased by 25% (MINR 16,102.4 as against MINR 12,839.4 for the previous year); net sales from operations grew by 25% (MINR 13,932.2 as against MINR 11,112.6 for the previous year). Cement sales (in quantitative terms) were 3.6 Million tonnes during 2013 against 2.82 Million tonnes during 2012.

PRODUCT PERFORMANCE AND CUSTOMER RELATIONS

"The best building materials are made of 100% trust and quality".

Your Company closely monitors production processes and only products, that satisfy the most rigorous quality standards are branded with "mycem". The quality and reliability of our products prevents them from becoming commodities in the minds of our customers. Our slogan: *"where there is mycem there is progress"* speaks for itself.

Your Company's consistent endeavors on high quality and focus on service have won the trust of customers and we proudly report that *"mycem"* is amongst the premium brands of Central India. The Company is fully committed to deliver high quality products and solutions thereby building long lasting relationships with the customers.

OPPORTUNITIES AND THREATS

Opportunities

External landscape:

- The interest rates have remained at an elevated level during the last three years which has pared the GDP growth rate. It is widely expected that owing to the abatement of inflationary pressures, easing of current account and fiscal deficit and stability of Rupee the interest rates will be reduced in CY 2014 to provide impetus to growth. The reduction in interest rates shall augur well for the cement industry as it will give a boost to the housing sector as well as spur the investments in infrastructure and capital formation.
- The country will elect a new government in 2014 and it is expected that a slew of reforms will be initiated to bring the economy back on a high growth trajectory.
- The industry hopes that the stalled infrastructure projects will be given a stimulus and certain new projects may also be commenced in order to achieve the target of infrastructure investment of USD one trillion envisaged during the 12th five year plan.
- The demand for cement from rural India is likely to improve in view of good monsoon during 2013 and consequent pick up in housing.

Creating opportunities for cost savings:

- The Company had issued Debentures aggregating to INR 3700 million for repayment of high interest bearing term loans. These Debentures carry a fixed interest rate of 10.4% per annum giving your Company a saving of around 3% per annum in the interest costs.
- The Company has successfully altered the fuel mix for firing of the kiln by increasing the usage of petcoke, which is an economical fuel, as compared to coal. The Company is also exploring measures for further reduction in specific power and fuel consumption.
- The Company is in the advanced stages of installing wagon tippler, extending railway siding and modifying the packing plants at its Central India locations which will help in reducing the turnaround time thus increasing the operational efficiencies.
- The Company is aggressively planning and executing changes in its rail-road mix for cement despatches to optimise logistics cost.
- The Company has centralised the accounts function at a Shared Services Centre to improve customer services and enhance efficiency.

THREATS

Sectoral capacity

- The problems of supply overhang are still looming large over the industry. However, the silver lining is that the pace of capacity additions has slowed down considerably.

Cost challenges

- Power rates have already been hiked significantly in the past few years and we will have to wait and watch the developments.
- Coal prices have already been hiked phenomenally in 2011 and 2012, in a bid to reduce government subsidies. However, the prices are still ruling at 10 – 15% discount to international prices and the possibilities of further hikes cannot be ruled out.
- Frequent increases in diesel prices will add to the freight cost for transportation of inbound and outbound materials.
- Prices of other raw materials are also likely to increase following the overall inflationary outlook.

Regulatory environment

- The Land Acquisition, Rehabilitation and Resettlement Act, 2013 has made acquisition of land procedurally complex, time consuming and costly, which may lead to inordinate delays in completion of industrial projects Affecting cement demand.
- The proposed Mines and Minerals (Development and Regulation) Bill, if enacted, may increase the royalty burden upon the industry.

Logistics challenges

- The cement industry is dependent upon Railways for the movement of inbound and outbound material. Shortage / timely availability of railway wagons affects plant operations and customer services.
- The poor condition of roads especially near our plants in Madhya Pradesh has put a tremendous strain on our logistics affecting availability of trucks, high transportation cost and increased number of trips. However work has started and we expect significant improvement within the next few months.

OUTLOOK

We believe, there will be a waning of capacity expansions owing to low returns on investments and the hitherto flattish cement demand may grow by ~ 5 - 7% during CY 2014 in view of the following aspects:

- Softening of inflation and interest rates expected to revive the demand for home loans.
- Pick-up in industrial production and economic activities.
- High expectations from the new central government to fast track the economic and regulatory reforms.
- Boost to rural housing riding on the back of increased agricultural income due to good rains.
- Economic developments in tier 2 and 3 cities.

RISKS AND CONCERNS

The top and senior management of the Company continuously monitors and reviews the business risks in the verticals of Production, Operation, Marketing, Regulatory Affairs, Finance, Information Technology and Human Resources; promptly taking corrective actions.

The risks identified by the Company are escalation in power, fuel and freight costs; capacity / demand mismatch in the industry; shortages of railway wagons; volatility in forex and high interest rates. Whereas a systematic risk identification and mitigation framework is in place and suitable action plan is drawn up to mitigate the identified risks; the Company has virtually no control over external risks such as general down turn in economy, new regulations, government policies and interest rates.

The Company is in compliance with the quarterly risk reporting requirements as laid out in the Risk Management Guidelines of the HeidelbergCement Group.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The internal control system of the Company is well structured and adequate for the business. The objective of the internal control system is to ensure efficient use and protection of the Company's resources, accuracy in financial reporting and due compliance of statutes. The Company has appointed internal auditors for evaluating the efficacy of internal control systems.

The Internal Audit team of HeidelbergCement Group also reviews the internal control systems and the Management takes action on the process improvement recommendations. The Company has implemented SAP Enterprise Resource Planning (ERP) system.

The CEO & MD regularly holds monthly management operations review meetings to support the objective of continuous improvement.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES

In order to continue making inroads into our existing markets and creating some new ones, we hired fresh talent in the sales and marketing vertical. A need was also felt to keep the talent pipeline running hence, we engaged young talent from reputed campuses that included Graduate Engineers and Management Trainees, the latter for the first time in the history of the Company. The Company recorded 1639 officers and workmen on its roll as on 31st December 2013.

On the organizational development front, the Hi-Pot scheme, introduced earlier, continued to receive focus. In order to give the scheme a cutting edge for speedier deliveries, we have introduced an age limit for entry and have segregated the Hi-Pots into Leaders (with potential to take up management roles) and Subject Matter Experts or SMEs (with potential to be experts in their own technical areas). Our Mentor-Mentee program received a fresh momentum through induction of new mentees in the program.

The organization structure of the Company was formed on the basis of business needs. In order to make the org-structure more scientific, equivalent in designations, roles and compensations; we engaged the Hay Group and completed a job evaluation study. We will be rationalizing the organization structure in a phased manner in conjunction with the business needs.

Communication is the vital link between the management and employees. The CEO & MD of your Company personally meets the employees and conducts open houses and review meetings with them including workmen and our sales force. After each quarterly result, the CEO & MD holds a tele-conference call with all employees sharing with them the results, vision and the way forward.

The industrial environment was cordial all throughout the year. The communities in and around the plants have expressed their solidarity with your Company reciprocating the community development programs undertaken in the fields of healthcare, education, environment and basic amenities.

The Company is in compliance with the provisions of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The said Act provides for protection of women at workplace from any form of sexual harassment and prompt redressal of any complaint. We are pleased to report that during the year 2013 no such complaint was received.

Last but not the least, there were several initiatives taken on the employee development front, in the form of trainings, on the job evaluations, workmen behaviour, technical and safety, compliances, and especially designed workshops for the sales team. Apart from that, we also conducted several in house trainings on personality and behaviour development as well as on performance management system. We have rolled out an e-learning platform, which is a global initiative from the HeidelbergCement Group, enabling the employees to take up trainings on their desktop computers. Overall, the year has been that of action, which we hope will yield returns in the years to come as we consolidate majority of these initiatives.

CAUTIONARY STATEMENT

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

Report on Corporate Governance

CORPORATE GOVERNANCE PHILOSOPHY

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

In terms of clause 49 of the Listing Agreement executed with the stock exchanges, the details of compliances, for the year ended 31st December 2013, are as follows :-

BOARD OF DIRECTORS

Composition of the Board

As on 31st December 2013, the Company's Board comprised of Nine Directors viz., Seven Non-Executive Directors (out of which three are Independent Directors); a CEO & Managing Director and a Wholetime Director.

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

Number of Board Meetings

During the financial year ended 31st December 2013, the Board of Directors met seven times on 11th February 2013, 3rd May 2013, 16th May 2013, 21st May 2013, 26th July 2013, 16th October 2013 and 16th December 2013. The maximum time gap between any two consecutive board meetings was less than four months.

Directors' Attendance Record and Directorships held

Composition and Other Details Of The Board Of Directors:

S. No.	Name of the Director	Category / Status of Directorship	No. of Board Meetings attended during the period 1.1.2013 to 31.12.2013	No. of Directorship(s) in other Public Limited Companies*	No. of Committee positions held in other Public Limited Companies**		No. of Equity Shares held in the Company
					Chairman	Member	
1.	Mr. P.G. Mankad, Chairman	Independent	7	7	1	6	-
2.	Dr. Bernd Scheifele	Non-Executive	-	-	-	-	-
3.	Dr. Lorenz Naeger	Non-Executive	-	-	-	-	-
4.	Mr. S. Krishna Kumar	Independent	6	-	-	-	-
5.	Dr. Albert Scheuer	Non-Executive	7	1	-	1	-
6.	Mr. Pradeep V. Bhide	Independent	7	8	2	3	-
7.	Mr. Daniel Robert Fritz	Non-Executive	5	-	-	-	-
8.	Mr. Ashish Guha	CEO & Managing Director	7	2	-	1	-
9.	Mr. Sushil Kumar Tiwari	Wholetime Director	6	1	-	-	-

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

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

Code of Conduct for Directors and Senior Management Personnel

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

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

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

BOARD LEVEL COMMITTEES

The Company has following Board Level Committees:

a) Audit Committee,

b) Stakeholder's Relationship Committee,

c) Corporate Social Responsibility Committee and

d) Nomination and Remuneration Committee.

The Board of the Company takes all decisions with regard to constituting, assigning, co-opting, delegating and fixing the terms of reference of the Committees. Recommendations / decisions of the Committees are submitted / informed to the Board for approval / information.

Audit Committee

The Audit Committee of the Company as on 31st December 2013, comprised of four members namely, Mr. S. Krishna Kumar (Chairman of the Committee), Mr. P.G. Mankad, Mr. Pradeep V. Bhide and Mr. Ashish Guha. During the period 1st January 2013 to 31st December 2013, the Audit Committee met four times on 11th February 2013, 3rd May 2013, 26th July 2013 and 16th October, 2013. The time gap between any two meetings of the Audit Committee was less than four months. The quorum for the meetings of the Audit Committee is one-third of the members of the Committee, subject to a minimum of two independent members present at the meeting.

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

S. No.	Name of the Member	No. of Meetings Attended
1	Mr. S. Krishna Kumar	4
2	Mr. P.G. Mankad	4
3	Mr. Pradeep V. Bhide	4
4	Mr. Ashish Guha	4

The terms of reference and the role of the Audit Committee is to overview the accounting systems, financial reporting and internal controls of the Company. The powers and role of the Audit Committee are as set out in the Listing Agreement and Section 177 of the Companies Act, 2013.

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

Stakeholders' Relationship Committee (formerly known as Shareholders' Grievance Committee)

The Committee as on 31st December 2013 comprised of three members namely, Mr. P.G. Mankad (Chairman of the Committee), Mr. Pradeep V. Bhide and Mr. Ashish Guha. During the year, the Committee met 4 times on 11th February 2013, 3rd May 2013, 26th July 2013 and 16th October 2013 to take note of shareholders' grievances, if any. The details of attendance of the members of the Shareholders' Grievance Committee are given below:

S. No.	Name of the Member	No. of Meetings Attended
1	Mr. P.G. Mankad	4
2	Mr. Pradeep V. Bhide	4
3	Mr. Ashish Guha	4

In accordance with the provisions of Section 178(5) of Companies Act, 2013 the name of the Committee has been changed from "Shareholders' Grievance Committee" to "Stakeholders' Relationship Committee".

Mr. Rajesh Relan, Legal Head & Company Secretary is the Compliance Officer of the Company. During the year five complaints were received from shareholders which were resolved satisfactorily. As on 31st December 2013 there are no pending investor complaints.

Corporate Social Responsibility Committee

The Board of Directors of the Company at its meeting held on 2nd May 2014 constituted Corporate Social Responsibility Committee comprising of Mr. S. Krishna Kumar (Chairman of the Committee), Dr. Albert Scheuer and Mr. Sushil Kumar Tiwari. A meeting of the Committee was held on 2nd May 2014 which was attended by all the members of the Committee. The terms of reference of the Committee are in line with provisions of Companies Act, 2013 and the Rules made thereunder.

Nomination and Remuneration Committee

The Board of Directors of the Company at its meeting held on 2nd May 2014 constituted a Nomination and Remuneration Committee comprising of Mr. Pradeep V. Bhide (Chairman of the Committee), Mr. P.G. Mankad and Dr. Albert Scheuer. The Committee met on 2nd May 2014 and approved the remuneration of Mr. Sushil Kumar Tiwari, Wholetime Director effective from 1st January 2014. The meeting was attended by all the members of the Committee. The terms of reference of the Committee are in line with provisions of Companies Act, 2013 and the Rules made thereunder.

Sitting fees of Non-Executive Directors

Name of the Director	No. of meetings attended				
	Board Meetings	Audit Committee Meetings	Shareholders' Grievance Committee Meetings	Remuneration Committee	Sitting fees paid from 1.1.2013 to 31.12.2013*
Non-Executive Directors					
Mr. P.G. Mankad, Chairman	7	4	4	1	320,000
Mr. S. Krishna Kumar	6	4	N.A.	-	200,000
Mr. Pradeep V. Bhide	7	4	4	1	320,000

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

Remuneration of Wholetime Director

The Board of Directors at its meeting held on 16th December 2013 had constituted an ad hoc Remuneration Committee in accordance with Schedule XIII of the Companies Act, 1956, comprising of independent directors namely, Mr. Pradeep V. Bhide (Chairman), Mr. P.G. Mankad and Mr. S. Krishna Kumar for the purpose of determining the remuneration of Mr. Sushil Kumar Tiwari, Wholetime Director for the financial year ended 31st December 2013 in view of inadequacy of profits. The Committee met on 16th December 2013 and approved the remuneration of Mr. Tiwari for the financial year ended 31st December 2013. The said meeting was attended by Mr. Bhide and Mr. Mankad.

The Company had sent a postal ballot notice dated 16th December 2013 to the shareholders for passing a Special Resolution pursuant to Section(s) 198, 309 and Schedule XIII of the Companies Act, 1956 for their approval to pay remuneration to Mr. Sushil Kumar Tiwari, Wholetime Director from 1st January 2013 to 31st December 2013 in view of inadequacy of profits during the financial year ended 31st December 2013. The said Special Resolution was passed by the Shareholders on 31st January 2014. The details of remuneration paid to Mr. Tiwari are given below:

Basic Salary	4,443,600
Perquisites & Allowances	4,604,490
Performance Incentive*	3,740,420
Contribution to PF and Superannuation Fund	1,199,772
Total	**13,988,282**

*Performance Incentive of Wholetime Director can vary between 0% and 200% of the base amount depending upon individual and Company's performance after evaluation of the performance against the set targets.

The notice period is three months. The Company does not have any Stock Option Scheme for Wholetime Director.

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

Subsidiary

The Company does not have any subsidiary company.

Management Discussion and Analysis

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

Disclosures

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

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

Disclosure of Accounting Treatment in preparation of Financial Statements

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

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

Your Company has complied with all the requirements of the Listing Agreement with the Stock Exchanges and SEBI Regulations. No penalties or strictures have been imposed on your Company by the Stock Exchanges or SEBI or any other Statutory Authority in connection with violation of Capital Market norms, rules, regulations, etc. in the last three years.

Risk Management

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

Means of Communication

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

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

During the year under review presentations were made to the Institutional Investors/Analysts after announcement of financial results and the same can be accessed at the Company's website, www.mycemco.com.

GENERAL SHAREHOLDERS INFORMATION:

Appointment of Directors

Mr. Daniel R. Fritz, Director of the Company retires by rotation at the ensuing Annual General Meeting (AGM) and being eligible offers himself for re-appointment. The Board has reappointed Mr. Sushil Kumar Tiwari as Wholetime Director for the period from 29th April 2014 to 9th June 2015 (being date of his retirement from the services of the Company), subject to the approval of shareholders at the ensuing AGM.

Pursuant to Section 149 and other applicable provisions of the Companies Act, 2013, the Board of Directors is seeking appointment of Mr. P.G. Mankad, Mr. S. Krishna Kumar and Mr. Pradeep V. Bhide as Independent Directors for a term of five consecutive years from 1st April 2014 up to 31st March 2019. Details of the proposal for appointment of Mr. Mankad, Mr. Kumar and Mr. Bhide are mentioned in Statement pursuant to Section 102 of the Companies Act, 2013 in the Notice of Annual General Meeting. The Board recommends the appointment/re-appointment of the aforesaid Directors.

General Meetings of Shareholders

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

Financial Year ended	Date & Time	Venue
31.12.2012	16.05.2013, 9.30 A.M.	Epicentre, Apparel House, Sector 44, Institutional Area, Gurgaon, Haryana
31.12.2011	25.04.2012, 9.30 A.M.	Epicentre, Apparel House, Sector 44, Institutional Area, Gurgaon, Haryana
31.12.2010	10.06.2011, 9.30 A.M.	Epicentre, Apparel House, Sector 44, Institutional Area, Gurgaon, Haryana

Mr. P.G. Mankad, Chairman; Mr. S. Krishna Kumar, Chairman of Audit Committee; Mr. Pradeep V. Bhide, Director, Mr. Ashish Guha, CEO & Managing Director and Mr. Sushil Kumar Tiwari, Wholetime Director of the Company were present at the last AGM held on 16th May 2013.

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

Postal Ballot

(a). Special Resolution for sale of Raigad Undertaking of the Company

Pursuant to Section 192A of the Companies Act, 1956 read with Companies (Passing of Resolution by Postal Ballot) Rules, 2011, a Notice dated 5th October 2013 was sent to the members for passing a Special Resolution through Postal Ballot under Section 180(1)(a) of the Companies Act, 2013 for sale of Raigad Undertaking of the Company to JSW Steel Limited on slump sale basis. To enable the members to cast their votes by post on the resolution, serially numbered Postal Ballot Forms along with the self-addressed envelopes for which the postage was borne by the Company were sent to the members. E-voting facility was also provided to the members through NSDL.

The Postal Ballot voting process was conducted in a fair and transparent manner in accordance with the provisions of Section 192A of the Companies Act, 1956 and the rules framed thereunder. Mr. Nityanand Singh, Practicing Company Secretary acted as scrutinizer for the Postal Ballot voting process. The voting pattern in respect of aforesaid resolution is given below:

No. of Valid ballots	No. of valid votes casted	Votes casted in favour of the resolution	Votes casted against the resolution
400	161,462,284	161,450,836	11,448
		(99.993%)	(0.007%)

Since out of the total valid votes polled, 99.993% of the votes were casted in favour of the resolution, the above Special Resolution was declared to have been passed with overwhelming majority. The result of the Postal Ballot was announced by Mr. Ashish Guha, CEO & Managing Director on 19th November 2013 at the Registered Office of the Company at 5.00 P.M. After declaration, the result was communicated to the stock exchanges and also posted on the Company's website.

(b). Special Resolution for payment of managerial remuneration to Wholetime Director

Pursuant to Section 192A of the Companies Act, 1956 read with Companies (Passing of Resolution by Postal Ballot) Rules, 2011, a Notice dated 16th December 2013 was sent to the members for passing a Special Resolution through Postal Ballot under Section 198, 309 and Schedule XIII of the Companies Act, 1956 for payment of remuneration to Mr. Sushil Kumar Tiwari, Wholetime Director of the Company in view of inadequacy of profits during the financial year ended 31st December 2013.

The Postal Ballot voting process was conducted in a fair and transparent manner in accordance with the provisions of Section 192A of the Companies Act, 1956 and the rules framed thereunder. Mr. Nityanand Singh, Practicing Company Secretary acted as scrutinizer for the Postal Ballot voting process. The voting pattern in respect of aforesaid resolution is given below:

No. of Valid ballots	No. of valid votes casted	Votes casted in favour of the resolution	Votes casted against the resolution
267	162,074,031	158,645,493	3,428,538
		(97.88%)	(2.12%)

Since out of the total valid votes polled, 97.88% of the votes were casted in favour of the resolution, the above Special Resolution was declared to have been passed with overwhelming majority. The result of the Postal Ballot was announced by Mr. Ashish Guha, CEO & Managing Director on 31st January 2014 at the Registered Office of the Company at 5.00 P.M. After declaration, the result was communicated to the stock exchanges and also posted on the Company's website.

Annual General Meeting

Date	:	19th June 2014
Day	:	Thursday
Time	:	9.30 A.M.
Venue	:	Epicentre, Apparel House, Sector 44, Institutional Area, Gurgaon, Haryana.

Financial Calendar for 2014

The Company follows calendar year for the preparation of its accounts. Proposed Board Meetings for taking on record quarterly financial results for the accounting year 2014 are as under:

Approval of the financial results for the quarter ending 31st March 2014, 30th June 2014 and 30th September 2014.	Within 45 days from the end of the respective quarter.
Audited annual financial results for financial year ending 31st December 2014.	Within 60 days from the end of the year
AGM for the financial year ending 31st December 2014.	April to June 2015.

Book Closure : 14th June 2014 to 19th June 2014 (both days inclusive).

Dividend : Nil

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

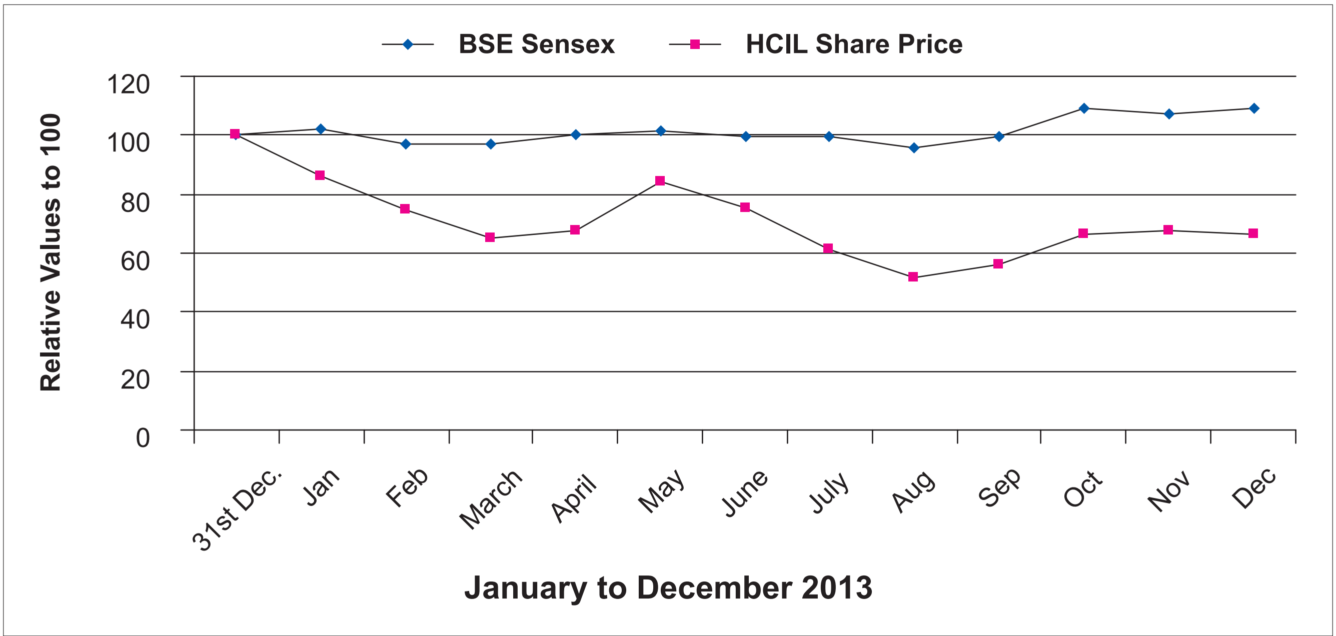
There are no arrears of listing fees to be paid to the Stock Exchanges.

Share Price Data

Share Price of HeidelbergCement India Ltd. at BSE & NSE during the financial year ended 31st December 2013.

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
January	59.80	48.20	59.85	48.25
February	50.00	40.20	49.55	40.15
March	45.20	35.50	45.20	35.05
April	39.65	33.15	39.80	34.05
May	48.70	37.45	49.00	37.50
June	50.90	41.20	51.25	41.30
July	45.50	33.20	45.10	33.55
August	35.00	27.85	35.00	27.15
September	38.40	28.05	39.45	28.05
October	38.10	31.20	38.45	31.15
November	41.50	37.00	41.50	37.00
December	41.55	36.40	42.00	36.30

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



Shareholding Pattern as on 31st December 2013

Category	No. of Equity Shares	% of Equity share holding
Promoters (Foreign Body Corporate)	15,61,49,534	68.91
Mutual Funds & UTI	11,55,459	0.51
Financial Institutions & Banks	27,140	0.01
Central /State Government	3,28,440	0.14
Insurance Companies	1,38,10,441	6.09
FIIs	1,10,75,649	4.89
NRIs & OCBs	14,43,391	0.64
Bodies Corporate*	1,36,45,153	6.02
Trusts	8,56,788	0.38
Resident Individuals	2,81,21,121	12.41
Total	**22,66,13,116**	**100.00**

* Includes Clearing Members

Distribution Schedule of Equity Shares as on 31st December 2013

No. of equity shares of ₹ 10 each	No. of shareholders	% of shareholders	No. of shares held	% of shareholding
1-500	42,362	83.38	7,051,251	3.11
501-1000	4,302	8.47	3,650,076	1.61
1001-2000	1,922	3.78	3,066,944	1.35
2001-3000	703	1.38	1,850,859	0.82
3001-4000	299	0.59	1,096,400	0.48
4001-5000	369	0.73	1,788,759	0.79
5001-10000	400	0.79	3,073,185	1.36
10001 and above	449	0.88	205,035,642	90.48
Total	**50,806**	**100.00**	**226,613,116**	**100.00**

Dematerialisation of shares and liquidity

The Equity Shares of the Company are actively traded at BSE and NSE in dematerialised form. International Securities Identification Number (ISIN) for both the depositories, viz., NSDL and CDSL is INE578A01017. As on 31st December 2013, 98.80 % of the Equity Shares of the Company were held in dematerialised form. The shareholders who wish to get their shares dematerialised can submit the share certificates together with the Demat Request Form to the Depository Participant with whom they have opened a demat account.

Issue of Non-Convertible Debentures

The Company had been exploring various options to reduce the interest cost on the borrowed funds. Therefore for the purpose of refinancing the existing long term loans obtained from banks, the Company has on 16th December 2013 issued and allotted 370 unsecured, redeemable, non-convertible debentures ("Debentures") of face value of MINR 10 each, aggregating to MINR 3700 to HeidelbergCement AG.

The Debentures have been issued in dematerialized form and are listed at wholesale debt segment of BSE Limited. ISIN allotted by the Depositories is INE578A08012.

Share Transfer System

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

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

Outstanding warrants and their implications on equity

As on 31st December 2013, there are no outstanding GDRs, ADRs, convertible warrants or any other instruments convertible into equity shares, issued by the Company.

Addresses for correspondence

Registered Office:
HeidelbergCement India Ltd.
9th Floor, Tower C, Infinity Towers
DLF Cyber City, Phase II
Gurgaon, Haryana – 122002
Phone Nos. : 0124 – 4503795, Fax No. : 0124 – 4147698
E-mail-Ids : investors.mcl@mycem.in
rajesh.relan@heidelbergcement.in
shrinivas.hari@heidelbergcement.in

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

Debenture Trustee:

Axis Trustee Services Ltd.
Axis House, 2nd Floor,
Wadia International Centre,
Pandurang Budhkar Marg,
Worli, Mumbai – 400 025
Phone Nos : 022-24252525/43252525
E-mail-Ids : debenturetrustee@axistrustee.com

Plant Locations

(a) HeidelbergCement India Ltd.
P.O. Ammasandra
District Tumkur
Karnataka - 572211

(b) Diamond Cements
(Unit of HeidelbergCement India Ltd.)
P.O. Narsingarh
District Damoh
Madhya Pradesh - 470675

(c) Diamond Cements
(Unit of HeidelbergCement India Ltd.)
Village Imlai
District Damoh
Madhya Pradesh - 470661

(d) Diamond Cements
(Unit of HeidelbergCement India Ltd.)
Village Madora
District Jhansi
Uttar Pradesh - 284121

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

I declare that the Company has received affirmation of compliance with the “Code of Business Conduct for Directors and Senior Executives” laid down by the Board of Directors, from all the Directors and Senior Management Personnel of the Company, to whom the same is applicable, for the financial year ended 31st December 2013.

Place: Gurgaon
Date: 2nd May 2014

Ashish Guha
CEO & Managing Director

CERTIFICATE OF COMPLIANCE WITH CLAUSE 49 OF LISTING AGREEMENT

To,

The Members of HeidelbergCement India Ltd.

We have examined the compliance of conditions of Corporate Governance by HeidelbergCement India Ltd. for the financial year ended 31st December 2013, as stipulated in the Listing Agreement of the said Company with BSE Limited and National Stock Exchange of India Limited.

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

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

We state that during the year, five complaints were received from shareholders which were resolved satisfactorily. As on 31st December 2013 there was no pending investor complaint.

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

For Nityanand Singh & Co.
Company Secretaries

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

Place : New Delhi
Date : 2nd May 2014

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

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

Financial Statements

Independent Auditor's Report

To
The Members of HeidelbergCement India Limited

Report on the Financial Statements

We have audited the accompanying financial statements of HeidelbergCement India Limited ("the Company"), which comprise the Balance Sheet as at December 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956 read with General Circular 15/2013 dated September 13, 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 1956 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2013;

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

   (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

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

   (c) 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;

   (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with General Circular 15/2013 dated September 13, 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013;

   (e) On the basis of written representations received from the directors as on December 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W

per Sanjay Vij
Partner
Membership Number: 95169
Place: Gurgaon
Date: February 12, 2014

Annexure referred to in paragraph 1 of our report of even date under Section 'Report on Other Legal and Regulatory Requirements'
Re: HeidelbergCement India Limited ('the Company')

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

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

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

(ii) (a) The 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 and no material discrepancies were noticed on physical verification.

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

(b) The Company has taken loan from a company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 5,200.0 million and the year-end balance of loan taken from such party was ₹ 5,200.0 million.

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

(d) In respect of loan 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 sale of goods. The activities of the Company do not include 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 and exceeding the value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.

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

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

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, related to the manufacture of cement and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and other material statutory dues applicable to it.

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

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

Name of Statute	Nature of dues	Amount (₹ in million)	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax Act and Various State Sales Tax Act	Sales Tax	56.3	1994-95, 1997-98, 2000-01 to 2004-05 and 2009-10	High Court
		0.1	1997-98 and 2002-03	Appellate Tribunal
		3.3	2000-01 and 2001-02	Deputy Commissioner (Appeals)
		10.5	2005-06 to 2007-08	Additional Commissioner
		115.4	2002-03 to 2007-08	Assessing Officer Sales Tax
Various State Entry Tax Act	UP Entry Tax	67.7	2003-04 to 2009-10	Supreme Court
	MP Entry Tax	280.0	2005-06 to till date	Supreme Court
	MP Entry Tax	188.1	1999-2000 to 2007-08	Assessing Officer Sales Tax
	MP Entry Tax	1.5	2000-01, 2004-05, 2005-06, 2009-10	Assessing Officer
	MP Entry Tax	0.7	1987-88 to 1997-98	High Court
Income Tax Act,1961	Income Tax	2.7	2007-08	Income Tax Appellate Tribunal
		3.4	2003-04	High Court
		17.7	2008-09	Dispute Resolution Panel
		12.9	2009-10	Transfer Pricing Officer
Central Excise Act,1944	Excise Duty and Cenvat	7.9	2007-08	Supreme Court
		21.9	1995-96 to 2000-01	High Court
		43.3	1992-93, 1995-96, 1996-97, 1999-00 to 2003-04 and 2005-06 to 2008-09	Central Excise and Service Tax Appellate Tribunal
		2.6	2007-08	Commissioner of Central Excise (Appeals)
		2.2	2010-11 to 2012-13	Assistant Commissioner Central Excise
		931.0	2007-08 to 2011-12	Central Excise and Service Tax Appellate Tribunal
Customs Act, 1962	Custom Duty	8.9	2006-07, 2009-10 to 2011-12	Assessing Officer
Finance Act 1994 (Amended 2009)	Service Tax	24.4	2001-02 to 2013-14	Commissioner of Central Excise (Appeals)
		2.7	2007-08 to 2010-11	Central Excise and Service Tax Appellate Tribunal
Madhya Pradesh Rural Road Development Authority	Rural Infrastructure and Road development tax	12.6	2005-06 till date	Supreme Court

(x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks and debenture holders. The Company has no outstanding dues in respect of financial institutions.

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

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

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

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

(xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained, though idle/surplus funds which were not required for immediate utilization have been gainfully invested in liquid investments payable on demand. The maximum amount of idle/surplus funds invested during the year was ₹ 1,251.0 million, of which ₹ 940.0 million were outstanding at the end of the year.

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

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

(xix) According to the information and explanations given to us, the Company has issued 370 unsecured debentures of Rs. 10,000,000 each, during the period covered by our audit report on which no security or charge is required to be created.

(xx) The Company has raised money through capital market by way of issue of debentures in the current year on private placement basis. Read with above, the Company has not raised any money through public issue during the year.

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

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W

per Sanjay Vij
Partner
Membership Number: 95169

Place: Gurgaon
Date: February 12, 2014

Balance Sheet as at 31st December 2013

Particulars	Notes	31 December 2013 ₹ in Millions	31 December 2012 ₹ in Millions
Equity and liabilities			
Shareholders' funds			
Share capital	3	2,266.2	2,266.2
Reserves and surplus	4	6,067.4	6,200.2
		8,333.6	**8,466.4**
Non-current liabilities			
Long-term borrowings	5	12,926.2	9,858.2
Deferred tax liabilities (net)	6	49.6	377.7
Other Long-Term liabilities	9.1	46.8	50.1
Long-term provisions	7	150.9	138.0
		13,173.5	**10,424.0**
Current liabilities			
Short-term borrowings	8	642.0	450.0
Trade payables	9.2	1,901.1	1,486.2
Other current liabilities	9.2	2,022.5	2,400.6
Short-term provisions	7	1,513.4	1,324.1
		6,079.0	**5,660.9**
TOTAL		**27,586.1**	**24,551.3**
Assets			
Non-current assets			
Fixed assets			
Tangible assets	10	17,861.6	3,721.7
Intangible assets	11	11.6	18.6
Capital work-in-progress	25	1,669.8	15,170.7
Long-term loans and advances	12	301.5	100.1
Other Non-current assets	13.2	1,994.3	838.5
		21,838.8	**19,849.6**
Current assets			
Inventories	14	1,989.2	1,650.4
Trade receivables	13.1	306.0	216.1
Cash and bank balances	15	1,141.4	731.8
Short-term loans and advances	12	2,306.2	2,100.7
Other current assets	13.2	4.5	2.7
		5,747.3	**4,701.7**
Total		**27,586.1**	**24,551.3**
Summary of significant accounting policies	2.1		

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

As per our report of even date

For **S. R. Batliboi & Associates LLP**
Firm Registration No. 101049W
Chartered Accountants

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

Sd/-
per Sanjay Vij
Partner
Membership No.: 95169

Sd/-
Anil Kumar Sharma
Chief Financial Officer

Sd/-
Dr. Bernd Scheifele
Director

Sd/-
Mr. P.G. Mankad
Chairman

Sd/-
Mr. Ashish Guha
CEO & Managing Director

Sd/-
Dr. Albert Scheuer
Director

Place : Gurgaon
Date : February 12, 2014

Sd/-
Rajesh Relan
Legal Head & Company Secretary

Sd/-
Mr. S. Krishna Kumar
Director

Sd/-
Mr. Pradeep V. Bhide
Director

Sd/-
Mr. Daniel R. Fritz
Director

Sd/-
Mr. Sushil Kumar Tiwari
Wholetime Director

Statement of Profit and Loss for the year ended 31st December 2013

Particulars	Notes	31 December 2013 ₹ in Millions	31 December 2012 ₹ in Millions
Income			
Revenue from operations (gross)	16	14,049.4	10,138.6
Less: Excise duty		(1,960.3)	(1,440.5)
Revenue from operations (net)		**12,089.1**	**8,698.1**
Other income	17	73.0	30.8
Total revenue (I)		**12,162.1**	**8,728.9**
Expenses			
Cost of raw material consumed	18	2,822.6	1,878.3
(Increase)/ decrease in inventories of finished goods and work-in-progress	19	(305.2)	(250.6)
Employee benefits expense	20	**966.7**	**849.9**
Other expenses	21	**7,584.7**	**5,588.4**
Total (II)		11,068.8	8,066.0
Earnings before interest, tax, depreciation and amortization (EBITDA) (I) - (II)		1,093.3	662.9
Depreciation and amortization expense	22	900.5	249.3
Less: recoupment from revaluation reserve		(9.8)	(13.4)
Net depreciation and amortization expense		**890.7**	**235.9**
Finance costs	23	1,056.4	103.0
Profit/(loss) before tax		(853.8)	324.0
Tax expenses			
Current tax		97.1	135.4
Less: MAT credit entitlement		(97.1)	(34.0)
Net current tax liability		-	101.4
Current tax/MAT related to earlier years		(71.3)	-
Deferred tax charge (Refer Note 38)		(328.1)	46.8
Total tax expense		**(399.4)**	**148.2**
Profit/(loss) for the year from continuing operations (A)		(454.4)	175.8
Discontinuing operations	40		
Profit/(loss) before tax from discontinuing operations		47.1	132.6
Tax expense of discontinuing operations [Refer Note 40 (b)]		-	-
Profit/(loss) after tax from discontinuing operations (B)		**47.1**	**132.6**
Profit/(loss) for the year (A+B)		**(407.30)**	**308.40**
Earnings per equity share [nominal value of share ₹ 10 (31 December 2012: ₹ 10)]	24		
Basic and Diluted EPS		(1.80)	1.36
Summary of significant accounting policies	2.1		

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

As per our report of even date

For **S. R. Batliboi & Associates LLP**
Firm Registration No. 101049W
Chartered Accountants

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

Sd/-
per Sanjay Vij
Partner
Membership No.: 95169

Sd/-
Anil Kumar Sharma
Chief Financial Officer

Sd/-
Dr. Bernd Scheifele
Director

Sd/-
Mr. P.G. Mankad
Chairman

Sd/-
Mr. Ashish Guha
CEO & Managing Director

Sd/-
Dr. Albert Scheuer
Director

Place : Gurgaon
Date : February 12, 2014

Sd/-
Rajesh Relan
Legal Head & Company Secretary

Sd/-
Mr. S. Krishna Kumar
Director

Sd/-
Mr. Pradeep V. Bhide
Director

Sd/-
Mr. Daniel R. Fritz
Director

Sd/-
Mr. Sushil Kumar Tiwari
Wholetime Director

Cash Flow Statement for the year ended 31st December 2013

Particulars	31 December 2013 ₹ in Millions	31 December 2012 ₹ in Millions
Cash flow from operating activities		
Profit/(Loss) before tax from continuing operations	(853.8)	324.0
Profit/(Loss) before tax from discontinuing operations	47.1	132.6
Profit/(Loss) before tax	(806.7)	456.6
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/ amortization (net of recoupment from revaluation reserve)	890.7	235.9
Depreciation/ amortization on discontinuing operation	79.6	79.0
Write off on tangible/ intangible assets	9.7	8.1
Write off on tangible/ intangible assets pertaining to discontinuing operation	0.1	3.2
Loss/ (profit) on sale of fixed assets	1.9	(1.0)
Unrealized foreign exchange loss	0.7	1.2
Provision for/(reversal of) obsolescence of raw materials	-	(11.3)
Provision for Doubtful debts and Advances	1.1	7.5
Sundry balances written off	2.5	2.2
Provision/Liabilities no longer required written back	(117.3)	(67.2)
Interest expense	1,024.0	82.9
Interest (income)	(70.6)	(27.9)
Operating profit before working capital changes	**1,015.7**	**769.2**
Movements in working capital :		
Increase/ (decrease) in trade payables and other current liabilities	649.8	204.8
Increase / (decrease) in long-term and short-term provisions	202.3	340.4
Decrease / (increase) in trade receivables	(91.0)	19.0
Decrease / (increase) in inventories	(338.8)	(532.3)
Decrease / (increase) in long-term and short-term loans and advances	(220.5)	(210.9)
Cash generated from /(used in) operations	**1,217.5**	**590.2**
Direct taxes paid (net of refunds)	(23.6)	(89.3)
Net cash flow from/ (used in) operating activities (A)	**1,193.9**	**500.9**
Cash flows from investing activities		
Purchase of fixed assets, including capital work in progress and capital advances	(2,268.9)	(4,424.7)
Proceeds from sale of fixed assets	3.1	1.2
Interest received	68.8	108.9
Net cash flow from/ (used in) investing activities (B)	**(2,197.0)**	**(4,314.6)**
Cash flows from financing activities		
Proceeds from issuance of debentures	3,700.0	-
Proceeds from long-term borrowings	2,200.0	1,832.5
Repayment of long-term borrowings	(3,700.0)	-
Proceeds from short-term borrowings	20,045.1	3,790.0
Repayment of short-term borrowings	(19,853.1)	(3,340.0)
Interest paid	(979.3)	(844.1)
Net cash flow from financing activities (C)	**1,412.7**	**1,438.4**

Cash Flow Statement for the year ended 31st December 2013

Particulars		31 December 2013 ₹ in Millions	31 December 2012 ₹ in Millions
Net increase/(decrease) in cash and cash equivalents (A + B + C)		409.6	(2,375.3)
Cash and cash equivalents at the beginning of the year		731.8	3,107.1
Cash and cash equivalents at the end of the year		**1,141.4**	**731.8**
Components of cash and cash equivalents			
Cash on hand		0.9	0.7
With banks- on current account		200.5	364.4
- on deposit account		940.0	366.7
Total cash and cash equivalents (note 15)		**1,141.4**	**731.8**
Summary of significant accounting policies	2.1		

As per our report of even date

For **S. R. Batliboi & Associates LLP**
Firm Registration No. 101049W
Chartered Accountants

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

Sd/-
per Sanjay Vij
Partner
Membership No.: 95169

Sd/-
Anil Kumar Sharma
Chief Financial Officer

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Place : Gurgaon
Date : February 12, 2014

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Director

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Mr. Daniel R. Fritz
Director

Sd/-
Mr. Sushil Kumar Tiwari
Wholetime Director

Notes to Financial Statements for the year ended 31st December 2013

1. CORPORATE INFORMATION

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

2. BASIS OF PREPARATION

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

2.1 Summary of Significant Accounting Policies

a) 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.

b) Fixed Assets

Fixed assets are stated at cost or revalued amounts, as the case may be, less accumulated depreciation and impairment losses (if any). Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

c) Depreciation on tangible fixed assets

(i) Depreciation on all tangible fixed assets is provided on Straight Line Method as per Schedule XIV of the Companies Act, 1956 or based on the useful lives of the assets as estimated by management, whichever is higher. The depreciation on the following assets is provided at higher rates as compared to schedule XIV rates:

Tangible Assets	Estimated Useful Lives (Years)
Ropeways	2 to 8
Motor Cars	5
Roads	25

Depreciation is calculated on pro-rata basis with reference to the month of addition/ sale and in the case of a new project, from the date of commencement of commercial production. The management of the Company is of the view that this depreciation rate fairly represents the useful life of the assets.

(ii) Assets costing less than ₹ 5,000 are fully depreciated in the year of purchase.

(iii) In respect of the revalued assets, the difference between the depreciation calculated on the revalued amount and that calculated on the original cost is recouped from the Revaluation Reserve Account.

(iv) Leasehold Land is amortized over the period of initial lease term ranging from 5 to 20 years.

(v) Cost of mineral reserve embedded in the cost of freehold mining land is depreciated in proportion of actual quantity of minerals extracted to the estimated quantity of extractable mineral reserves.

d) Intangible assets

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

Intangible Assets	Estimated Useful Lives (Years)
IT Software	5

e) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. For the purpose of accounting of impairment, due consideration is given to revaluation reserve, if any.

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

f) Inventories

Inventories are valued as follows:

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

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

g) Revenue Recognition

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

(i) Sale of Goods

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

(ii) Interest

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

h) Government Grants

Grants and subsidies from the government are recognized 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 recognized 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 recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

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

i) Borrowing Costs

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

j) Leases

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

k) Foreign Currency Transactions

(i) Initial Recognition

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

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) Exchange Differences

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

l) Derivative financial instruments and hedge accounting

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

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

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

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

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

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

m) Employee Benefits

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

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

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

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

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

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

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

n) Income Taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income-tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

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

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

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

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

o) Segment Reporting Policies

(i) Identification of segments:

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

(ii) Segment Policies:

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

p) Provisions & Contingent Liabilities

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

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 recognized 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 recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

q) Earnings per Share

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

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares, if any.

r) Mine Reclamation Expenses

The Company provides for the expenses to reclaim the quarries used for mining. The total estimate of reclamation expenses is apportioned over the estimate of mineral reserves and a provision is made based on the minerals extracted during the year.

Mines reclamation expenses are incurred on an ongoing basis and until the closure of the mine. The actual expenses may vary based on the nature of reclamation and the estimate of reclamation expenditure.

s) Cash and Cash Equivalents

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

t) Measurement of EBITDA

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

3. SHARE CAPITAL

	31 December 2013 ₹ in Millions	31 December 2012 ₹ in Millions
Authorized shares		
230,000,000 (31 December 2012: 230,000,000) Equity Shares of ₹ 10/- each	2,300.0	2,300.0
5,000,000 (31 December 2012: 5,000,000) Preference Shares of ₹100/- each	500.0	500.0
Issued shares		
226,631,309 (31 December 2012: 226,631,309) equity shares of ₹10/- each	2,266.3	2,266.3
Subscribed and paid-up shares		
226,613,116 (31 December 2012: 226,613,116) equity shares of ₹10/- each fully paid up	2,266.1	2,266.1
18,193 (31 December 2012: 18,193) forfeited equity shares of ₹10/- each (₹5/- each paid up)	0.1	0.1
	2,266.2	**2,266.2**

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

Equity shares

	31 December 2013		31 December 2012	
	No	₹ in Millions	No	₹ in Millions
At the beginning of the year	226,613,116	2,266.1	226,613,116	2,266.1
Issued during the year	-	-	-	-
Outstanding at the end of the year	**226,613,116**	**2,266.1**	**226,613,116**	**2,266.1**

b. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

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

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

	31 December 2013	31 December 2012
	₹ in Millions	₹ in Millions
Cementrum I B V , the holding company		
156,149,534 (31 December 2012: 155,340,196) equity shares of ₹10/- each fully paid	1,561.5	1,553.4

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

	31 December 2013	31 December 2012
	No.	No.
Equity shares allotted as fully paid-up for consideration other than cash pursuant to scheme of amalgamation	68,603,351	68,603,351

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

	31 December 2013		31 December 2012	
	No	% holding in the class	No	% holding in the class
Equity shares of ₹10/- each fully paid				
Cementrum I B V , the holding company	156,149,534	68.91%	155,340,196	68.55%

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

4. RESERVES AND SURPLUS

	31 December 2013 ₹ in Millions	31 December 2012 ₹ in Millions
Capital reserve	**549.7**	**549.7**
Capital subsidy reserve	**6.4**	**6.4**
Capital redemption reserve	**159.9**	**159.9**
Securities premium account	**3,707.1**	**3,707.1**
Revaluation reserve		
Balance as per the last financial statements	143.2	156.6
Less: amount transferred to the statement of profit and loss as reduction from depreciation	(9.8)	(13.4)
Closing Balance	**133.4**	**143.2**
Hedge fluctuation reserve (Refer Note no 31)		
Balance as per the last financial statements	63.0	47.4
Add: Fair value change recognized	284.3	15.6
Closing Balance	**347.3**	**63.0**
Surplus in the statement of profit and loss		
Balance as per last financial statements	1,570.9	1,262.5
Profit/(Loss) for the year	(407.3)	308.4
Net surplus in the statement of profit and loss	**1,163.6**	**1,570.9**
Total reserves and surplus	**6,067.4**	**6,200.2**

5. LONG-TERM BORROWINGS

	Non-current portion		Current maturities	
	31 December 2013 ₹ in Millions	31 December 2012 ₹ in Millions	31 December 2013 ₹ in Millions	31 December 2012 ₹ in Millions
Debentures				
370 (31 December 2012: Nil), 10.4% redeemable, listed, non-convertible debentures of ₹ 10,000,000/- each (Unsecured)	3,700.0	-	-	-
Term loans				
Indian rupee loan from banks (Unsecured)	-	3,000.0	-	-
External Commercial Borrowings ('ECB') (Unsecured)	9,226.2	6,858.2	-	-
	12,926.2	**9,858.2**	**-**	**-**
The above amount includes				
Secured borrowings	-	-	-	-
Unsecured borrowings	12,926.2	9,858.2	-	-
Net amount	**12,926.2**	**9,858.2**	**-**	**-**

a. **Debentures**

10.4% Debentures (listed at BSE Limited) are redeemable at par in three tranches of ₹ 1,250.0 million, ₹ 1,250.0 million and ₹ 1,200.0 million at the end of 6th, 7th and 8th year respectively from the date of allotment of 16 December, 2013. The Company has the option on or prior to the redemption date to buy-back, purchase, redeem, re-sell and/or re-issue all or part of the Debentures from the Debenture holders, subject to such Debenture holders having the discretion to offer its Debentures in response to the Company exercising such an option.

b. **Indian rupee loan :**

Secured by 100% unconditional and irrevocable Corporate Guarantee of HeidelbergCement AG, Germany, the ultimate holding company . The loans were repayable in 4 equal half yearly instalments after completion of 3 years from the date of drawdown of the respective tranches . The loans carried floating interest rates linked to the base rates of the banks. Since these term loan agreement allowed prepayment, the Company has repaid these loans (including principal and interest) out of net proceeds of the issue of the Debentures proceeds during the current year.

c. **External commercial borrowings :**

(i) The Company has availed ECB in US Dollar from the parent company Cementrum I.B.V. amounting to ₹ 7,726.2 million (Previous year ₹ 6,858.2 million) on unsecured basis at a rate linked to LIBOR . The loan is repayable after a period of 5 years from the date of drawdown of the respective tranches .The entire exposure has been hedged through a Cross Currency Interest Rate Swap agreement with a bank whereby the Company pays a fixed rate of interest and receives a variable rate linked to LIBOR.

(ii) The Company has availed ECB in Indian Rupees from HeidelbergCement AG, Germany, the ultimate holding company amounting to ₹ 1,500.0 million (Previous year ₹ Nil) on unsecured basis . This is repayable on completion of 5 years from the date of drawdown of the respective tranches .

d. Interest rate in respect of above long term borrowings is in range of 7.65% p.a to 13.4% p.a (previous year 7.65% p.a to 13.2% p.a).

6. DEFERRED TAX LIABILITIES (NET)

	31 December 2013 ₹ in Millions	31 December 2012 ₹ in Millions
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation/amortization charged for financial reporting	1,524.2	461.3
Effect of expenditure allowed for tax purposes on payment basis and not presently charged to Statement of Profit & Loss	128.1	106.7
Gross deferred tax liabilities	**1,652.3**	**568.0**
Deferred tax assets		
Unabsorbed deprecation / carry forward tax losses (Refer Note 38)	1,352.1	-
Impact of expenditure charged to Statement of Profit and Loss but allowable for tax purposes on payment basis	235.7	168.7
Provision for doubtful debts and advances	11.9	13.6
Others	3.0	8.0
Gross deferred tax assets	**1,602.7**	**190.3**
Deferred tax liabilities (net)	**49.6**	**377.7**

7. PROVISIONS

	Long-term		Short-term	
	31 December 2013 ₹ in Millions	31 December 2012 ₹ in Millions	31 December 2013 ₹ in Millions	31 December 2012 ₹ in Millions
Provision for employee benefits				
Provision for gratuity (refer note 34)	132.9	138.0	26.0	18.7
Provision for leave benefits	-	-	54.5	62.2
	132.9	**138.0**	**80.5**	**80.9**
Other provisions				
Provision for Litigation [refer note 30 (b)]	-	-	1,432.9	1,243.1
Provision for mine reclamation expenses [refer note 30 (c)]	18.0	-	-	-
Provision for wealth tax	-	-	-	0.1
	18.0	**-**	**1,432.9**	**1,243.2**
	150.9	**138.0**	**1,513.4**	**1,324.1**

8. SHORT-TERM BORROWINGS

	31 December 2013 ₹ in Millions	31 December 2012 ₹ in Millions
Cash credit from a bank (Unsecured)	82.0	-
Working capital loan from banks (Unsecured)	560.0	450.0
	642.0	**450.0**
The above amount includes		
Secured borrowings	-	-
Unsecured borrowings	642.0	450.0
	642.0	**450.0**

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

9.1 OTHER LONG TERM LIABILITIES

	31 December 2013 ₹ in Millions	31 December 2012 ₹ in Millions
Trade payables	46.8	50.1
	46.8	50.1

9.2 OTHER CURRENT LIABILITIES

	31 December 2013 ₹ in Millions	31 December 2012 ₹ in Millions
Trade payables (refer note 35 for details of dues to micro and small enterprises)	1,901.1	1,486.2
Other liabilities		
Interest accrued but not due on borrowings	139.3	100.1
Trade and other deposits	833.1	762.1
Payable against purchase of fixed assets	313.0	860.8
Advance from Customers	235.1	246.6
Book Overdraft	1.0	21.8
Others		
Interest accrued on security deposits	53.8	45.2
TDS payable	41.0	34.8
VAT	198.6	147.9
Excise & Service Tax	177.9	152.3
Other Statutory Dues	29.7	29.0
	2,022.5	2,400.6
	3,923.6	3,886.8

10. TANGIBLE ASSETS

11. INTANGIBLE ASSETS

Particulars	Freehold non mining Land	Freehold mining Land	Leasehold Land	Buildings	Railway Siding	Plant and equipment	Furniture and fixtures	Vehicles	Total	Computer software	Total
Cost or valuation											
At 1 January 2012	101.1	154.0	21.8	928.7	117.4	8,334.5	147.8	93.3	9,898.6	51.0	51.0
Additions	5.5	54.8	19.2	12.9	-	475.3	22.5	19.4	609.6	2.2	2.2
Disposals	-	-	-	-	-	(112.8)	(2.0)	(3.9)	(118.7)	-	-
At 31 December 2012	**106.6**	**208.8**	**41.0**	**941.6**	**117.4**	**8,697.0**	**168.3**	**108.8**	**10,389.5**	**53.2**	**53.2**
Additions/ Adjustments	3.6	11.9	1.0	544.1	91.7	14,388.3	34.8	55.2	15,130.6	0.2	0.2
Disposals	-	-	-	(6.3)	-	(180.0)	(7.5)	(1.1)	(194.9)	-	-
At 31 December 2013	**110.2**	**220.7**	**42.0**	**1,479.4**	**209.1**	**22,905.3**	**195.6**	**162.9**	**25,325.2**	**53.4**	**53.4**
Depreciation											
At 1 January 2012	-	-	14.0	330.9	97.7	5,876.1	84.0	45.6	6,448.3	25.1	25.1
Charge for the year*	-	-	0.8	20.8	4.0	273.4	17.5	10.2	326.7	9.5	9.5
Disposals	-	-	-	-	-	(101.5)	(1.9)	(3.8)	(107.2)	-	-
At 31 December 2012	**-**	**-**	**14.8**	**351.7**	**101.7**	**6,048.0**	**99.6**	**52.0**	**6,667.8**	**34.6**	**34.6**
Charge for the year*	-	6.8	1.5	32.0	3.9	898.5	22.2	11.1	976.0	7.2	7.2
Disposals	-	-	-	(4.8)	-	(168.5)	(5.9)	(1.0)	(180.2)	-	-
At 31 December 2013	**-**	**6.8**	**16.3**	**378.9**	**105.6**	**6,778.0**	**115.9**	**62.1**	**7,463.6**	**41.8**	**41.8**
Net Block											
At 31 December 2012	**106.6**	**208.8**	**26.2**	**589.9**	**15.7**	**2,649.0**	**68.7**	**56.8**	**3,721.7**	**18.6**	**18.6**
At 31 December 2013	**110.2**	**213.9**	**25.7**	**1,100.5**	**103.5**	**16,127.3**	**79.7**	**100.8**	**17,861.6**	**11.6**	**11.6**

Note :

(a) During the year, the Company has reclassified cost of freehold land into mining land and non mining land. Cost of mineral reserve embedded in the cost of freehold mining land has been depreciated in proportion of actual quantity of minerals extracted to the estimated quantity of extractable mineral reserves.

(b) Certain Fixed Assets were revalued based on current replacement cost by approved valuers on 1 July 1981, 31 March 1990 and 31 March 1992. These had resulted in increase in book value of fixed assets by ₹ 2,633.0 Million (gross) and accumulated depreciation by ₹ 475.3 Million resulting in net increase of ₹ 2,157.7 Million which were credited to Revaluation Reserve.

(c) Gross Block of Freehold Land, Building, Railway Siding and Plant and Machinery include ₹ 28.9 Million (Previous Year ₹ 28.9 Million), ₹ 206.7 Million (Previous Year ₹ 206.7 Million), ₹ 16.2 Million (Previous Year ₹ 16.2 Million) and ₹ 1,530.6 Million (Previous Year ₹ 1,549.3 Million) respectively on account of revaluation. Further Accumulated Depreciation of Building, Railway Siding and Plant and Machinery include ₹ 119.6 Million (Previous Year ₹ 115.8 Million), ₹ 16.2 Million (Previous Year ₹ 16.2 Million) and ₹ 1,513.1 Million (Previous Year ₹ 1,525.8 Million) respectively on account of revaluation.

(d) Depreciation for the year includes ₹ 9.8 Million (Previous year: ₹ 13.4 Million) in respect of increased value of Fixed Assets due to revaluation and an equivalent amount has been transferred from Revaluation Reserve.

* Depreciation of ₹ 3.1 Million (Previous Year: ₹ 7.9 Million) has been transferred to expenditure during construction period. Refer Note 25.

12. LOANS AND ADVANCES

	Non-current		Current	
	31 December 2013 ₹ in Millions	31 December 2012 ₹ in Millions	31 December 2013 ₹ in Millions	31 December 2012 ₹ in Millions
Capital advances				
Unsecured, considered good (refer note 39)	159.8	65.7	-	-
(A)	159.8	65.7	-	-
Advances recoverable in cash or kind				
Unsecured considered good	-	-	33.8	46.8
(B)	-	-	33.8	46.8
Other loans and advances				
Other loans and advances	-	-	17.9	15.1
Advance income-tax (net of provision for taxation)	-	-	43.1	55.6
MAT credit entitlement	141.7	34.4	-	-
Prepaid expenses	-	-	53.6	36.0
Security Deposits	-	-	340.2	295.5
Balances with statutory/government authorities and Others				
- Considered good	-	-	1,513.2	1,424.3
- Doubtful	-	-	11.1	13.2
VAT receivable	-	-	105.2	13.5
CENVAT Receivable	-	-	199.2	213.9
	141.7	34.4	2,283.5	2,067.1
Provision for doubtful deposits	-	-	(11.1)	(13.2)
(C)	141.7	34.4	2,272.4	2,053.9
Total (A+ B + C)	301.5	100.1	2,306.2	2,100.7

13. TRADE RECEIVABLES AND OTHER ASSETS

13.1 TRADE RECEIVABLES

	Non-current		Current	
	31 December 2013 ₹ in Millions	31 December 2012 ₹ in Millions	31 December 2013 ₹ in Millions	31 December 2012 ₹ in Millions
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	-	-	4.2	10.9
Doubtful	-	-	23.9	28.6
	-	-	28.1	39.5
Provision for doubtful receivables			(23.9)	(28.6)
(A)	**-**	**-**	**4.2**	**10.9**
Other receivables				
Unsecured, considered good	-	-	301.8	205.2
(B)	**-**	**-**	**301.8**	**205.2**
Total (A + B)	**-**	**-**	**306.0**	**216.1**

13.2 OTHER ASSETS

	Non-current		Current	
	31 December 2013 ₹ in Millions	31 December 2012 ₹ in Millions	31 December 2013 ₹ in Millions	31 December 2012 ₹ in Millions
Interest accrued on bank deposits	-	-	1.8	0.4
Interest accrued on other deposits	-	-	2.7	2.3
Derivative assets (refer note 31)	1,994.3	838.5	-	-
Total	**1,994.3**	**838.5**	**4.5**	**2.7**

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

	31 December 2013 ₹ in Millions	31 December 2012 ₹ in Millions
Raw materials (includes in transit MINR 16.4) (31 December 2012: MINR 16.6) (refer note 18)	566.2	524.7
Work-in-progress (refer note 19)	436.7	332.8
Finished goods (includes in transit MINR 52.8) (31 December 2012: MINR 36.6) (refer note 19)	353.3	237.8
Stores and spares (includes in transit MINR Nil) (31 December 2012: MINR 0.9)	623.0	542.9
Scrap Stock	10.0	12.2
	1,989.2	**1,650.4**

15. CASH AND BANK BALANCES

	Non-current		Current	
	31 December 2013 ₹ in Millions	31 December 2012 ₹ in Millions	31 December 2013 ₹ in Millions	31 December 2012 ₹ in Millions
Cash and cash equivalents				
Balances with banks:				
On current accounts	-	-	200.5	364.4
Deposits with original maturity of less than three months	-	-	940.0	366.7
Cash on hand	-	-	0.9	0.7
	-	**-**	**1,141.4**	**731.8**

16. REVENUE FROM OPERATIONS

	For the year ended 31 December 2013 ₹ in Millions	For the year ended 31 December 2012 ₹ in Millions
Revenue from operations		
Sale of products		
Cement	15,527.3	12,502.5
Ground Granulated Blast Furnace Slag (GGBS)	153.2	67.0
Clinker	137.4	156.9
	15,817.9	**12,726.4**
Other operating revenue		
VAT Incentive (refer note 37)	80.0	-
Scrap sales	50.9	39.9
Sundry Balances written back	20.2	22.4
Provision/Liabilities no longer required written back	97.1	44.8
Miscellaneous Income	36.3	5.9
	284.5	**113.0**
Revenue from operations (gross)	**16,102.4**	**12,839.4**
Less: Excise duty	(2,170.2)	(1,726.8)
Revenue from operations (net)	**13,932.2**	**11,112.6**
Less: Pertaining to discontinuing operation (refer note 40)		
- Sale on Products (net of excise duty MINR 209.9 (Previous Year: MINR 286.3)	(1,780.1)	(2,386.1)
- Other Operating revenue	(63.0)	(28.4)
Revenue from operations (net) from continuing operation	**12,089.1**	**8,698.1**

17. OTHER INCOME*

	For the year ended 31 December 2013 ₹ in Millions	For the year ended 31 December 2012 ₹ in Millions
Interest income on bank deposits	50.3	15.6
Interest income on other deposits	20.3	12.3
Rent	3.2	2.7
Profit on Sale of Fixed Assets (net)	-	1.0
	73.8	**31.6**
Less: Pertaining to discontinuing operation (refer note 40)	(0.8)	(0.8)
Other Income from continuing operation	**73.0**	**30.8**

* Directly attributable expenses in relation to project under construction have been transferred to capital work in progress. (refer note 25)

18. COST OF RAW MATERIAL CONSUMED*

	For the year ended 31 December 2013 ₹ in Millions	For the year ended 31 December 2012 ₹ in Millions
Inventory at the beginning of the year	524.7	520.5
Add: Purchases	3,808.4	3,137.3
	4,333.1	**3,657.8**
Less: inventory at the end of the year	(566.2)	(524.7)
Cost of raw material consumed	3,766.9	3,133.1
Less: Pertaining to discontinuing operation (refer note 40)	(944.3)	(1,254.8)
Cost of material consumed from continuing operation	**2,822.6**	**1,878.3**

DETAILS OF RAW MATERIAL CONSUMED

	31 December 2013 ₹ in Millions	31 December 2012 ₹ in Millions
Limestone	394.0	379.9
Pozzolona	524.6	371.7
Slag	254.3	349.4
Gypsum	575.1	389.1
Clinker Purchased	694.3	960.0
Packing material	615.0	435.8
Others	709.6	247.2
	3,766.9	**3,133.1**

DETAILS OF INVENTORY

	31 December 2013 ₹ in Millions	31 December 2012 ₹ in Millions
Raw material		
Lime stone purchased	8.1	9.0
Gypsum	21.4	23.0
Pozzolona	10.7	5.7
Slag	470.3	442.8
Clinker (purchased)	24.4	23.2
Packing materials	8.3	6.4
Others	23.0	14.6
	566.2	**524.7**

* Directly attributable expenses in relation to project under construction have been transferred to capital work in progress. (refer note 25)

19. (INCREASE)/DECREASE IN INVENTORIES

	For the year ended 31 December 2013 ₹ in Millions	For the year ended 31 December 2012 ₹ in Millions	(Increase) / decrease ₹ in Millions
Inventories at the end of the year			
Work-in-progress	436.7	332.8	(103.9)
Finished goods	353.3	237.8	(115.5)
Scrap stock	10.0	12.2	2.2
	800.0	**582.8**	**(217.2)**
Inventories at the beginning of the year			
Work-in-progress	332.8	109.9	(222.9)
Finished goods	237.8	141.7	(96.1)
Scrap stock	12.2	11.6	(0.6)
	582.8	**263.2**	**(319.6)**
	(217.2)	**(319.6)**	
Add: Work-in-progress inventory out of Trial Run Production	(25.0)	25.0	
Add: Finished Goods inventory out of Trial Run Production	(37.6)	37.6	
	(279.8)	**(257.0)**	
Less: Pertaining to discontinuing operation (refer note 40)	(25.4)	6.4	
(Increase)/decrease in inventories from continuing operation	**(305.2)**	**(250.6)**	

Details of inventory

	31 December 2013 ₹ in Millions	31 December 2012 ₹ in Millions
Work-in-progress		
Uncrushed Limestone	41.1	50.5
Crushed Limestone	115.2	26.2
Raw meal	14.8	4.0
Clinker	265.6	252.1
	436.7	**332.8**
Finished goods		
Cement	350.9	235.1
Ground Granulated Blast Furnace Slag (GGBS)	2.4	2.7
	353.3	**237.8**

20. EMPLOYEE BENEFIT EXPENSE*

	For the year ended 31 December 2013 ₹ in Millions	For the year ended 31 December 2012 ₹ in Millions
Salary, wages, bonus and allowances	902.4	783.7
Contribution to provident and other fund	57.8	51.9
Gratuity expense (refer note 34)	21.6	47.7
Workmen & staff welfare expenses	59.1	47.5
	1,040.9	**930.8**
Less: Pertaining to discontinuing operation (refer note 40)	(74.2)	(80.9)
Employee benefit expense from continuing operation	**966.7**	**849.9**

* Directly attributable expenses in relation to project under construction have been transferred to capital work in progress. (refer note 25)

21. OTHER EXPENSES*

	For the year ended 31 December 2013 ₹ in Millions	For the year ended 31 December 2012 ₹ in Millions
Stores and spares consumption	429.3	402.8
Freight & forwarding	2,093.1	1,528.7
(Increase) / decrease of excise duty on inventory	27.6	11.4
Power & fuel	3,887.5	3,064.4
Rent	33.9	29.0
Repairs and maintenance		
- Buildings	50.6	45.5
- Plant and machinery	110.8	94.2
- Others	4.4	3.4
Insurance	18.4	10.7
Rates and taxes	426.5	357.7
Travelling expenses	84.7	61.2
Directors fees	0.8	0.7
Payment to auditor		
As auditor:		
Audit Fees	7.5	6.8
Tax Audit Fees	1.2	1.2
Limited reviews	2.8	2.6
Reimbursement of expenses	0.6	0.5
Legal & professional expenses	35.7	23.9
Technical know how fees	170.0	174.2
Printing & stationery	9.4	7.6
Communication expenses	24.5	22.8
Advertisement and publicity expenses	129.1	94.8
Commission on sale	452.6	342.2
Cement Handling Expenses	100.3	58.9
Loss on sale of fixed assets (net)	1.9	-
Provision for doubtful debts and advances	1.1	7.5
Fixed Asset written off	9.8	11.3
Sundry Balances written off	2.5	2.2
Loss on foreign currency transactions (net)	0.7	1.2
Miscellaneous Expenses	138.6	93.1
	8,255.9	**6,460.5**
Less: Pertaining to discontinuing operation (refer note 40)	(671.2)	(872.1)
Other expenses from continuing operation	**7,584.7**	**5,588.4**

* Directly attributable expenses in relation to project under construction have been transferred to capital work in progress. (refer note 25)

22. DEPRECIATION AND AMORTIZATION EXPENSE*

	For the year ended 31 December 2013 ₹ in Millions	For the year ended 31 December 2012 ₹ in Millions
Depreciation of tangible assets	972.9	318.8
Amortization of intangible assets	7.2	9.5
	980.1	**328.3**
Less: recoupment from revaluation reserve	(9.8)	(13.4)
	970.3	**314.9**
Less: Pertaining to discontinuing operation (refer note 40)	(79.6)	(79.0)
Depreciation and amortization expense from continuing operation	**890.7**	**235.9**

23. FINANCE COSTS*

	For the year ended 31 December 2013 ₹ in Millions	For the year ended 31 December 2012 ₹ in Millions
Interest:		
On borrowings	976.2	41.7
Others	47.7	41.2
Bank charges & guarantee commission	34.6	22.4
	1,058.5	**105.3**
Less: Pertaining to discontinuing operation (refer note 40)	(2.1)	(2.3)
Finance costs from continuing operation	**1,056.4**	**103.0**

24. EARNINGS PER SHARE (EPS)

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

	For the year ended 31 December 2013 ₹ in Millions	For the year ended 31 December 2012 ₹ in Millions
Profit/(loss) after tax available to equity shareholders	(407.3)	308.4
Net profit for calculation of basic EPS / Diluted EPS	**(407.3)**	**308.4**
	No. in Millions	**No. in Millions**
Weighted average number of equity shares in calculating basic/Diluted EPS	226.6	226.6
Basic and Diluted EPS	**(1.80)**	**1.36**

* Directly attributable expenses in relation to project under construction have been transferred to capital work in progress. (refer note 25)

25. (a) Capital work in progress include tangible assets amounting to ₹ 1,641.6 million (previous year ₹ 15,168.2 million) and intangible assets amounting to ₹ 28.2 million (previous year ₹ 2.5 million).

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

(c) Capital work-in-progress includes expenditure during construction period on substantial expansion of existing units and intangible assets of the Company as under:

₹ in Millions

Particulars	**Opening balance as at 1 January 2013**	**Additions during the year**	**Capitalisation during the year**	**Closing balance as at 31 December 2013**
Cost of raw material consumed	137.6	156.1	293.7	-
Salary, Wages, Bonus and Allowances	263.6	81.8	314.5	30.9
Gratuity expense	1.6	-	1.6	-
Workmen & Staff Welfare Expenses	1.8	2.0	3.8	-
Stores and Spares consumed	3.0	-	3.0	-
Freight & Forwarding	19.5	19.9	39.4	-
Excise duty on closing stock	6.6	-	6.6	-
Power & Fuel	199.9	176.0	372.7	3.2
Power Transmission Line related expenses	308.7	-	308.7	-
Rent	17.9	9.3	19.1	8.1
Insurance	20.8	0.6	21.4	-
Rates and Taxes	6.2	6.9	13.1	-
Travelling Expenses	36.3	6.9	40.2	3.0
Legal & Professional expenses	314.9	59.8	334.4	40.3
Communication Expenses	2.2	0.3	2.5	-
Commission on sale	1.7	2.8	4.5	-
Miscellaneous Expenses	72.9	17.5	52.7	37.7
Depreciation and Amortization expenses	20.3	3.1	19.8	3.6
Interest	1,130.0	242.4	1,252.3	120.1
Guarantee commission (included in Bank charges and guarantee commission)	35.7	3.6	37.5	1.8
Total Expenditure during Construction period	2,601.2	789.0	3,141.5	248.7
Less: Sales during Trial Run period (Net of excise duty of ₹ 24.9 million)	(145.2)	(155.4)	(300.6)	-
Less: Scrap Sale (net of excise duty)	(17.3)	(22.6)	(21.5)	(18.4)
Less: Interest Income on Bank Deposits	(102.7)	(0.5)	(101.9)	(1.3)
Less: Closing Stock of finished goods out of trial run production	(37.6)	-	(37.6)	-
Less: Closing Stock of work in progress out of trial run production	(25.0)	-	(25.0)	-
Total	**2,273.4**	**610.5**	**2,654.9**	**229.0**

The Company has completed the expansion project at Jhansi (UP) and Damoh (MP). The new plants at Jhansi and Damoh have been commissioned and the commercial production commenced on January 16, 2013 and February 18, 2013 respectively.

26. SEGMENTAL INFORMATION:

(a) Business Segment

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

(b) Geographical Segment

The Company operates within India and does not have operations in economic environments with different risk and returns. Hence, it is considered under operating in a single geographical segment.

27. RELATED PARTY DISCLOSURE

(a) Names of related parties:

Names of related parties where control exists irrespective of whether transactions have occurred or not:	
Ultimate Holding Company	HeidelbergCement AG
Holding Company	Cementrum I.B.V
Names of other related parties with whom transactions have taken place during the year:	
Fellow Subsidiaries	HeidelbergCement Asia Pte Ltd
	HeidelbergCement Norway
	Cochin Cements Limited
	PT Indocement Tunggal Prakarsa Tbk
	HC Trading Malta Limited
Key Management Personnel	Mr. Sushil Kumar Tiwari, Whole Time Director

(b) Transactions with related parties

₹ in Millions

Particulars	Enterprises where controls exists		Fellow Subsidiaries		Key Management Personnel		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
Transactions with Cementrum I B.V.:								
-External Commercial Borrowing taken (ECB)*	**-**	1,832.5	**-**	-	**-**	-	**-**	1,832.5
-Interest on ECB	**224.4**	193.2	**-**	-	**-**	-	**224.4**	193.2
Transactions with HeidelbergCement AG:								
- Corporate Guarantee Charges	**25.9**	24.1	**-**	-	**-**	-	**25.9**	24.1
- Payroll cost reimbursed	**25.8**	23.5	**-**	-	**-**	-	**25.8**	23.5
-Guarantees Given/renewed	**4,450.0**	2,110.0	**-**	-	**-**	-	**4,450.0**	2,110.0
-Guarantees Lapsed/cancelled	**5,860.0**	-	**-**	-	**-**	-	**5,860.0**	-
- ECB taken	**1,500.0**	-	**-**	-	**-**	-	**1,500.0**	-
-Issue of non-convertible debentures	**3,700.0**	-	**-**	-	**-**	-	**3,700.0**	-
-Interest on ECB & Debentures	**94.1**	-	**-**	-	**-**	-	**94.1**	-
Transactions with Cochin Cements Limited:								
- Expenses Recovered	**-**	-	**49.7**	47.4	**-**	-	**49.7**	47.4
- Sale of Clinker	**-**	-	**137.4**	160.0	**-**	-	**137.4**	160.0
Transactions with Heidelberg Cements Asia Pte Limited:								
- Technical Know How Fee	**-**	-	**170.0**	174.3	**-**	-	**170.0**	174.3
-Other Receipts	**-**	-	**-**	0.2	**-**	-	**-**	0.2
Transactions with PT Indocement Tunggal Prakarsa Tbk								
- ERP Maintenance Charges	**-**	-	**6.7**	5.7	**-**	-	**6.7**	5.7
Transactions with HC Trading Malta Limited								
- Expenses Reimbursed	**-**	-	**-**	0.8	**-**	-	**-**	0.8
Transactions with key management personnel**								
- Salary, wages, bonus and allowances	**-**	-	**-**	-	**12.8**	11.5	**12.8**	11.5
- Contribution to provident and other fund	**-**	-	**-**	-	**1.2**	1.1	**1.2**	1.1
Balance outstanding at the year end								
Payable								
- HeidelbergCement AG	**32.4**	29.5	**-**	-	**-**	-	**32.4**	29.5
- PT Indocement Tunggal Prakarsa Tbk	**-**	-	**1.3**	-	**-**	-	**1.3**	-
- HeidelbergCement Asia Pte Limited	**-**	-	**38.5**	31.3	**-**	-	**38.5**	31.3
Loans Taken*								
-Cementrum I.B.V	**7,726.2**	6,858.2	**-**	-	**-**	-	**7,726.2**	6,858.2
- HeidelbergCement AG	**1,500.0**	-	**-**	-	**-**	-	**1,500.0**	-
Issue of Debentures								
- HeidelbergCement AG	**3,700.0**	-	**-**	-	**-**	-	**3,700.0**	-
Interest accrued but not due on ECB loan								
-Cementrum I.B.V	**67.4**	66.3	**-**	-	**-**	-	**67.4**	66.3
- HeidelbergCement AG	**56.7**	-	**-**	-	**-**	-	**56.7**	-
Interest accrued but not due on debentures								
- HeidelbergCement AG	**15.0**	-	**-**	-	**-**	-	**15.0**	-
Guarantees Outstanding:								
-HeidelbergCement AG	**4,450.0**	5,860.0	**-**	-	**-**	-	**4,450.0**	5860.0

*Difference of ₹ 868.0 million (Previous year ₹ 256.5 million) in ECB loan amount received & payable to Cementrum IBV as at December 31, 2013 is on account of restatement of ECB loan at closing exchange rate.

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

28. The Company has taken various residential premises, office premises and warehouses under operating lease agreements. These are generally cancellable and are renewable by mutual consent on mutually agreed terms except one office premises which is taken on a non-cancellable lease. The Company has recognized ₹ 34.9 million (Previous year: ₹ 28.7 million) in respect of cancellable operating leases and ₹ 9.3 million (Previous year: ₹ 6.4 million) in respect of non-cancellable operating leases.

Operating Lease (Non-Cancellable)

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

₹ in Millions

S. No.	Particulars	2013	2012
(i)	Not later than one year;	**8.1**	9.5
(ii)	Later than one year and not later than five years;	**6.7**	15.0
(iii)	Later than five years;	**-**	-

Out of the total rent recognised, ₹ 1.0 million (Previous year ₹ 0.4 million) relating to residential accommodation provided to the employees has been shown under Employee benefit expenses.

₹ 8.1 million (Previous year: ₹ 3.4 million) relating to a non-cancellable operating lease and ₹ 1.2 million (Previous year: ₹ 2.2 million) relating to cancellable operating lease has been capitalized during the current year.

29. CAPITAL COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ 138.4 million (Previous year: ₹ 486.0 million).

30. CONTINGENCIES AND PROVISION FOR LITIGATION

(a) Contingent Liabilities not provided for

₹ in Millions

Particulars		December 31, 2013	December 31, 2012
A.	Disputed Statutory claims / levies:		
	Excise Duty / Service Tax/CENVAT Credit	**69.6**	56.3
	Sales Tax/ Trade Tax	**136.5**	882.6
	Entry Tax	**4.9**	72.1
	Income Tax	**33.3**	2.7
	Differential Royalty on Limestone*	**2,073.3**	1,809.4
B.	Claims against the Company not acknowledged as Debts		
	Claims by various Suppliers of goods and Services	**11.7**	16.2
	Claims by customers and others	**9.0**	8.3
	Electricity Charges	**83.7**	82.0
C.	Show cause notices for levy		
	Excise Duty / Service Tax/CENVAT Credit	**37.9**	112.0
	Sales Tax	**3.6**	3.6
	Grand Total	**2,463.5**	3,045.2

* The Company had filed writ petition against the order of the Madhya Pradesh State Mining Department towards payment of additional Royalty on Limestone based on the ratio of 1.6 tonnes of Limestone to 1 tonne of cement produced. The Company holds the view that the payment of royalty on limestone is correctly made based on the actual quantity of limestone extracted from the mining area. The matter is now pending before Honourable High Court at Jabalpur. Basis legal inputs, the Company expects a favourable outcome on the matter and no provision is required thereagainst.

In respect of above cases based on the favourable decisions in similar cases/ legal opinions taken by the Company/ discussions with the solicitors etc., the management is of the opinion that it is possible, but not probable, that the action will succeed.

(b) Provision for Litigation

₹ in Millions

Particulars	Balance as at 1st January 2013	Additions during the year charged to respective expenses head	Amounts reversed during the year	Balance as on 31st December 2013
Trade Tax, Jhansi, Uttar Pradesh ('UP')	21.7	-	-	**21.7**
	(21.7)	(-)	(-)	(21.7)
Entry Tax, Jhansi (UP)-Cement and Clinker	347.3	-	55.5	**291.8**
	(347.3)	(-)	(-)	(347.3)
Entry Tax, Damoh, Madhya Pradesh ('MP')	672.9	230.0	-	**902.9**
	(388.3)	(284.6)	(-)	(672.9)
Provision taken for Cess on Captive Power, Damoh (MP)	86.8	-	-	**86.8**
	(86.8)	(-)	(-)	(86.8)
Service Tax (GTO), Damoh and Jhansi	3.5	-	-	**3.5**
	(3.5)	(-)	(-)	(3.5)
Power Deficit Bill –MPSEB, Damoh (MP)	16.0	0.6	-	**16.6**
	(15.4)	(0.6)	(-)	(16.0)
Bihar Sales Tax, Damoh (MP)	3.9	-	0.9	**3.0**
	(3.9)	(-)	(-)	(3.9)
Rural Infrastructure and Road development tax, Damoh (MP)	55.4	17.5	-	**72.9**
	(44.4)	(11.0)	(-)	(55.4)
Environment protection fees-Amsa	14.5	-	-	**14.5**
	(14.5)	(-)	(-)	(14.5)
Input reversal on hiring of equipments	9.5	9.4	-	**18.9**
	(4.5)	(5.0)	(-)	(9.5)
Service tax on Outward Freight- Raigad	10.8	-	10.8	**-**
	(10.8)	(-)	(-)	(10.8)
Other Litigations	0.8	-	0.5	**0.3**
	(0.8)	(-)	(-)	(0.8)
TOTAL	**1,243.1**	**257.5**	**67.7**	**1,432.9**
	(941.9)	(301.2)	(-)	(1,243.1)

Note: Figures in brackets are for the previous year.

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

(c) Movement of provision for Mine Reclamation Expenses during the year as required by Accounting Standard 29:

Mine Reclamation Expenses

₹ in Millions

Particulars	31 December 2013
Opening provision as at 1 January, 2013	**-**
Add: Provision during the year	**18.0**
Less: Utilisation during the year	**-**
Closing provision	**18.0**

Mine reclamation expense is incurred on an ongoing basis and until the closure of mines. The actual expenses may vary based on the nature of reclamation and the estimate of reclamation expenses.

(d) Debenture redemption reserve aggregating to ₹ 5.6 million (previous year Nil) has not been created due to inadequacy of profits.

31. CROSS CURRENCY INTEREST RATE SWAP

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

The loss on restatement of bank borrowings up to year end amounting to ₹ 1,753.9 million (up to previous year ₹885.9 million) has been charged off to Statement of profit and loss and offset with a similar gain on increase in fair value of Derivative Assets. The Company has a closing derivative assets of ₹ 1,994.3 million (Previous year ₹ 838.5 million) which is presented under other non- current assets in Note 13.2. Effective portion of cash flow hedge and differential accrued interest amounting to ₹ 347.3 million (previous year ₹ 63.0 million) has been taken to “Hedging Reserve Account” under Reserves & Surplus under Note 4.

32. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

Cross currency interest rate swap outstanding as at Balance Sheet date

Particulars	Currency	2013	2012	Purpose
Cross Currency Interest rate Swap	USD	125,000,000	125,000,000	For hedging payment of ECB loan and interest thereon.

Unhedged Foreign Currency Exposure

Particulars	Currency	2013			2012		
		Amount in foreign currency	Exchange Rate	₹ in Millions	Amount in foreign currency	Exchange Rate	₹ in Millions
Trade Payable for Imports	USD	21,425.00	61.81	1.3	112,201.62	54.87	6.2
	EURO	303,583.43	84.96	25.79	447,670.96	72.40	32.4
	SGD	4,614.11	48.94	0.2	4,614.11	44.93	0.2

33. Excise duty on sales amounting to ₹ 2,195.1 million, which includes ₹ 24.9 million (Previous Year: ₹ 23.8 million) from sales out of production during trial runs (Previous year ₹ 1,750.6 million) has been reduced from sales in statement of profit and loss and expenditure during construction period. Excise duty expenses on increase in stocks amounting to ₹ 27.6 million (Previous year excise duty income of ₹ 11.4 million) has been considered in Note 21 of the financial statement and excise duty on closing stock out of trial production amounting ₹ Nil million (Previous year ₹ 6.6 million) has been debited to expenditure during construction period under capital work in progress.

34. a) Gratuity and other employment benefit plans

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

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

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

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

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

Statement of Profit and Loss Account
Net employee benefit expense (recognized in Employee Cost)

₹ in Millions

Particulars	Gratuity	
	2013	2012
Current service cost	17.0	14.1
Interest cost on benefit obligation	19.7	17.8
Expected return on plan assets	(7.7)	(6.9)
Net actuarial (gain)/ loss recognized	(7.4)	24.3
Past service cost / (credit) recognized	-	-
Net benefit expense*	21.6	49.3
Actual Return on plan assets	8.7	6.5

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

Balance Sheet

Details of Provision for gratuity

₹ in Millions

Particulars	Gratuity	
	2013	2012
Defined benefit obligation	270.9	253.4
Fair value of plan assets	(112.0)	(96.7)
	158.9	156.7
Less: Unrecognized past service cost	-	-
Plan liability	158.9	156.7

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

₹ in Millions

Particulars	Gratuity	
	2013	2012
Opening defined benefit obligation	253.4	207.3
Current service cost	17.0	14.1
Interest cost on benefit obligation	19.7	17.9
Actuarial (gain)/ loss recognized	(6.4)	23.9
Past service cost / (credit) recognized	-	-
Benefits paid	(12.8)	(9.8)
Closing defined benefit obligation	270.9	253.4

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

₹ in Millions

Particulars	Gratuity	
	2013	2012
Opening fair value of plan assets	96.7	82.4
Expected return	7.7	6.9
Contribution by employer	19.4	17.6
Actuarial gain/(loss) recognized	1.0	(0.4)
Benefits paid	(12.8)	(9.8)
Closing fair value of plan assets	112.0	96.7

The Company expects to contribute ₹ 20.0 million to gratuity in 2014 (previous year ₹ 18.7 million).

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

Particulars	2013	2012
Discount rate	9.20%	8.20%
Expected rate of return on assets	9.20%	8.20%
Employee Turnover	5.00%	5.00%

Note:

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

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

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

Particulars	2013 (%)	2012 (%)
Investments with insurer	98.35	98.31
Investments in government bonds	0.09	0.10
Bank balance	1.56	1.59
Total	100.00	100.00

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

Amounts for the current and previous years are as follows:

₹ in Millions

Particulars	Gratuity				
	2013	2012	2011	2010	2009
Defined benefit obligation	(270.9)	(253.5)	(207.3)	(182.9)	(160.5)
Plan assets	112.0	96.8	82.4	65.4	51.2
Surplus / (deficit)	(158.9)	(156.7)	(124.9)	(117.5)	(109.3)
Experience loss/(gain) on plan liabilities	(6.4)	23.9	1.8	6.8	18.5
Experience loss/(gain) on plan assets	(1.0)	0.4	(0.5)	(4.1)	4.4

(b) Provident Fund

Provident fund for certain eligible employees is managed by the Company through trust "Mysore Cements Limited officers' and staff provident fund trust", in line with the Provident Fund and Miscellaneous Provision Act, 1952. The plan guarantees interest at the rate notified by the Provident Fund Authorities. The contribution by the employer and employee together with the interest accumulated thereon are payable to employees at the time of separation from the Company or retirement, whichever is earlier. The benefits vests immediately on rendering of the services by the employee.

In terms of the guidance note issued by the Institute of Actuaries of India for measurement of provident fund liabilities, the actuary has provided a valuation of provident fund liability and based on the assumption provided below there is no shortfall as at December 31, 2013 and December 31, 2012.

The details of the fund and plan assets position are as follows:

₹ in Millions

Particulars	2013	2012
Plan assets at year end, at fair value	225.7	205.9
Present value of defined obligation at year end	191.2	184.1
Assets recognised in Balance Sheet	-	-

The assumptions used in determining the present value of obligation of the interest rate guarantee under deterministic approach are:

Particulars	2013	2012
Discount rate	9.02%	8.05%
Expected guaranteed interest rate	8.50%	8.50%
Expected Rate of Return on Asset	8.94%	8.84%

(c) Contribution to Defined Contribution Plans included under head 'Contribution to PF and other funds' under Note 20 'Employee benefit Expenses'

₹ in Millions

Particulars	2013	2012
Provident Fund	47.5	42.1
Other Post Employment Funds	4.7	5.5
Total	**52.2**	47.6

35. Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006 as per the information available with the Company in response to the enquiries from all existing suppliers with whom the Company deals, which has been relied upon by the auditors:

₹ in Millions

S. No.	Particulars	2013	2012
(i)	the principal amount and the interest due thereon remaining unpaid to any supplier		
	- Principal amount	2.8	6.6
	- Interest thereon	-	-
(ii)	the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iii)	the amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
(iv)	the amount of interest accrued and remaining unpaid	-	-
(v)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of this Act	-	-

36. SUPPLEMENTARY STATUTORY INFORMATION

36.1 Earnings in foreign currency (accrual basis)

₹ in Millions

Particulars	2013	2012
Miscellaneous Income	-	0.2

36.2 Expenditure in foreign currency (on accrual basis)

₹ in Millions

Particulars	2013	2012
Technical Know how fees	170.0	174.3
Legal & Professional expenses	6.7	6.8
Guarantee commission (included under Bank charges & guarantee commission)	25.9	24.1
Interest	318.6	193.2
Others	27.9	24.9
Total	549.1	423.3

36.3 Value of imports calculated on CIF basis

₹ in Millions

Particulars	2013	2012
Stores and Spare Parts	1.0	35.9
Capital goods	-	43.5
Total	1.0	79.4

36.4 Imported and indigenous raw materials and packing materials consumed:

	Particulars	Percentage of total consumption		Value ₹ in Millions	
		2013	2012	2013	2012
A.	**Raw Materials**				
	Imported	-	-	-	-
	Indigenous	100.00	100.00	3,307.9	2,821.8
	Total (A)	100.00	100.00	3,307.9	2,821.8
B.	**Packing Materials**				
	Imported	-	-	-	-
	Indigenous	100.00	100.00	615.1	448.9
	Total (B)	100.00	100.00	615.1	448.9
	Grand total (A+B)			3,923.0[@]	3,270.7[@]

[@]Includes consumption during trial run production for ₹ 156.1 million (Previous year ₹137.6 million).

36.5 Imported and indigenous stores and spares consumed:

Particulars	Percentage of total consumption		Value ₹ in Millions	
	2013	2012	2013	2012
Imported	0.09	4.56	0.4	18.4
Indigenous	99.91	95.44	428.9	384.6
Total	100.00	100.00	429.3	403.0#

#Includes consumption during trial run production for ₹ 0.2 million.

37. SALES & ENTRY TAX BENEFIT

The Company is entitled to benefits under the Madhya Pradesh State Industrial Promotion Policy, 2004 and 2010 for the increased cement production facility at Damoh, Madhya Pradesh w.e.f. February 18, 2013.Under the said policy, the Company has been exempted from payment of Entry Tax on purchase of raw materials for a period of 7 years and also claim refund upto 75% of VAT/CST paid on sales for a period of 10 years within the state of Madhya Pradesh in respect of the increased production facility.

38. Deferred tax assets of ₹ 176.7 million (Previous year ₹ Nil) has been recognised during the year on carried forward capital losses of earlier year ₹ 779.9 million (Previous year ₹ Nil) owing to virtual certainty arising on sale of Raigad Plant.

39. Capital advances include an amount of ₹ 150.6 million paid to a supplier for setting up a Waste Heat Recovery based Power Generation Plant at the Company's clinkerisation unit at Narsingarh in Madhya Pradesh. A dispute arose with the supplier as they failed to adhere to the agreed timelines and insisted for enhancement of the contract price in view of depreciation of Rupee against US dollars, despite the contract being for a fixed price. The supplier also offered the Company to renegotiate and agree with its subcontractors for settlement of the aforesaid advance. The Company invoked the advance bank guarantee to recover the advances paid to the said supplier. The Hon'ble High Court of Delhi has granted an ad interim ex-parte injunction against the invocation of aforesaid Bank Guarantee, against which the Company has filed an application for vacation of stay, which is currently pending. Basis legal assessment, the management is confident of recovering the amounts and no adjustments are considered necessary in the financial statements in this regard.

40. DISCONTINUING OPERATION

a) In accordance with the approval granted by the Board of Directors of the Company on May 21, 2013, the Company has executed a Business Transfer Agreement on October 5, 2013 with JSW Steel Limited for sale of its cement grinding facility in Raigad, Maharashtra, to JSW Steel Limited, as a going concern on slump sale basis.

The process of selling the Raigad plant has been completed on 3 January 2014.

The carrying amounts of the total assets and liabilities to be disposed of at 31 December 2013 are as follows. Comparative information for Raigad plant is included in accordance with AS 24 Discontinuing Operations.

₹ in Millions

Particulars	31 December 2013	31 December 2012
Total assets	1,321.7	1,441.8
Total liabilities	308.0	551.4
Net assets	1,013.7	890.4

b) Revenue and expenses of continuing and discontinuing operations are as follows:

₹ in Millions

	Continuing operation		Discontinuing operation		Total	
	31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-12
Income						
Revenue from operations (gross)	14,049.4	10,138.6	2,053.0	2,700.8	16,102.4	12,839.4
Less: Excise duty	(1,960.3)	(1,440.5)	(209.9)	(286.3)	(2,170.2)	(1,726.8)
Revenue from operations (net)	12,089.1	8,698.1	1,843.1	2,414.5	13,932.2	11,112.6
Other income	73.0	30.8	0.8	0.8	73.8	31.6
Total revenue (I)	12,162.1	8,728.9	1,843.9	2,415.3	14,006.0	11,144.2
Expenses						
Cost of raw material consumed	2,822.6	1,878.3	944.3	1,254.8	3,766.9	3,133.1
(Increase)/ decrease in inventories of finished goods and work-in-progress	(305.2)	(250.6)	25.4	(6.4)	(279.8)	(257.0)
Employee benefits expense	966.7	849.9	74.2	80.9	1,040.9	930.8
Other expenses	7,584.7	5,588.4	671.2	872.1	8,255.9	6,460.5
Total (II)	11,068.8	8,066.0	1,715.1	2,201.4	12,783.9	10,267.4
Earnings before interest, tax, depreciation and amortization (EBITDA)						
(I) - (II)	1,093.3	662.9	128.8	213.9	1,222.1	876.8
Depreciation and amortization expense	900.5	249.3	79.6	79.0	980.1	328.3
Less: recoupment from revaluation reserve	(9.8)	(13.4)	-	-	(9.8)	(13.4)
Net depreciation and amortization expense	890.7	235.9	79.6	79.0	970.3	314.9
Finance costs	1,056.4	103.0	2.1	2.3	1,058.5	105.3
Profit/(loss) before tax	(853.8)	324.0	47.1	132.6	(806.7)	456.6
Tax expenses*						
Current tax	97.1	135.4	-	-	97.1	135.4
Less: MAT credit entitlement	(97.1)	(34.0)	-	-	(97.1)	(34.0)
Net current tax liability	-	101.4	-	-	-	101.4
Current tax/MAT related to earlier years	(71.3)	-	-	-	(71.3)	-
Deferred tax charge	(328.1)	46.8	-	-	(328.1)	46.8
Total tax expense	(399.4)	148.2	-	-	(399.4)	148.2
Profit/(loss) for the year	(454.4)	175.8	47.1	132.6	(407.3)	308.4

*Tax Expense is not determined separately for discontinuing operations, as it is determined for the Company as a whole.

c) Net Cash flows attributable to the operating, investing and financing activities of the discontinuing operations are as follows:

₹ in Millions

Particulars	31 December 2013	31 December 2012
Operating activities	(31.6)	38.0
Investing activities	1.3	(21.9)
Financing activities	(3.1)	(0.3)
Net cash inflows / (outflows)	(33.4)	15.8

41. PREVIOUS YEAR FIGURES

Previous year figures have been regrouped / reclassified, where necessary, to conform to this year's classification.

As per our report of even date

For **S. R. Batliboi & Associates LLP**
Firm Registration No. 101049W
Chartered Accountants

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

Sd/-
per Sanjay Vij
Partner
Membership No.: 95169

Sd/-
Anil Kumar Sharma
Chief Financial Officer

Sd/-
Dr. Bernd Scheifele
Director

Sd/-
Mr. P.G. Mankad
Chairman

Sd/-
Mr. Ashish Guha
CEO & Managing Director

Sd/-
Dr. Albert Scheuer
Director

Place : Gurgaon
Date : February 12, 2014

Sd/-
Rajesh Relan
Legal Head & Company Secretary

Sd/-
Mr. S. Krishna Kumar
Director

Sd/-
Mr. Pradeep V. Bhide
Director

Sd/-
Mr. Daniel R. Fritz
Director

Sd/-
Mr. Sushil Kumar Tiwari
Wholetime Director

HeidelbergCement India Limited

CIN: L26942HR1958FLC042301
Registered Office: 9th Floor, Infinity Tower "C", DLF Cyber City, Phase II, Gurgaon, Haryana – 122002,
Phone +91-124-4503-700; Fax +91-124-4147-698; Website: www.mycemco.com

PROXY FORM

Name of the member(s):	
Registered address:	
E-mail Id:	
Folio No./ Client Id:	
DP/ID:	

I/We, being the member(s) of HeidelbergCement India Limited holding ______________ shares hereby appoint

(1) Name: ___________________________________ Address: ___________________________________

E-mail id: ___________________________________ Signature: ___________________________ or failing him;

(2) Name: ___________________________________ Address: ___________________________________

E-mail id: ___________________________________ Signature: ___________________________ or failing him;

(3) Name: ___________________________________ Address: ___________________________________

E-mail id: ___________________________________ Signature: ___________________________ or failing him;

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 55th Annual General Meeting of the company, to be held on the 19th day of June, 2014 at 9.30 A.M. at Epicentre, Apparel House, Sector 44, Institutional Area, Gurgaon, Haryana - 122 002 and at any adjournment thereof in respect of the resolutions as are indicated below:

Sl. No.	**Resolutions**	**Optional***	
		For	**Against**
ORDINARY BUSINESS			
1	Adoption of Financial Statements for the year ended 31st December 2013.		
2.	Re-appointment of Mr. Daniel Robert Fritz, as Director who retires by rotation.		
3.	Appointment of S.R. Batliboi & Co. LLP, Chartered Accountants, as Auditors from conclusion of 55th AGM until conclusion of 58th AGM.		
SPECIAL BUSINESS			
4.	Re-appointment of Mr. Pradeep V. Bhide as an Independent Director for five years upto 31st March 2019.		
5.	Re-appointment of Mr. P.G. Mankad as an Independent Director for five years upto 31st March 2019.		
6.	Re-appointment of Mr. S. Krishna Kumar as an Independent Director for five years upto 31st March 2019.		
7.	Special Resolution for re-appointment of Mr. Sushil Kumar Tiwari as Wholetime Director and approval of his terms of Appointment and Remuneration.		
8.	Special Resolution under Section 180(1)(c) of the Companies Act, 2013 for borrowing money up to Rs. 20,000 million.		
9.	Special Resolution under Section 180(1)(a) of the Companies Act, 2013 for creation of charge / mortgage on the properties of the Company to secure the borrowing upto ₹ 20,000 million.		

Signed this ………………………………. day of ………………………………. 2014

Affix Revenue Stamp

Signature of shareholder   Signature of Proxy holder(s)

Notes :

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to Notice of the 55th Annual General Meeting.

3*. It is optional to put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

4. Please complete all details including details of member(s) in above box before submission.

mycem cement
for better building

Registered Office
HeidelbergCement India Limited
9th Floor, Infinity Tower "C", DLF Cyber City,
Phase-II Gurgaon, Haryana - 122 002

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