

HEIDELBERGCEMENT

ANNUAL REPORT - 2008



HeidelbergCement India Limited
formerly Mysore Cements Limited

BOARD OF DIRECTORS

Mr. P.G. Mankad
Chairman

Dr. Bernd Scheifele

Dr. Lorenz Naeger

Dr. Albert Scheuer

Mr. Amitabha Ghosh

Mr. S. Krishna Kumar

Mr. Ashish Guha
Managing Director

FINANCE CONTROLLER

Mr. Anil Sharma

HEAD LEGAL & COMPANY SECRETARY

Mr. T.V. Ganesan

REGISTERED OFFICE

P.O. Ammasandra

District Tumkur

Karnataka – 572 211

CORPORATE OFFICE

9th Floor, Tower 'C',

Infinity Towers

DLF Cyber City, Phase-II

Gurgaon, Haryana – 122 002

PLANTS

Ammasandra (Karnataka)

Damoh (Madhya Pradesh)

Jhansi (Uttar Pradesh)

Dolvi (Maharashtra)

AUDITORS

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

Chartered Accountants

REGISTRARS & SHARE TRANSFER AGENTS

M/s. Alpha Systems Pvt. Ltd

30, Ramana Residency,

4th Cross, Sampige Road,

Malleswaram,

Bangalore – 560 003

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HeidelbergCement India Limited

(Formerly Mysore Cements Limited)

Regd. Office: P.O. Ammasandra, District Tumkur, Karnataka-572211

NOTICE TO MEMBERS

NOTICE is hereby given that the 50th Annual General Meeting of the Members of the Company will be held at 9.00 A.M. on Friday, the 29th May 2009 at HeidelbergCement Employees Staff Club Auditorium, P.O. Ammasandra, District Tumkur, Karnataka – 572211, 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 2008 and the Profit and Loss Account for the financial year ended on that date including notes thereto together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. P.G. Mankad who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Amitabha Ghosh who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit to pass, with or without modification(s) the following as Ordinary Resolution:

“RESOLVED that M/s. S.R. Batliboi & Co., Chartered Accountants, be and are hereby appointed as Auditors of the Company to hold office from the conclusion of the 50th Annual General Meeting until the conclusion of the next Annual General Meeting on such remuneration as may be agreed upon between the Board of Directors and the Auditors, in addition to reimbursement of service tax and all out of pocket expenses in connection with Audit of the accounts of the Company.”

By Order of the Board

Date : 29th April, 2009

Corporate Office :

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

Sd/-

T.V. Ganesan
Head Legal & 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.**
2. **The name of the Company has been changed from "Mysore Cements Limited" to "HeidelbergCement India Limited" w.e.f. 16th April 2009, consequent to the issue of the fresh Certificate of Incorporation by the Registrar of Companies, Karnataka (ROC).** It may please be noted that the change of name of the Company was part of the Scheme of Amalgamation of Indorama Cement Limited and HeidelbergCement India Private Limited into and with Mysore Cements Ltd., which was sanctioned by the Hon'ble High Courts of Bombay, Punjab & Haryana and Karnataka. The said Scheme became effective from 13th February 2009, however the new name "HeidelbergCement India Limited" is effective from 16th April 2009 i.e. the date of issue of fresh Certificate of Incorporation by ROC.
3. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 / Code for Corporate Governance is annexed.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from 26th May 2009 to 29th May 2009 (both days inclusive).
5. The share transfer instruments, complete in all respects, should be sent to the Registrars & Share Transfer Agents, M/s. Alpha Systems Pvt. Ltd., 30 Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore - 560003 well in advance so as to reach the Registrars & Share Transfer Agents prior to book closure.
6. The Equity Shares of the Company are in the list of securities for compulsory trading in dematerialized form and can be dematerialized by the Shareholders under ISIN: INE578A01017 with National Securities Depository Ltd. (NSDL) or Central Depository Services (India) Ltd. (CDSL) for which they may contact the Depository Participants of either of the above Depositories.
7. Members who continue to hold shares in physical form are requested to intimate any change in their address to the Registrars & Share Transfer Agents immediately with the postal pin code. Members holding shares in dematerialized form are required to get their change of address recorded with their Depository Participant.
8. (a) Members attending the meeting are requested to complete the enclosed attendance slip and deliver 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) They are also requested to bring their copies of the Annual Report. No additional copies of the Annual Report will be distributed at the Meeting.

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

Item No. 2:

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

Mr. P.G. Mankad, IAS (Retd.) aged 67 years is M.A. and has done Diploma in Development Studies from Cambridge, U.K. He was Finance Secretary and Secretary Industries in the respective Ministries of the Government of India. He has also worked as Executive Director with Asian Development Bank, Manila. He has expertise in the areas of Public Administration & Policy, Finance, Industrial Development & Investment, International Economic Relations and Development Banking.

Mr. P.G. Mankad is on the Board of Directors of Tata International Ltd., Tata Elxsi Ltd., Tata Power Ltd., DSP-ML Fund Managers Ltd., Mahindra & Mahindra Financial Services Ltd., Noida Toll Bridge Company Ltd., Max India Ltd., UB (Holdings) Ltd., Kingfisher Airlines Ltd., ICRA Ltd., SRF Ltd. and Mahindra Forgings Ltd.

Mr. P.G. Mankad is Member of the Audit Committee of Tata International Ltd., DSP- ML Fund Managers Ltd., Noida Toll Bridge Company Ltd. and Mahindra Forgings Ltd.; He is Chairman of Investors' Grievance & Share Transfer Committee of Tata Elxsi Ltd. and Member of Investors' Grievance & Share Transfer Committee of Max India Ltd. and Noida Toll Bridge Company Ltd.

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

Except Mr. P.G. Mankad, none of the other Directors may be deemed to be concerned or interested in the proposed resolution. The Resolution is recommended for approval of the shareholders.

Item No. 3:

Brief resume of Mr. Amitabha Ghosh who is proposed to be re-appointed as Director is given below:

Mr. Amitabha Ghosh, aged 78 years is a Graduate in Commerce, Chartered Accountant and a fellow member of the Indian Institute of Bankers. He has vast experience in the fields of Finance, Banking and Administration. He has been associated with a number of important Institutions and Committees. He has held senior positions like Chairman and Managing Director of Allahabad Bank and Dy. Governor of Reserve Bank of India. He has been on the Board of important Institutions like RBI, IDBI, EXIM Bank, National Institute of Banking Management and also served as Chairman of Deposit Insurance Corporation.

Mr. Amitabha Ghosh is on the Board of Directors of Kesoram Industries Ltd., Shree Cement Ltd., Joonktolle Tea & Industries Ltd., Peninsula Land Ltd., Orient Paper & Industries Ltd., Shreyas Shipping & Logistics Ltd., Shreyas Relay Systems Ltd., Xpro India Ltd., Zenith Fibres Ltd., Sahara India Life Insurance Co. Ltd., Sahara Prime City Ltd., Sahara Infrastructure & Housing Ltd., Sahara Hospitality Ltd., Centenary Leasing Company Pvt. Ltd., Palit Consultancy Pvt. Ltd.

Mr. Amitabha Ghosh is Chairman of Audit Committee of Peninsula Land Ltd., Orient Paper & Industries Ltd., Shreyas Shipping & Logistics Ltd., Sahara Prime City Ltd. and Member of Audit Committee of Kesoram Industries Ltd., Sahara India Life Insurance Co. Ltd. and Joonktolle Tea & Industries Ltd. He is also member of Remuneration Committee of Peninsula Land Ltd and Xpro India Ltd. He is also member of Investment Committee of Sahara India Life Insurance Co. Ltd.

Mr. Amitabha Ghosh is also Chairman of the Audit Committee and Member of Share Transfer and Shareholders' / Investors' Grievance Committee of the Company. Mr. Amitabha Ghosh does not hold any Equity Shares in the Company.

Except Mr. Amitabha Ghosh, none of the other Directors may be deemed to be concerned or interested in the proposed resolution. The resolution is recommended for approval of the shareholders.

By Order of the Board

Date : 29th April, 2009

Corporate Office :

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

Sd/-
T.V. Ganesan
Head Legal & Company Secretary

TO THE MEMBERS

Your Directors have great pleasure in presenting the 50th Annual Report together with the audited accounts of your Company for the financial year ended 31st December, 2008.

Corporate Restructuring

Your Directors are happy to report that pursuant to sanction of the Scheme of Amalgamation of Indorama Cement Limited (IRCL) and HeidelbergCement India Pvt. Ltd (HIPL) into and with Mysore Cements Limited by the Hon'ble Bombay High Court on 5th September, 2008, by the Hon'ble High Court of Punjab & Haryana on 14th November, 2008 and by the Hon'ble High Court of Karnataka vide its order dated 9th January, 2009 and also upon filing of the last of the orders of the High Courts, before the Registrar of Companies, the Scheme has become effective on 13th February, 2009. The Scheme is operative with effect from the Appointed Date 1st April, 2008.

Pursuant to the said Scheme, the Company has given effect to the following:-

- a) All the assets and liabilities of IRCL and HIPL have been transferred to Mysore Cements Limited w.e.f. 1st April, 2008.
- b) In terms of the share exchange ratio, 6,77,21,681 fully paid equity shares of Rs. 10/- each of Mysore Cements Limited have been allotted to the shareholders of IRCL and 8,81,670 fully paid equity shares of Rs. 10/- each of Mysore Cements Limited have been allotted to the shareholders of HIPL.
- c) Services of employees of IRCL & HIPL have been transferred to Mysore Cements Limited.
- d) Unabsorbed depreciation amounting to Rs. 6238.32 lacs which formed part of the debit balance of the Profit & Loss Account (i.e. accumulated losses) has been set off against the amount lying to the credit of the Securities Premium Account of the Company.

The amalgamation of IRCL and HIPL into and with Mysore Cements Limited has resulted in increase of total installed capacity of the Company for cement production to 3.07 MTPA. The amalgamation will be beneficial to the shareholders, creditors, employees and all stakeholders of the companies as the same has resulted in synergy of operations, increase in the managerial efficiencies, access to better financial resources, while effectively pooling the technical, distribution and marketing skills of the transferor companies and the transferee company. Further, the amalgamation would enable the Company to wipe out its accumulated losses and to declare dividend on the shares at an early date.

SHARE CAPITAL

Pursuant to the Scheme of Amalgamation, the Company has allotted 6,86,03,351 fully paid up equity shares of Rs.10/- each to the shareholders of IRCL and HIPL on 27th March, 2009 and the steps are being taken to list the same on the Stock Exchanges namely Bombay Stock Exchange Ltd, National Stock Exchange of India Ltd and Bangalore Stock Exchange Ltd. Out of the above, 6,86,03,255 equity shares of Rs.10/- have been allotted to Cementum 1 B.V of Netherlands, the sole promoter of your Company and the remaining 96 equity shares have been allotted to the individual shareholders of IRCL. Thus, Cementum 1 B.V. holds 15,53,40,196 fully paid up equity shares of Rs. 10/- each constituting 68.55% of the total equity share capital of the Company. Consequently, the paid up equity share capital of the Company stands increased to Rs. 226.61 crores.

CEMENT INDUSTRY

The Indian cement industry has a capacity of around 207.26 million tonnes per annum at the end of December 2008 as reported by the Cement Manufacturers Association (CMA). Against this, the cement production was 177.17 million tonnes during the period January to December 2008 exhibiting a growth of 7.73 %. The cement despatches during this period were 176.79 million tonnes, showing a growth of 7.85 %. During the period January to December'08, Western Region recorded growth of 8.10 % in cement consumption, Southern region grew by 10.82% and Northern

Region achieved a growth of over 6.17%. Central and Eastern regions exhibited growth of 8.99% and 9.26% respectively. Cement exports during this period declined by 31.43% from 4.2 million tonnes in the year 2007 to 2.88 million tonnes in the year 2008.

OPERATIONS

The cement sales of the Company were 2.42 million tonnes during the financial year ended 31st December, 2008 against 2.12 million tonnes achieved during the financial year ended 31st December, 2007.

Production and Sales figures of the Company are as under:

	Financial year ended 31 st December, 2008	Financial year ended 31 st December, 2007
Production (in tonnes)		
- Clinker	13,80,470	15,44,365
- Cement	24,17,622	21,26,835
- GGBS	20,353	—
Sales (in tonnes)		
- Clinker	1,14,057	76,957
- Cement	24,19,441	21,23,498
- GGBS	21,694	—

The global economic slow down coupled with liquidity crunch has resulted in reduced demand for cement due to delay in execution of various infrastructure and housing projects. Despite increase in input costs like power, coal and other raw materials, your Company was able to contain its impact partially, through improvement in operations. Your Company is also focusing its efforts to reduce costs in all sphere of activities. The Company's sustained efforts towards cost reduction has mitigated the impact of the cost increases. It is expected that there shall not be any further significant increase in the input cost during the year 2009, due to on going economic slow down and fall in the price of crude oil.

Your Company's cement brand "Mycem", which was launched in the year 2007, has achieved tremendous success in Central India and has become a preferred product commanding premium over other products in the market. The brand has been well accepted in the Northern and Southern markets and all efforts are being made to make "Mycem" a premium brand in these markets also.

Your Company has been focusing its efforts to increase its market share in the vicinity where the plants are located to optimize on logistic costs and to improve its net sales realization. This strategy has yielded favourable results during the last two years in the markets of Uttar Pradesh and Madhya Pradesh.

FINANCIAL HIGHLIGHTS

The Company achieved gross sales of Rs.88,592.24 lacs during the financial year ended 31st December, 2008, against Rs.71,093.86 lacs during the financial year ended 31st December, 2007, thereby, registering growth of 24.61%. The net profit of the Company during the financial year ended 31st December, 2008 was Rs.12,552.64 lacs as compared to the net profit of Rs.9,765.28 lacs during the financial year ended 31st December, 2007. Since the figures for the financial year ended 31st December, 2008 include the financial figures of IRCL and HIPL for nine months period from 1st April, 2008 ("Appointed Date") to 31st December, 2008, the results for Financial Year 2008 are not comparable with Financial Year 2007. The Company has adopted the Purchase Method as prescribed under the Accounting Standard - 14 issued by the Institute of Chartered Accountants of India for the purpose of accounting treatment of amalgamation.

HeidelbergCement India Limited

The snapshot of the financial performance of the Company in the financial year ended 31st December, 2008 vis-à-vis its performance in the financial year ended 31st December, 2007 is presented below:-

	Financial year ended 31 st December, 2008	Financial year ended 31 st December, 2007
Working for the year resulted in an operational surplus of	13,310.34	11,579.09
From which are subtracted :		
- Finance Charges	(410.24)	(304.42)
- Depreciation / Amortization	(2,137.23)	(1,444.48)
	(2,547.47)	(1,748.90)
Resulting in a profit/(loss) for the year of	10,762.87	9,830.19
To/From which are added / subtracted :		
- Income Tax (Prior years)	-	(0.54)
- Deferred Tax Credit	1,848.24	-
- Fringe Benefit Tax	(58.47)	(64.91)
	1,789.77	(64.91)
Net Profit / (Loss)	12,552.64	9,765.28
Add: Debenture Redemption Reserve no longer required	-	350.00
Add: Amount transferred from Securities Premium Account	6,238.32	-
	18,790.96	10,115.28
To which is added loss b/f from the previous year	(26,983.09)	(37,098.37)
Profit / (Loss) carried to Balance Sheet	(8,192.13)	(26,983.09)

Notes :

1. Previous year figures have been regrouped wherever necessary.
2. Figures for the financial year ended 31st December, 2008 include the financial figures of IRCL and HIPL for nine months period from 1st April, 2008("Appointed Date") to 31st December, 2008 and hence are not comparable.

DIVIDEND

In view of the carry forward accumulated losses, your Directors are unable to recommend any Dividend on the shares for the financial year ended 31st December, 2008.

EXPANSION

During the year, your Company has received the environmental clearance for proposed expansion of cement grinding capacity at Imlai Unit, Madhya Pradesh from 1 MTPA to 2 MTPA subject to fulfillment of certain conditions. The Company has also received the environmental clearance for the proposed expansion of cement grinding capacity at Jhansi unit in U.P. from capacity of 0.8 MTPA to 2.7 MTPA.

In view of the global economic slowdown, which has also impacted India, your Company will evaluate each of the expansion projects and would commence the work relating to these projects in a phased manner.

DIRECTORS

Mr. Sidharth Birla ceased to be Director of the Company w.e.f. 24th July, 2008 consequent to acceptance of his resignation by the Board of Directors. The Board wishes to place on record a note of appreciation for the valuable guidance given by Mr. Birla during his tenure as Director of the Company.

Mr. Shardul Shroff resigned from the directorship of the Company w.e.f. 27th March, 2009. The Board expresses its appreciation for the valuable contribution made by Mr. Shroff during his tenure as Director of the Company.

Mr. P.G. Mankad and Mr. Amitabha Ghosh retire by rotation at the forthcoming Annual General Meeting (AGM) of the Company. The retiring Directors being eligible have offered themselves for re-election at the said AGM. The Board recommends the re-appointment of the aforesaid Directors.

AUDITORS

M/s. S.R. Batliboi & Co., Chartered Accountants who were appointed as Statutory Auditors at the last Annual General Meeting held on 24th June, 2008 hold office up to the ensuing AGM. The said Auditors have confirmed that their re-appointment, if made, shall be within the limit under Section 224(1B) of the Companies Act, 1956. The Auditors' observations in their Report and the relevant notes to the accounts are self-explanatory.

HUMAN RESOURCES

During the year under review, 95 employees opted for Voluntary Retirement Scheme (VRS). Industrial relations remained cordial during the year under review and there was all round cooperation. Employees continue to put in their best efforts for the progress of the Company and your Directors wish to place on record their appreciation for the dedication and commitment of the employees at all levels.

HEALTH & SAFETY

The Company places the highest value on ensuring the health and safety of its employees, contractors, third parties and visitors. During the year detailed Risk Assessments were carried out and action plans implemented to intensify occupational health and safety in the areas of working at height, Contractor Safety Management and Road Safety. Numerous safety related training programmes were undertaken during the year to develop a safe working culture.

In addition, we have strengthened the Plant Management Teams by providing dedicated high calibre safety staff in all plants to advise and support the plant management in establishing the Safety Management System.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (a) in the preparation of the accounts for the financial year ended 31st December, 2008, the applicable accounting standards have been followed and no departures have been made there from;
- (b) the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; and
- (d) the Directors had prepared the annual accounts for the financial year ended 31st December, 2008 on a going concern basis.

PARTICULARS OF EMPLOYEES

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

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

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

MD/ FINANCE CONTROLLER'S CERTIFICATION

As per the requirements of Clause 49 of the listing agreement on Code of Corporate Governance, the certification made by Mr. Ashish Guha, Managing Director and Mr. Anil Sharma, Finance Controller in the prescribed format, in respect of the financial statements and the cash flow statement for the financial year ended 31st December, 2008 is annexed as Annexure 'C'.

CORPORATE GOVERNANCE REPORT

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

ACKNOWLEDGEMENTS

Your Directors express their sincere gratitude for the continued support and guidance received by the Company from the various State & Central Government Authorities and other regulatory agencies. The Board would like to acknowledge the continued support of its Bankers, vendors, Distributors, Dealers and valued customers.

For and on behalf of the Board

Place : Gurgaon
Date : 27th March, 2009

Sd/-
P.G. Mankad
Chairman

ANNEXURE - 'A' TO THE DIRECTORS' REPORT

Statement pursuant to Section 217 (2A) of the 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 2008

Employed throughout the period under review and were in receipt of remuneration for the year, in aggregate not less than Rs. 24,00,000/-

Sl. No.	Name	Designation/Nature of duties	Total Remuneration (Rs.)	Qualifications	Experience in years	Age in years	Date of commencement of Employment	Last Employment
1	Mr. Anil Kumar Sharma	Finance Controller	27,34,836	B.Com, ACA, ACS	14	36	18.03.2002	Bhaskar Tea & Industries Ltd.
2	Mr. Avinash Joshi	Vice President –Procurement	24,08,596	B. Tech – Civil	26	48	01.12.2007	Lafarge India Pvt. Ltd.
3	Mr. Giv K. Brantenberg	Chief Technical officer	1,46,63,366	M.Sc (Mechanical)	17	38	28.09.2007	Aker Group
4	Mr. J. N. Cooper	Director (Sales & Marketing)	1,11,26,144	MBA	31	52	14.12.2006	ACC Ltd.
5	Mr. Manish Shah	Project Manager	30,20,976	B.E. Mechanical	16	43	01.01.2007	Holtech
6	Mr. R. K. Shukla	Regional Sales Head	28,00,564	B. Tech –Civil	23	43	01.01.2007	ACC Ltd.
7	Mr. R. N. Rai	VP – Mines	29,99,260	Diploma in Mech. Engineering	30	50	30.07.1998	Jindal Industries Pvt. Ltd.
8	Mr. S.K. Tiwari	Unit Head (Damoh & Jhansi)	49,35,156	Graduation (AIME)-Electrical & Electronics Communication Engg.	23	53	16.04.2007	Lafarge India Pvt. Ltd.
9	Mr. Sudipto Pal	Head (IT & Administration)	40,18,203	M.Sc (Chemistry)	33	55	01.09.2006	Lazard India Ltd.
10	Mr. T.V. Ganesan	Head Legal & Company Secretary	43,75,041	B.Com, FCS, LLB, AICWA	21	43	09.04.2007	DLF Commercial Developers Ltd.

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

Sl. No.	Name	Designation/Nature of duties	Total Remuneration (Rs.)	Qualifications	Experience in years	Age in years	Date of Commencement of Employment	Last Employment
1	Mr. Alok Mehrotra+	Unit Head (Damoh & Jhansi)	28,44,641	B.Com, FCA	23	46	16.01.1998	LML Ltd.
2	Mr. A.P. Agarwal	Unit Head (Ammasandra)	6,32,199	B.E. Hons (Electrical & Electronic)	30	50	03.11.2008	Ambuja Cements Ltd
3	Mr. Ashok Bangad#	Unit Head (Damoh & Jhansi)	28,15,097	B.E. Mechanical	30	57	16.02.2007	Saudi Cement
4	Mr. Bradley Reginald Taylor@	Chief Financial Officer	1,19,49,557	MS, CA	25	46	01.01.2007	Arthur Andersen & Co.
5	Mr. Pritpal Singh Kular	Director (HR)	31,19,997	B. Com, MBA	18	42	15.05.2008	Glaxo Smithkline
6	Mr. R. K. Maheshwari*	Joint President	24,84,091	B.E. (Hons)- Mechanical	37	58	07.03.1997	Consumer Health Care Ltd
7	Mr. Sidharath Tuli ^	Director (HR)	49,03,269	Master of Management Studies	22	47	13.11.2006	Mangalam Cement Ltd. Reckitt & Benckiser Ltd.

+ Resigned w.e.f. 31.3.2008. # Resigned w.e.f.15.7.2008. @ Resigned w.e.f. 20.10.2008. ^ Resigned w.e.f. 22.5.2008. * Transfer of service from Indorama Cement Ltd to Mysore Cements Ltd w.e.f. 1st April, 2008.

Notes :

- (i) Remuneration here includes salary, allowances, value 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 BOARD OF DIRECTORS) RULES, 1988.

A CONSERVATION OF ENERGY

a) Energy conservation and efficiency measures taken:

1. Installation of complete Plant electric & Automation at Ammasandra Plant.
2. Up gradation of the existing clinker cooler with high efficiency modern grate cooler at Ammasandra Plant.
3. Installation of new kiln feeding systems at Ammasandra Plant.
4. Installation of high accuracy modern coal dosing system for kiln & pre-calciner at Ammasandra Plant.
5. Installation of kiln inlet seal at Ammasandra Plant.
6. Consistent operation of cooler fans with VF drives (5 nos.) to reduce the power consumption at Ammasandra Plant.
7. Installation of high accuracy modern coal dosing system in Line II at Damoh Plant.
8. Installation of high efficiency root blowers for coal firing system by replacing the primary air fan at Damoh Plant.
9. Installation of GRR for preheater fan line -2, Kiln ESP fans Line 1 & 2 and Coal mill – 2 bag filter fan at Damoh Plant.
10. Conversion of Kiln ESP to new design Hybrid filters in both lines at Damoh Plant.
11. Installation of bag house by replacing the forced ESP in Coal mill at Damoh Plant.

b) Additional Proposals for 2009

1. Replacement of waste gas fans with new high efficiency fans at Ammasandra Plant.
2. Installation of improved kiln outlet seal along with cowl shell at Ammasandra & Damoh Plants.
3. Replacement of kiln burner with new energy efficient burner at Ammasandra & Damoh Plants.
4. Replacement of old process fans with energy efficient process fans at Damoh Plant.
5. Installation of Variable Frequency Drives (VFD) for speed control of major process fans like cooler ESP fans line – I & II at Damoh Plant.
6. Installation of high accuracy modern coal dosing system for kiln & pre-calciner of Line-I at Damoh Plant.
7. Installation of dry fly ash handling, storage and feeding system at Imlai Grinding unit.

c) Impact of the 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.

HeidelbergCement India Limited

d. The required data as per form A of the Annexure to the aforesaid Rules as applicable to the Industry is furnished below:

I. POWER AND FUEL CONSUMPTION

	Units		Total Amount		Avg. Rate/Unit	
	Current Period ended 31.12.2008	Previous Period ended 31.12.2007	Current Period ended 31.12.2008	Previous Period ended 31.12.2007	Current Period ended 31.12.2008	Previous Period ended 31.12.2007
	(Lac Units)		(Lac Rs.)		(Rs. /Unit)	
1. Electricity						
a. Purchased	1352.92	1020.61	6418.69	4787.52	4.74	4.69
b. Own generation						
i. Through Diesel Generators	185.67	337.73	-	-	9.21	5.71
Units per Liter of diesel/ furnace oil	3.50	3.88	-	-	-	-
ii. Through Steam Turbine/ Generator	645.19	801.25	-	-	3.75	3.65
Units per Kg. of coal	0.89	0.90	-	-	-	-
	(Million K. Cal)				(Rs. /Million K. Cal)	
2. Coal						
In process (Cement)	1137642	1304539	8761.55	8246.30	770.15	632.12
In Thermal Power Plant	305148	382908	1956.79	2297.44	641.26	600.00
	(K. Ltrs)				(Rs. /Ltr)	
3. Furnace Oil						
In Generators	5614	8961	1557.64	1571.34	27.75	17.53
In Kilns	-	-	-	-	-	-
4. Diesel						
In Generators	51	57	16.70	14.36	32.97	25.25
In Kilns	80	78	31.65	24.25	39.68	31.02
5. Light Diesel	703	-	261.01	-	37.14	-
	(Lac Cubic Mtrs)					
6. Blast Furnace gas	295	-	227.59	-	0.77	-
	(Lac Units)				(Rs./ Unit)	
7. Waste heat recovery	-	5.75	-	0.12	-	0.02

II. CONSUMPTION PER UNIT OF PRODUCTION

		Standard (if any)	Current Period	Previous Period
PRODUCT – CEMENT				
Electricity	Units/t of Cement	-	89	90
Diesel Oil	Ltr/t of clinker	-	0.06	0.05
Coal	%/t of clinker	-	16.82	17.21
Light Diesel oil	ltr/mt			
- GGBS			2.48	-
- PSC			1.84	-
Blast Furnace gas	Nm3/t			
- GGBS			127.21	-
- PSC			76.33	-

TECHNOLOGY ABSORPTION

The required particulars in Form B with respect to technology absorption are as under:

- 1 Process Optimisation system for Kilns at Damoh
- 2 The above resulted in optimising the Kiln output and reduced energy consumption
- 3 It is planned to continue R & D for application of Slag and Pozzalone cement besides replacing resource intensive cement by cheaper substitutes.
4. Expenditure on R & D
 - a. Capital : NIL
 - b. Recurring : Expenses incurred are charged off to the respective heads and not allocated separately. Contribution made to the Development Commissioner for Cement Industry during the year is Rs. 18.20 lacs.
 - c. Total : Not applicable in view of reply given in b.
 - d. Total R & D expenditure as a percentage of total turnover : Not applicable in view of reply given in b.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- 1 Successfully adapted KHD Humboldt technology of 6 stage pre-heater at Damoh, one of the first of its kind worldwide.
- 2 Because of the above we have not only reduced the cost of production by saving on power and fuel, but have also improved the quality of cement.
- 3
 - a. Technology imported : None
 - b. Year of import : NA
 - c. Has technology been fully absorbed : NA
 - d. If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action : NA

C. FOREIGN EXCHANGE EARNINGS & OUTGO

Total foreign exchange used and earned:

Foreign exchange used

Lac Rs.

- Imports	502.94
- Expenditure	1322.81
	<u>1825.75</u>
Foreign exchange earning	
FOB value of Exports realised in Rupees	1166.26
Sale of Certified Emission Rights	1266.32
	<u>2432.58</u>

ANNEXURE - 'C' TO THE DIRECTORS' REPORT

The Board of Directors
Mysore Cements Limited

Dear Sirs,

MD & Finance Controller's Certification

- (a) We have reviewed the financial statements and the cash flow statement of the Company for the financial year ended 31st December 2008 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 : 27th March, 2009

Sd/-
Ashish Guha
Managing Director

Sd/-
Anil Sharma
Finance Controller

MANAGEMENT DISCUSSION AND ANALYSIS REPORT**Industry structure and developments**

The Indian cement industry has a capacity of around 207.26 million tonnes per annum at the end of December 2008 as reported by the Cement Manufacturers Association(CMA). Against this, the cement production was 177.17 million tonnes during the period January to December 2008 exhibiting a growth of 7.73%. The cement despatches during this period were 176.79 million tonnes, showing a growth of 7.85%. During the period January to December' 08, Western Region recorded a growth of 8.10% in cement consumption, Southern region grew by 10.82% and Northern Region achieved a growth of over 6.17%. Central and Eastern regions exhibited a growth of 8.99% and 9.26% respectively. Cement export during this period declined by 31.43% from 4.2 million tonnes in 2007 to 2.88 million tonnes in 2008.

Opportunities and threats

Reserve Bank of India in its Quarterly Review of Monetary Policy has cut its FY 09 growth estimate to 7% from earlier projections of 7.5 – 8% and stated that there is a downward bias due to lower industry and services growth. The synchronized global recession coupled with dramatic changes in the financial landscape is likely to further decelerate the growth to 6% in the calendar year 2009.

However, favourable demographics and low penetration levels still continue to remain the key levers of the consumption story for India. While it is felt that the overall consumption may further slow down, the rural market should continue to hold the consumption trends relatively better than the urban markets. The global slowdown could put further downward pressure on prices of agricultural products possibly diverting government investment towards fiscal stimulus and reducing corporate sector initiatives in agriculture. But the positive effects of the National Rural Employment Guarantee scheme coupled with a good monsoon will likely sustain growth in this segment .

Entering the busy season of January to June, it is expected that the demand of cement will stay firm during this period. Rural housing buoyed by agriculture loan waivers and government salary hikes would be the major driver. Infrastructure demand is also expected to get a boost, with allocation of road projects worth Rs. 400bn. And there could be a possible boost from an up-tick in urban housing, as real estate prices finally start to crack and interest costs dip.

The threats to the industry arise from rising input costs, restricted availability of coal from domestic market, restricted wagon availability and increase in logistics costs due to increase in railway freight.

Outlook

The Indian cement industry is expected to increase capacity to 235 MTPA from its current level of 207 MTPA by 2009 year end. Although, many cement companies have announced capacity expansions, it is yet to be seen whether they will go ahead with it considering the current economic scenario. It is anticipated that cement consumption will grow at least by 7% in the coming year. Increased availability during the 2nd half of 2009 will increase chances of price drops and lowering of margins.

Company's operational and financial performance

The year 2008 was the 2nd year of operations after HeidelbergCement Group of Germany acquired controlling interest in the Company. Further, Indorama Cement Limited (IRCL) and HeidelbergCement India Pvt. Ltd (HIPL) were amalgamated into and with Mysore Cements Limited and the Scheme of Amalgamation became effective w.e.f. 13th February, 2009. The Scheme is operative with effect from the Appointed Date 1st April, 2008. The amalgamation will be beneficial to the shareholders, creditors, employees and all stakeholders of the companies as the same has resulted in synergy of operations, increase in the managerial efficiencies, access to better financial resources, while effectively pooling the technical, distribution and marketing skills of the transferor companies and the transferee company.

The cement sales of the Company were 2.42 million tonnes during the financial year ended 31st December 2008 against 2.12 million tonnes achieved during the financial year ended 31st December 2007.

The Company achieved gross sales of Rs. 88,592.24 lacs during the financial year ended 31st December, 2008, against Rs. 71,093.86 lacs during the financial year ended 31st December, 2007, thereby, registering growth of 24.61%. The net profit of the Company during the financial year ended 31st December, 2008 was Rs. 12,552.64 lacs as compared to Rs. 9,765.28 lacs from the operating activities during the financial year ended 31st December, 2007. Since the figures for the financial year ended 31st December, 2008 include the financial figures of

IRCL and HIPL for nine months period from 1st April, 2008 ("Appointed Date") to 31st December, 2008, the results for Financial Year 2008 are not comparable with Financial Year 2007.

Unit-wise Performance

The company has four manufacturing units namely Ammasandra (Karnataka), Damoh (M.P.), Jhansi (U.P.) and Dolvi (Maharashtra). The unit-wise performance is given below:-

Unit	2008 (Jan-Dec)		2007 (Jan-Dec)		Change in %	
	Sales Qty. (Lac MTs)	Gross Sales Value (Lac Rs.)	Sales Qty. (Lac MTs)	Gross Sales Value (Lac Rs.)	Sales Qty.	Gross Sales Value
CEMENT						
Ammasandra	3.20	11,270.66	2.92	9,729.63	9.59	15.84
Damoh	10.38	34,157.42	10.32	34,360.49	0.58	(0.59)
Jhansi	7.03	23,654.93	7.99	25,379.62	(12.02)	(6.80)
Dolvi	3.58	15,142.24*	NA	NA	NA	NA
Sub Total	24.19	84,225.25	21.23	69,469.74		
Clinker Sold						
Ammasandra	1.14	3,132.49	0.77	1,624.12	48.05	92.87
# GGBS Sold						
Dolvi	0.22	1,234.50*	—	—	—	—
Total	25.55	88,592.24	22.00	71,093.86	16.14	24.61

* This figure represents for nine months period from 1st April, 2008 to 31st December, 2008.

GGBS means Ground Granulated Blast Furnace Slag

Product's Performance

The Company's cement brand "Mycem", which was launched in the year 2007, has achieved tremendous success in Central India and has become a preferred product commanding premium over other products in the market. The brand has been well accepted in the Northern and Southern markets and all efforts are being made to make "Mycem" a premium brand in these markets also.

The Company has been focusing its efforts to increase its market share in the vicinity where the plants are located to optimize on logistic costs and to improve its net sales realization. This strategy has yielded favourable results during the last two years in the markets of Uttar Pradesh and Madhya Pradesh.

Clean Development Mechanism (CDM)

The Clean Development Mechanism (CDM) Executive Board under the United Nations Framework Convention on Climate Change (UNFCCC) has issued 103382 Certified Emission Reductions (CERs) on 10th July, 2008 in respect of Ammasandra (Karnataka) Unit of the Company for the period from 1st January, 2001 to 31st December, 2006. The CERs were sold on 30th September, 2008 and the Company has earned a revenue of Rs. 1,175.62 lakhs. The Company is exploring the possibility of further schemes involving abatement of carbon dioxide which will enable the Company to earn additional CERs.

Risks and Concerns

Since the Company's plant locations are spread over in four different States, the Company is following plant-wide approach to risk management which lays emphasis on identifying and managing key operational and strategic risks. The risks associated with the business of the Company are reviewed periodically by the top management to take suitable measures for mitigating the risks relating to Production, Operation, Marketing, Regulatory Affairs, Finance, Information Technology and Human Resources. Necessary resources have been deployed in terms of technology, experienced people and processes to monitor, evaluate and manage the principal risks which include market, credit, liquidity, operational, legal and reputational risks. The Company has effective procedures for evaluating and managing the risks. While there is systematic risk identification and mitigation framework in place, there are certain business risks which are external to the Company. Over these risks, the Company has very little control. Some of these include

a general downturn in market demand conditions due to effect of economic and political conditions in India & abroad, volatility in interest rates, new regulations and Government policies that may impact the businesses of the Company.

Internal Control Systems and their Adequacy

Since HeidelbergCement Group of Germany is having a controlling stake in the Company, as part of International standard practice, it is following the Group's guidelines with respect to the maintenance of internal controls and internal control system. The Company has appointed Internal Auditors to look into the internal control system and submit their Report for review by the Management as well as by the Audit Committee. The controls are documented and reviewed by the Management Committee of the Company and by the Internal Audit team of HeidelbergCement Group. Also it reviews the adequacy and effectiveness of internal control systems on an ongoing basis and suggests modifications so that we can respond to the changing needs of the business. The Internal audits are conducted by firms of Chartered Accountants, ably supported by an internal team staffed with qualified and experienced people. The existing audit and inspection procedures are reviewed periodically to enhance their effectiveness, usefulness and timeliness. In addition, HeidelbergCement Group requires, on a quarterly basis, a list of issues that are required to be reported under the Risk Management Guidelines.

Human Resources

Our people are our most important asset and we value their talent, integrity and dedication. We offer a highly entrepreneurial culture with a team based approach that we believe encourages growth and motivates the employees. We have been successful in attracting and retaining key professionals and intend to continue to seek fresh talent to further enhance and grow our businesses. The Company had 1744 officers and workmen on its rolls as on 31st December, 2008.

Health & Safety

The Company places the highest value on ensuring the health and safety of its employees, contractors, third parties and visitors. During the year detailed Risk Assessments were carried out and action plans implemented to intensify occupational health and safety in the areas of working at height, Contractor Safety Management and Road Safety. Numerous safety related training programmes were undertaken during the year to develop a safe working culture.

In addition, we have strengthened the Plant Management Teams by providing dedicated high calibre safety staff in all plants to advise and support the plant management in establishing the Safety Management System.

Cautionary Statement

Statements in the Management Discussion and Analysis Report which seek to 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 differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian political, economic & 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, tax regimes, economic developments within India besides other factors such as litigation and industrial relations as well as the ability to implement the strategies.

REPORT ON CORPORATE GOVERNANCE

Corporate Governance Philosophy

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

BOARD OF DIRECTORS

Composition of the Board

As on 31st December, 2008, the Board of Directors consists of 8 Directors viz., seven Non-Executive Directors (out of which four are Independent Directors) and a Managing 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 period 1.1.2008 to 31.12.2008, the Board of Directors met five times on 21st February, 2008, 24th April, 2008, 9th May, 2008, 24th July, 2008 and 17th October, 2008. The maximum time gap between any two consecutive board meetings was less than four months.

Directors' Attendance Record & Directorships held

Table 1. 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 1.1.2008 to 31.12.2008	No. of Directorship(s) in other Public Limited Companies*	No. of Committee positions held in other Public Limited Companies**		No. of Equity Shares held in the Company	Sitting Fees paid (Rs.)
					Chairman	Member		
1.	Mr. P.G. Mankad, Chairman ~	Independent	5	12	1	6	-	70,000
2.	Mr. Daniel Gauthier ^	Non Executive	NIL	NIL	-	-	-	-
3.	Dr. Bernd Scheifele	Non Executive	NIL	NIL	-	-	-	-
4.	Dr. Lorenz Naeger	Non Executive	NIL	NIL	-	-	-	-
5.	Mr. Sidharth Birla #	Non Executive	2	7	-	-	1,125	20,000
6.	Mr. Amitabha Ghosh	Independent	5	13	4	3	-	70,000
7.	Mr. Shardul Shroff @	Independent	2	6	-	4	-	20,000
8.	Mr. S. Krishna Kumar	Independent	5	1	1	-	-	70,000
9.	Dr. Albert Scheuer	Non-Executive	NIL	2	-	-	-	-
10.	Mr. Ashish Guha	Managing Director	5	3	1	1	-	-

~ Mr. P.G. Mankad was appointed as Chairman of the Board of Directors on 24th April, 2008.

^ Cementum I B.V. had withdrawn the nomination of Mr. Daniel Gauthier from the Board of Directors of the Company w.e.f. 24th April 2008 and consequently he also ceased to be the Chairman of the Board.

Mr. Sidharth Birla ceased to be Director of the Company w.e.f. 24th July, 2008 consequent to acceptance of his resignation by the Board of Directors.

@ Mr. Shardul Shroff ceased to be Director of the Company w.e.f. 27th March, 2009 consequent to acceptance of his resignation by the Board of Directors.
Dr. Bernd Scheifele, Dr. Lorenz Nager, Dr. Albert Scheuer and Mr. Ashish Guha have been nominated on the Board of Directors of the Company by Cementum I B.V., the sole promoter of the Company.

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

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

The Non-Executive Directors are being paid sitting fees of Rs. 20,000 for attending each meeting of the Board of Directors as well meetings of the Committees of the Board with effect from 24th July, 2008. The Company has not paid any remuneration or sitting fees to the Non-resident Directors namely, Mr. Daniel Gauthier, Dr. Bernd Scheifele, Dr. Lorenz Nager and Dr. Albert Scheuer. The Company has not paid any sitting fees / remuneration to Mr. Ashish Guha, Managing Director.

The Company is not having any Stock Options or Fixed / Performance Linked Incentive Scheme for its Directors.

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.

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

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

Board Level Committees

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

Audit Committee

The Audit Committee of the Company as on 31st December, 2008, comprises of four members namely Mr. Amitabha Ghosh (Chairman of the Committee), Mr. P.G. Mankad, Mr. S. Krishna Kumar and Mr. Ashish Guha. During the period 1st January, 2008 to 31st December, 2008, the Audit Committee met four times on 21st February, 2008, 24th April, 2008, 24th July, 2008 and 17th October, 2008. 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 attendance of the members at the meetings of the Audit Committee is given below:

S.No.	Name of the Member	No. of Meetings Attended	Sitting Fees paid (Rs.)
1	Mr. Amitabha Ghosh	4	50,000
2	Mr. P.G. Mankad	4	50,000
3	Mr. S. Krishna Kumar	4	50,000
4	Mr. Ashish Guha	4	Nil

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

Company Secretary is the Secretary to the Committee. The Finance Controller and the representative(s) of the Statutory Auditors are regularly invited to attend the meetings of the Audit Committee. Mr. Amitabha Ghosh, Chairman of the Audit Committee, possesses accounting and financial management expertise and all members of the Committee have accounting and financial knowledge.

Share Transfer and Shareholders' / Investors' Grievance Committee

The Share Transfer and Shareholders' / Investors' Grievance Committee of the Company comprises of three members namely Mr. P.G. Mankad (Chairman of the Committee), Mr. Amitabha Ghosh and Mr. Ashish Guha. During the year, the Committee met 21 times to approve the share transfer requests and to look into redressal of investors' grievances. The attendance of the members at the meetings of the Share Transfer and Shareholders' / Investors' Grievance Committee is given below :

S.No.	Name of the Member	No. of Meetings Attended	Sitting Fees paid (Rs.)
1	Mr. P.G. Mankad	20	2,90,000
2	Mr. Amitabha Ghosh	5	60,000
3	Mr. Ashish Guha	21	Nil

Mr. T.V. Ganesan, Head Legal & Company Secretary is the Compliance Officer of the Company.

During the year, three investor complaints were received and the same were resolved satisfactorily. As on 31st December, 2008, there was no pending investor complaint.

Remuneration Committee

The Company does not have any Remuneration Committee.

Subsidiary

The Company does not have any subsidiary company.

Management Discussion and Analysis

This Annual Report has a detailed chapter on Management 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, SEBI Regulations and other Statutory Authorities. 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 Board is apprised of the matters with regard to Risk Management & Assessment. The risk minimisation procedures have been put in place and are being reviewed from time to time, to ensure that the executive management controls risk through means of a properly defined framework.

SHAREHOLDERS INFORMATION :

Appointment / Re-appointment of Directors

At the ensuing 50th Annual General Meeting (AGM) of the Company, Mr. P.G. Mankad and Mr. Amitabha Ghosh shall be retiring by rotation and being eligible they have offered themselves for re-election by the shareholders at the said AGM. The brief particulars of the aforesaid Directors are given in the Notice of AGM.

Means of Communication

The quarterly and annual financial results are generally published in English (Business Standard) and relevant vernacular newspaper (Udayavani). The results are also displayed on the Company's website – www.mycemco.com.

Besides, as required under the listing agreement, the Quarterly / Annual Financial Results, Shareholding Pattern, Annual Report etc., are uploaded on the Electronic Data Information Filing and Retrieval System Website (EDIFAR) and can be accessed at www.sebiedifar.nic.in. Further, no presentation has been made to the Institutional Investors or Analysts during the year under review.

General Body Meetings

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

(a) Annual General Meetings :-

Financial Year ended	Date & Time	Venue
31.12.2007	24.06.2008, 1.30 P.M.	Mysore Cements Employees Staff Club Auditorium, P.O. Ammasandra, Taluk Turuvekere, District Tumkur, Karnataka – 572 211
31.12.2006 (9 months)	14.06.2007, 1.30 P.M.	Mysore Cements Employees Staff Club Auditorium, P.O. Ammasandra, Taluk Turuvekere, District Tumkur, Karnataka – 572 211.
31.03.2006	11.09.2006, 11.00 A.M.	Gurunanak Bhavan, No. 6, Vasantha Nagar, Jasama Bhavan Road, Bangalore – 560 052

At the last Annual General Meeting (AGM) held on 24th June 2008, two Directors of the Company were present namely, Mr. Ashish Guha (Chairman of the Meeting) and Mr. Amitabha Ghosh.

(b) Other meetings of shareholders :-

	Date & Time	Venue
EGM	19.03.2009, 9.00 A.M.	Mysore Cements Employees Staff Club Auditorium, P.O. Ammasandra, Taluk Turuvekere, District Tumkur, Karnataka – 572 211.
Meeting convened by Hon'ble High Court of Karnataka for approving Scheme of Amalgamation.	06.08.2008, 9.30 A.M.	Mysore Cements Employees Staff Club Auditorium, P.O. Ammasandra, Taluk Turuvekere, District Tumkur, Karnataka – 572 211

No Special Resolution was passed at any of the last three AGMs. However, at the EGM held on 19th March 2009 the shareholders have passed a Special Resolution for increase of Authorised Share Capital by Rs. 9 crores only i.e, from Rs. 271 crores to Rs. 280 crores. During the year under review the Company has not passed any Resolution through Postal Ballot. Also no Special Resolution is proposed to be passed through Postal Ballot before the ensuing AGM.

Annual General Meeting

Date : 29th May, 2009
 Day : Friday
 Time : 9.00 A.M.
 Venue : HeidelbergCement Employees Staff Club Auditorium, P.O. Ammasandra , District Tumkur, Karnataka - 572211.

Financial Calendar for 2009

The Company follows the calendar year for the preparation of its accounts. Proposed Board Meetings for taking on record quarterly financial results for the accounting year 2009 are as under:

Approval of the financial results for the quarter ending 31st March, 2009, 30th June, 2009 and 30th September, 2009. In the following month of the quarter ending.

Audited annual financial results for the last quarter and the financial year ending 31st December, 2009. Before 31st March, 2010.

AGM for the financial year ending 31st December, 2009 : May / June 2010

Book Closure

The Register of Members and Share Transfer Books of the Company will remain closed from 26th May to 29th May 2009 (both days inclusive) for the purpose of AGM.

Dividend : Nil

Listing on Stock Exchanges and Stock Codes

Stock Exchanges where shares are listed	Stock Code / Trading Symbol
Bombay Stock Exchange Ltd. (BSE)	500292
National Stock Exchange of India Ltd. (NSE)	MYSORECEM Eq
Bangalore Stock Exchange Ltd.	MYC

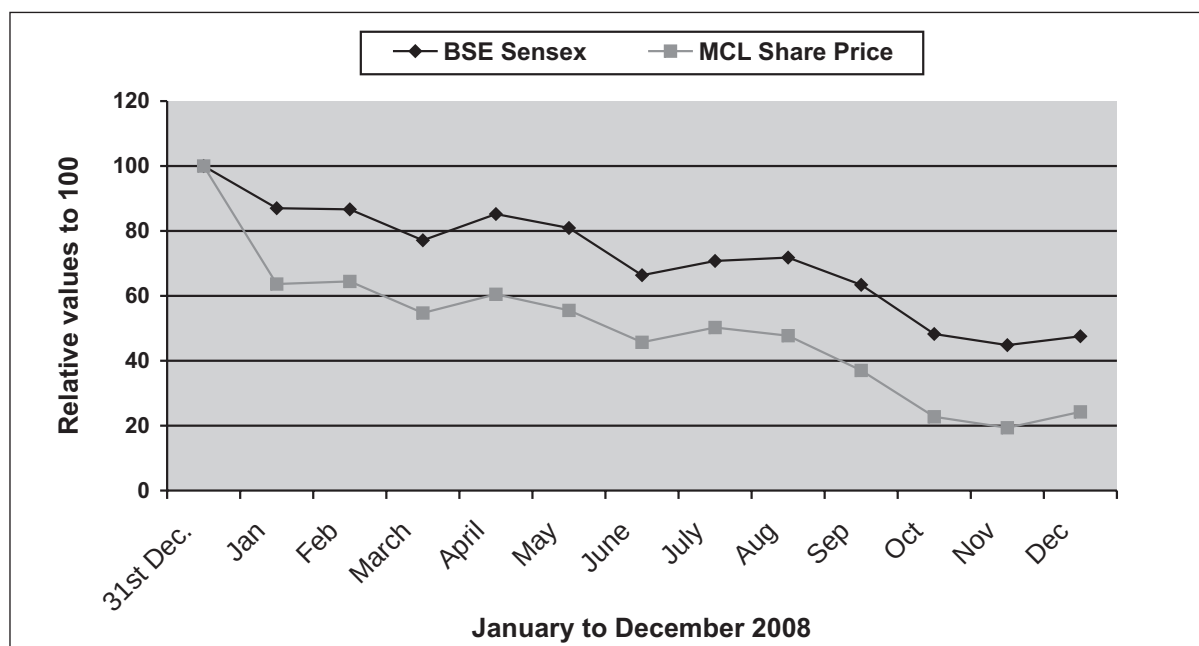
There are no arrears of listing fees to be paid to the Stock Exchanges.

Share Price Data

Share Price of Mysore Cements Ltd. at BSE & NSE during the financial year ended 31st December, 2008

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
January	63.90	31.60	65.00	31.60
February	47.95	37.55	47.80	33.00
March	39.90	28.50	40.00	28.25
April	41.00	33.10	40.80	28.10
May	39.75	34.05	39.70	34.10
June	35.70	28.00	36.50	23.65
July	38.00	24.65	36.85	24.75
August	35.40	29.00	35.45	29.00
September	30.60	21.20	30.60	21.20
October	23.40	12.05	23.40	12.45
November	15.95	11.01	15.25	10.90
December	17.10	11.65	18.00	11.55

Comparison of Share Price of Mysore Cements Ltd. with BSE Sensex



Shareholding Pattern as on 31st December, 2008

Category	No. of Equity Shares	% of Equity share holding	No. of Preference Shares	% of Preference Shares
Promoters	8,67,36,941	54.89	13,49,336	100.00
Mutual Funds & UTI	35,06,244	2.22		
Financial Institutions & Banks	13,58,749	0.86		
Central /State Government	3,28,440	0.21		
Insurance Companies	36,54,895	2.31		
FII's	37,74,625	2.39		
NRI's & OCB's	17,01,370	1.08		
Bodies Corporate	1,90,84,329	12.08		
Trusts	8,86,788	0.56		
Resident Individuals	3,69,77,384	23.40		
Total	15,80,09,765	100.00	13,49,336	100.00

Distribution Schedule of Equity Shares as on 31st December, 2008

No. of equity shares of Rs. 10 each	No. of share holders	% of share holders	No. of shares held	% of share holding
1-500	59,088	82.53	1,07,56,074	6.81
501-1000	6,797	9.49	58,09,264	3.68
1001-2000	2,876	4.02	45,61,525	2.89
2001-3000	963	1.35	25,20,265	1.60
3001-4000	407	0.57	15,03,588	0.95
4001-5000	429	0.60	20,74,641	1.31
5001-10000	531	0.74	40,53,638	2.57
10001 and above	504	0.70	12,67,30,770	80.20
Total	71,595	100.00	1,58,009,765	100.00

Dematerialisation of Shares and Liquidity

The Equity Shares of the Company are actively traded at BSE and NSE in dematerialised form. Over 98 % of the Equity Shares of the Company have already been dematerialised. International Securities Identification Number (ISIN) for both the depositories, viz., NSDL and CDSL is INE578A01017. The shareholders who wish to get their shares dematerialised can submit the share certificates together with the Demat Request Form to the Depository Participant with whom they have opened a demat account.

Share Transfer System

The shareholders who wish to transfer their shares held in physical form can lodge the duly completed request for registration of transfer of shares with the Registrar & Share Transfer Agents viz., M/s. Alpha Systems Pvt. Ltd., Bangalore. The duly transferred Share Certificates are normally returned to the shareholders within a period of 20 to 25 days from the date of lodgement.

Outstanding Warrants and their implications on Equity

As on 31st December 2008, there are no outstanding GDRs, ADRs, convertible warrants or any other instrument convertible into equity shares, issued by the Company.

Addresses for correspondence:

Registered Office:

Mysore Cements Ltd.,
P.O. Ammasandra
District Tumkur
Karnataka 572211
Phone : 08139-278656/57/58
Fax : 08139-278375

Registrar & Share Transfer Agents:

M/s. Alpha Systems Pvt. Ltd.
(Unit: Mysore Cements Ltd.)
30, Ramana Residency,
4th Cross, Sampige Road,
Malleswaram,
Bangalore 560 003, Karnataka
Phone Nos. : 080-23460815 to 23460818
Fax No. : 080-23460819
Email-Id : venkatesh.v@123alpha.com and
alfint@vsnl.com

Corporate Office:

Mr. T.V. Ganesan
Head Legal & Company Secretary
Mysore Cements Ltd.
9th Floor, Tower 'C'
Infinity Towers
DLF Cyber City, Phase II
Gurgaon, Haryana 122002
Phone : 0124 – 4503700
Fax : 0124 – 4147698
E-mail Id : investors.mcl@mycem.in
ganesan.tv@heidelbergcement.in
rajesh.relan@heidelbergcement.in

Plant Locations:

-
- | | | |
|--|--|---|
| (a) Mysore Cements Ltd.
P.O. Ammasandra
Distt. Tumkur
Karnataka – 572211 | (b) Diamond Cements
(Unit of Mysore Cements Ltd.)
P.O. Narsingarh
District Damoh
Madhya Pradesh | (c) Diamond Cements
(Unit of Mysore Cements Ltd.)
Village Imlai
District Damoh
Madhya Pradesh |
| (d) Diamond Cements
(Unit of Mysore Cements Ltd.)
Village Madora
District Jhansi
Uttar Pradesh | (e) Dolvi Unit
(Unit of Mysore Cements Ltd.)
Village Khar Karavi, P.O. Gadab,
Taluka Pen, District Raigad,
Maharashtra – 402 107 | |
-

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

I declare that the Company has received affirmation of compliance with the “Code of Business Conduct for Directors and Senior Executives” laid down by the Board of Directors, from all the Directors and Senior Management Personnel of the Company, to whom the same is applicable, for the financial year ended 31st December, 2008.

Place : Gurgaon
Date : 27th March, 2009

Sd/-
Ashish Guha
Managing Director

CERTIFICATE OF COMPLIANCE WITH CLAUSE 49 OF LISTING AGREEMENT

To
The Members of Mysore Cements Ltd.

We have examined the compliance of conditions of Corporate Governance by Mysore Cements Ltd. for the financial year ended 31st December, 2008, as stipulated in the Listing Agreement of the said Company with Bombay Stock Exchange Limited, National Stock Exchange of India Limited and Bangalore Stock Exchange Ltd.

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 three investor grievances were received during the year under review and the same have been resolved to the satisfaction of the concerned shareholders.

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

Place : New Delhi
Date : 27th March, 2009

FCS No. 2668 CP No. 2388

Disclosure pursuant to Regulation 3 (1) (e) (i) of the SEBI(Substantial Acquisition of Shares and Takeovers) Regulations, 1997 of persons constituting 'Group' include the following:-

Foreign promoters and persons acting in concert: Cementum 1 B.V., HeidelbergCement AG., CBR International Services S.A., Castle Cement Ltd., CBR Baltic B.V., CBR Portland B.V., Civil and Marine Slag Cement Ltd., Amvrosiyivske open Joint Stock Company, Bukhtarmipskaya Cement Company, Carpatcement Holding S.A., Cementa AB, Ceskomoravsky Cement, a.s, Duna-Drava Cement Kft, Ekocem Sp., ENCI Holding N.V., Gorazdze Cement S.A., Hanson Ltd., HC CAUCAS Holding, HeidelbergCement Central Europe East Holding B.V., HeidelbergCement Denmark A/S, HeidelbergCement International Holding GmbH, HeidelbergCement Netherlands Holding B.V., HeidelbergCement Northern Europe AB, HeidelbergCement Norway AS, HeidelbergCement Sweden AS, HeidelbergCement UK Holding Ltd., Huttenzement GmbH, Kunda Nordic Cement Corp., Nederlandse Cement Deelnemingsmaatschappij B.V., Norcem AS, Kryvyi Rih Cement, S.A. Cimenteries CBR, Teutonia Zementwerk AG, Tvornica Cementa Kakanj d.d., Civil and Marine Inc., HeidelbergCement Inc., Lehigh B.V., Lehigh Cement Company, Lehigh Cement Limited, Lehigh Southwest Cement Company, Permanente Cement Company, Butra HeidelbergCement Sdn. Bhd., Cimbenin S.A., Ciments du Togo S.A., Cochin Cements Ltd., Endocement Ltd., Ghacem Ltd., HeidelbergCement Bangladesh Ltd., Liberia Cement Corporation Ltd., PT Indocement Tungal Prakarsa Tbk, Scancem International ANS, Sierra Leone Cement Corp. Ltd., Societe des Ciments du Gabon, Tanzania Portland Cement Company Ltd., HC Trading B.V. and HC Fuels Limited.

Auditors' Report

HeidelbergCement India Limited

To

THE MEMBERS OF MYSORE CEMENTS LIMITED

1. We have audited the attached Balance Sheet of Mysore Cements Limited as at December 31, 2008 and also the Profit and Loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - v. On the basis of the written representations received from the directors, as on December 31, 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on December 31, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the balance sheet, of the state of affairs of the Company as at December 31, 2008;
 - b) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For S. R. BATLIBOI & CO.

Chartered Accountants

Sd/-

per Manoj Gupta

Partner

Membership No.: 83906

Place : Gurgaon

Date : March 27, 2009

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

Re: Mysore Cements Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed Assets have been physically verified by the management during the year in accordance with a planned programme of verifying in phased manner so as to cover all assets once in two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed in respect of assets verified during the year.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) The inventory of the Company have been physically verified by the management during the year after reasonable intervals.
- (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) As informed, the Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraphs 4 (iii) (b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 (as amended), are not applicable. (e) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraphs 4 (iii) (f) and (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable.
- (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. During the course of our audit, no major weakness has been noticed in the internal control system 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 Act that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In respect of deposits accepted from the public in earlier years which remained unclaimed, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under, to the extent applicable, have been complied with. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal, Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess 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 undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of Statute	Nature of dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax Act and Various State Sales Tax Act	Sales Tax	623.89 5,632.22 25.97 52.79 744.52 0.11 57.00 1.27 5.84	1998-99 to 2004-05 1994-95 to 2006-07 1964-65, 1995-96 to 2002-03 1989-90 to 1992-93 and 2000-01 to 2002-03 1984-85 and 2005-06 to 2007-08 2000-01 1999-00 to 2002-03 1997-98, 2002-03 and 2003-04 2004-05	Supreme Court High Court Tribunal Deputy Commissioner (Appeals) Deputy Commissioner Additional Commissioner Joint Commissioner Assessing Officer, Sales Tax Trade Tax Department
Central Excise Act	Excise Duty and Cenvat	218.66 69.72 563.29	1995-96 to 2000-01 1992-93, 1996-97 and 1999-2000 to 2003-04 2007-08 and 2008-09	High Court Central Excise and Service Tax Tribunal Commissioner of Central Excise
Finance Act 1994 (Amended -2008)	Service Tax	11.81	2004-05 and 2005-06	Commissioner of Central Excise
M.P. Irrigation Act	Water Cess	8.77	1999-2000	High Court

- (x) The Company's accumulated losses at the end of the financial year are less than fifty per cent of its net worth 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 bank and financial institution. The Company has no outstanding dues in respect of debenture holder.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For S. R. BATLIBOI & CO.
Chartered Accountants

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

Place: Gurgaon
Date: March 27, 2009

Balance Sheet

HeidelbergCement India Limited

as at December 31, 2008

		Schedules	December 31, 2008 Rs. Lac	December 31, 2007 Rs. Lac
SOURCES OF FUNDS	Shareholder's Funds			
	Share Capital	A	24,011.55	17,151.22
	Reserves and Surplus	B	45,173.95	46,290.64
	Loan Fund			
	Secured Loans	C	1,000.00	-
	Total		70,185.50	63,441.86
APPLICATION OF FUNDS	Fixed Assets	D		
	Gross Block		85,158.46	67,942.15
	Less: Accumulated Depreciation		(57,904.66)	(50,407.92)
	Net Block		27,253.80	17,534.23
	Capital Work-in-Progress		4,417.02	689.00
	Capital Advances		1,056.78	259.27
			32,727.60	18,482.50
	Intangible Assets	D		
	Net Block		144.20	149.34
	Capital Work-in-Progress		108.48	-
			252.68	149.34
	Investments	E	12.10	12.10
	Current Assets, Loans and Advances			
	Inventories	F	7,107.32	6,173.34
	Sundry Debtors	G	1,989.29	1,249.13
	Cash and Bank Balances	H	33,780.33	18,073.36
	Loans and Advances	I	9,600.27	7,082.56
	Other Current Assets	J	391.10	310.15
		(I)	52,868.31	32,888.54
	Less: Current Liabilities and Provisions			
	Current Liabilities	K	15,863.56	9,374.84
	Provisions	L	8,003.76	5,698.87
		(II)	23,867.32	15,073.71
	Net Current Assets	(I-II)	29,000.99	17,814.83
	Profit and Loss Account		8,192.13	26,983.09
	Total		70,185.50	63,441.86
	Notes to Accounts	S		

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

As per our report of even date
For S R Batliboi & Co.
Chartered Accountants

Sd/-
Per Manoj Gupta
Partner
 Membership No. 83906

Sd/-
Anil Sharma
Finance Controller

For and on behalf of the Board of
 Directors of Mysore Cements Limited

Sd/-
P.G. Mankad
Chairman

Place: Gurgaon
 Date: 27th March, 2009

Sd/-
T.V. Ganesan
Head Legal & Company Secretary

Sd/-
Ashish Guha
Managing Director

Sd/-
S. Krishna Kumar
Amitabha Ghosh } *Directors*

Profit and Loss Account

HeidelbergCement India Limited

for the year ended December 31, 2008

	Schedules	December 31, 2008 Rs. Lac	December 31, 2007 Rs. Lac
INCOME			
Gross Sales		88,592.24	71,093.86
Less: Excise Duty		(12,568.06)	(11,654.82)
Net Sales		76,024.18	59,439.04
Other Income	M	4,425.71	1,252.97
Total		80,449.89	60,692.01
EXPENDITURE			
Raw Materials Consumed	N	15,378.38	8,596.02
Decrease/ (Increase) in Inventories	O	592.06	(873.29)
(Decrease)/ Increase of Excise duty on Inventories		(92.24)	75.44
Personnel Expenses	P	6,193.36	6,897.71
Operating and Other Expenses	Q	45,158.24	34,417.04
Depreciation/amortization		2,494.22	1,822.74
Less: Transferred from Revaluation Reserve		356.99	378.26
Net Depreciation/amortization		2,137.23	1,444.48
Financial Expenses	R	410.24	304.42
Total		69,777.27	50,861.82
Profit from Continuing Operation before Tax		10,672.62	9,830.19
Provision for Tax			
Income Tax for Earlier Years		-	(0.54)
Deferred Tax Credit		1,848.24	-
Fringe Benefit Tax		(58.47)	(64.37)
Total Tax Expenses		1,789.77	(64.91)
Profit from Continuing Operation	(I)	12462.39	9,765.28
Profit from Discontinuing Operation before Tax			
(Refer Note 18 of Schedule S)		90.25	-
Provision for Tax		-	-
Profit from Discontinuing Operation	(II)	90.25	-
Net Profit for the Year after tax	(I+II)	12,552.64	9,765.28
Balance brought forward from last year		(26,983.09)	(37,098.37)
Transfer from Security Premium Account			
(Refer Note 3 (a) (iii) of Schedule S)		6,238.32	-
Transfer from Debenture Redemption Reserve		-	350.00
(Loss) carried to Balance Sheet		(8,192.13)	(26,983.09)
Earnings Per Share (Refer Note No. 13 of Schedule S)			
Basic and Diluted [Nominal value of shares Rs. 10/-			
(Previous Year Rs. 10/-)]		5.92	6.09
Notes to Accounts	S		

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

As per our report of even date
For S R Batliboi & Co.
Chartered Accountants

Sd/-
Per Manoj Gupta
Partner
 Membership No. 83906

Place: Gurgaon
 Date: 27th March, 2009

For and on behalf of the Board of
 Directors of Mysore Cements Limited

Sd/-
Anil Sharma
Finance Controller

Sd/-
P.G. Mankad
Chairman

Sd/-
T.V. Ganesan
Head Legal & Company Secretary

Sd/-
Ashish Guha
Managing Director

Sd/-
S. Krishna Kumar
Amitabha Ghosh } *Directors*

December 31, 2008 December 31, 2007
Rs. Lac Rs. Lac

Schedule A. Share Capital

Authorised

22,10,00,000	(Previous year: 16,50,00,000) equity shares of Rs.10/- each (Refer Note 3 (a)(ii) of Schedule S)	22,100.00	16,500.00
50,00,000	(Previous year: 50,00,000) preference shares of Rs.100/- each	5,000.00	5,000.00
		27,100.00	21,500.00

Issued

15,80,27,958	(Previous year: 15,80,27,958) equity shares of Rs.10/- each	15,802.80	15,802.80
1,349,336	(Previous Year: 13,49,336) 9% cumulative redeemable preference shares of Rs.100/- each	1,349.34	1,349.34
		17,152.14	17,152.14

Subscribed and Paid-Up

15,80,09,765	(Previous year: 15,80,09,765) equity shares of Rs.10/- each	15,800.98	15,800.98
	Amount paid-up on 18,193 Shares Forfeited	0.90	0.90
13,49,336	(Previous Year: 13,49,336) 9% cumulative redeemable preference shares of Rs.100/- each	1,349.34	1,349.34
		17,151.22	17,151.22

Equity Share Suspense (Refer Note 3 (a) (iv) of Schedule S)

6,860.33	-
24,011.55	17,151.22

- Of the above 86,736,941 (Previous Year: 86,736,941) equity shares are held by Cementum I B.V, the holding Company. The ultimate holding Company is Heidelberg Cement AG.
- Equity Shares include 1,422,235 shares allotted as fully paid-up Bonus Shares by capitalisation of General Reserve.
- 1,349,336 - 9% Cumulative Redeemable Preference Shares of Rs.100/- each were issued at par on December 12, 2006 to Cementum I B.V. As per the terms of redemption, these shares are redeemable on December 11, 2011. These shares also carry a call/put option of 24 months after the date of allotment.

**Schedule B.
Reserves and Surplus**

Capital Reserve

Opening Balance	0.05	0.05
Add: Created on Amalgamation (Refer Note 3 (a) (v) of Schedule S)	5,496.87	-
	5,496.92	0.05

Capital Subsidy Reserve

As per Last Accounts	64.25	64.25
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Security Premium

Opening Balance	43,309.55	43,309.55
Less: Transferred to Profit and Loss Account as per Scheme of Amalgamation (Refer Note 3 (a) (iii) of Schedule S)	6,238.32	-
	37,071.23	43,309.55

Revaluation Reserve

Opening Balance	2,666.79	3,045.25
Less: Adjustment on account of depreciation on revalued amount of assets	356.99	378.26
Less: Adjustment on account of revalued assets sold / discarded	18.25	0.20
	2,291.55	2,666.79

Capital Redemption Reserve

As per Last Accounts	250.00	250.00
----------------------	---------------	--------

Debenture Redemption Reserve

Opening Balance	-	350.00
Less: Transferred to Profit and Loss Account	-	350.00
	45,173.95	46,290.64

December 31, 2008 December 31, 2007
Rs. Lac Rs. Lac

Schedule C: Secured Loans

Loans from Bank		
Term Loans	500.00	-
Other Loans		
Term Loans	500.00	-
	<u>1,000.00</u>	<u>-</u>

Term Loans from bank and Term Loan from other are secured by Joint Equitable Mortgage ranking pari-passu interse, by deposit of title deeds of the Company's immovable properties situated at Village Khar Karavi, Dist. Raigad, Maharashtra and hypothecation of all moveable assets, both present & future of Raigarh Unit of the Company.

Loans from bank and other loan aggregating to Rs. 800 lacs (Previous year Rs. Nil) are repayable within one year.

Schedule D. Fixed Assets

Rs. Lac

	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	As at	Acquired on	Additions/	Sales/	As at	At	Acquired on	Sales/	For the	At	As at	As at
	01.01.2008	Amalgamation*	Adjustments	Adjustments	31.12.2008	01.01.2008	Amalgamation*	Adjustments	Year	31.12.2008	31.12.2008	31.12.2007
Tangible Assets- (A)												
Freehold Land	791.79	314.03	388.80	-	1,494.63	-	-	-	-	-	1,494.63	791.79
Leasehold Land	162.96	-	8.20	-	171.16 (a)	116.61	-	-	9.94	126.55	44.61	46.35
Buildings	6,581.39	1,022.55	49.53	24.94	7,628.53	2,527.73	165.36	15.45	148.46	2,826.10	4,802.43	4,053.66
Railway Siding	1,241.21	-	-	-	1,241.21	847.80	-	-	51.01	898.81	342.40	393.41
Plant and Machinery	58,049.05	13,267.39	2,386.48	723.84	72,979.08	46,350.52	5,473.84	685.34	2,100.43	53,239.46	19,739.62	11,698.53
Furniture, Fittings and Equipments	575.70	237.85	105.78	22.18	897.15	199.00	101.02	14.17	106.55	392.39	504.76	376.70
Vehicles	540.05	122.17	117.01	32.53	746.70	366.26	28.00	19.60	46.69	421.35	325.35	173.79
Sub Total	67,942.15	14,963.99	3,055.80	803.49	85,158.46	50,407.92	5,768.22	734.56	2,463.08	57,904.66	27,253.80	17,534.23
Previous Year	66,526.13	-	1,579.69	163.67	67,942.15	48,702.39	-	113.87	1,819.40	50,407.92	17,534.23	
Intangible Assets- (B)												
Acquired Computer Software	158.40	-	26.00	-	184.40	9.06	-	-	31.14	40.20	144.20	149.34
Sub Total	158.40	-	26.00	-	184.40	9.06	-	-	31.14	40.20	144.20	149.34
Previous Year	6.57	-	151.83	-	158.40	5.72	-	-	3.34	9.06	149.34	
TOTAL (A+B)	68,100.55	14,963.99	3,081.80	803.49	85,342.86	50,416.98	5,768.22	734.56	2,494.22	57,944.86	27,398.00	17,683.57
Previous Year	66,532.70	-	1,731.52	163.67	68,100.55	48,708.11	-	113.87	1,822.74	50,416.98	17,683.57	

Notes:

- Certain Fixed Assets were revalued based on current replacement cost by approved valuers on 1.7.1981, 31.3.1990 and 31.3.1992. These had resulted in increase in book value of fixed assets by Rs. 26,330.06 lacs (gross) and accumulated depreciation by Rs. 4,752.78 lacs resulting in net increase of Rs. 21,577.28 lacs which were credited to Revaluation Reserve.
- Gross Block of Freehold Land, Building, Railway Siding and Plant and Machinery include Rs. 288.68 lacs (Previous Year Rs. 288.68 lacs), Rs. 2,072.07 lacs (Previous Year Rs. 2,093.82 lacs), Rs. 175.66 lacs (Previous Year 175.66 lacs) and Rs. 16,537.24 lacs (Previous Year Rs. 16,806.36 lacs) respectively on account of revaluation. Further Accumulated Depreciation of Building, Railway Siding and Plant and Machinery include Rs. 1,010.62 lacs (Previous Year Rs. 985.45 lacs), Rs. 152.86 lacs (Previous Year Rs. 145.85 lacs) and Rs. 15,618.61 lacs (Previous Year Rs. 15,566.44 lacs) respectively on account of revaluation.
- Depreciation for the year includes Rs. 356.99 lacs (Previous year: Rs. 378.26 lacs) in respect of increased value of Fixed Assets due to revaluation and an equivalent amount has been transferred from Revaluation Reserve. In addition, Rs. 18.25 lacs (Previous year: Rs. 0.20 lac) has also been transferred/ withdrawn from the Revaluation Reserve to the Revalued Fixed Assets in respect to revalued Fixed Assets sold/discarded during the year.

* Refer to Note 3 of Schedule S.

Schedules

to the Accounts

Schedule E.

Investments

HeidelbergCement India Limited

December 31, 2008
Rs. Lac

December 31, 2007
Rs. Lac

Long Term investments

Other than trade

A In Government Securities Unquoted

Six year National Savings Certificates 0.10 0.10

B Quoted

1,200,000 (Previous year 1,200,000)

Fully Paid-up Equity Shares of Rs.10 each of Cimco Birla 12.00 12.00

12.10 12.10

Negative lien in favour of the Working Capital Consortium of Cimmco Birla for Working Capital Loans taken by it.

Aggregate Value of:

Quoted Investments 12.00 12.00

(Market value Rs. 122.40 lacs, Previous Year: Rs. 565.20 lacs)

Unquoted Investments 0.10 0.10

12.10 12.10

Note:

Cimmco Birla Limited is registered with the Board for Industrial and Financial Reconstruction (BIFR), which has stipulated that the Company (as part of previous Promoter Group) cannot divest its shareholding in Cimmco Birla Limited without directions from BIFR.

Schedule F.

Inventories

(at lower of cost
and net realisable
value)

Raw Materials (including Stock in Transit Rs. NIL

(Previous year Rs. 1.08 lacs))

1,662.24 1,283.35

Stores, Spare Parts and Packing Materials

(including Stock in Transit Rs. 161.38 lacs

(Previous year Rs. 56.57 lacs))

3,158.12 2,225.91

Stock in process

1,360.10 1,917.51

Scrap Stock

177.12 139.48

Finished Goods (including Stock in Transit

Rs. 75.36 lacs (Previous year Rs. 12.07 lacs))

749.74 607.09

7,107.32 6,173.34

Schedule G.

Sundry Debtors

Unsecured

Debts outstanding for a period exceeding six months

Considered good 314.28 29.02

Considered Doubtful 421.33 308.94

Other Debts

Considered good 1,675.01 1,220.11

2,410.62 1,558.07

Less: Provision for Doubtful Debts

421.33 308.94

1,989.29 1,249.13

Included in Debtors are:

- Dues from Company under the Same Management:

Cochin Cements Limited

110.17 -

Schedule H.

Cash and Bank Balances

Cash on hand

4.01 8.25

Balances with Scheduled Banks

On Current Accounts

1,432.92 1,046.11

On Deposit Accounts

32,343.40 17,019.00

33,780.33 18,073.36

Schedules to the Accounts

HeidelbergCement India Limited

Schedule I. Loans & Advances

	December 31, 2008 Rs. Lac	December 31, 2007 Rs. Lac
Unsecured		
Considered good		
Loan to Fellow Subsidiary (Including Interest)	404.40	-
Advances recoverable in cash or in kind or for value to be received	934.95	732.05
VAT credit (Input) receivable	15.22	22.27
Balances with customs, excise, etc.	340.13	203.04
Deposits with Government Departments and Others	6,921.99	5,902.57
Advance Income Tax/ Tax Deducted at Source	970.91	222.63
Advance Fringe Benefit Tax (Net of Provision Rs. 58.47 lacs (Previous year: Rs.NIL)	12.67	-
Considered Doubtful		
Advances recoverable in cash or in kind or for value to be received	239.37	239.37
Deposits with Government Departments and Others	4.52	4.52
	<u>9,844.16</u>	<u>7,326.45</u>
Less: Provision for Doubtful Advances	<u>243.89</u>	<u>243.89</u>
	<u>9,600.27</u>	<u>7,082.56</u>
Included in Loans and Advances (including interest) are:		
- Dues from the Company under the Same Management:		
Cochin Cements Limited	404.40	-
(Maximum amount outstanding during the year Rs. 404.40 lacs (Previous year: NIL)		

Schedule J. Other Current Assets

Interest accrued on deposits and others	391.10	131.74
Fixed Assets Held for Sale	-	178.41
	<u>391.10</u>	<u>310.15</u>

Schedule K. Current Liabilities

Sundry Creditors		
a) Dues of Micro and Small Enterprise*	35.81	-
b) Dues of creditors other than Micro and Small Enterprise	9,506.50	5,279.26
Advance from Customers	1,112.07	734.70
Trade and Other Deposits	3,261.40	1,566.49
Book Overdraft from Banks	80.31	-
Interest Accrued but not due on Loans from Banks	3.49	-
Other Liabilities	1,863.49	1,793.84
Investor Education and Protection Fund shall be credited by the following amounts, as and when due		
a) Unclaimed Matured Deposits	0.31	0.31
b) Interest Accrued on above	0.18	0.24
	<u>15,863.56</u>	<u>9,374.84</u>

* Refer Note No. 15 of Schedule S

Schedule L. Provisions

Fringe Benefit Tax (Net of Advance Payment Rs. NIL (Previous year Rs. 63.14 lacs)	-	1.23
Provision for Wealth Tax	1.04	0.98
Provision for Leave Encashment	514.97	455.18
Provision for Gratuity	870.47	994.39
Provision for Litigation*	6,617.28	4,247.09
	<u>8,003.76</u>	<u>5,698.87</u>

* Refer Note No. 10 (ii) of Schedule S

Schedules

to the Accounts

HeidelbergCement India Limited

	December 31, 2008 Rs. Lac	December 31, 2007 Rs. Lac
Schedule M. Other Income		
Interest (gross)		
Bank Deposits (TDS Rs.500.23 lacs (Previous year: Rs.217.55 lacs))	2,277.19	885.07
Others (TDS Rs.8.15 lacs (Previous year: Rs.5.08 lacs))	75.79	46.43
Rent	28.08	28.18
Sale of Certified Emission Rights	1,175.62	-
Scrap Sale	555.89	143.85
Sundry Balances written back	68.06	10.22
Profit on Sale of Fixed Assets	-	0.47
Provision for Doubtful Debts and Advances written back	-	11.45
Miscellaneous Income	245.08	127.30
	4,425.71	1,252.97
Schedule N. Raw Material Consumed		
Inventories as at December 31, 2007	1,283.35	1,394.77
Add: Inventories acquired on Amalgamation*	331.12	-
Add: Purchases and Lime stone raising cost	15,426.15	8,484.60
	17,040.62	9,879.37
Less: Inventories as at December 31, 2008	1,662.24	1,283.35
	15,378.38	8,596.02
Refer to Note 3 of Schedule S		
Schedule O. Decrease/(Increase) in Inventories		
Inventories as on December 31, 2008		
Finished Goods	749.74	607.09
Stock-in-Process	1,360.10	1,917.52
Scrap	177.12	139.48
	2,286.96	2,664.09
Inventories as at December 31, 2007		
Finished Goods	607.09	560.75
Stock-in-Process	1,917.52	1,109.05
Scrap	139.48	121.00
	2,664.09	1,790.80
Less: Inventories acquired on Amalgamation*		
Finished Goods	196.46	-
Stock-in-Process	18.47	-
	214.93	-
Decrease/ (Increase) in Inventories	592.06	(873.29)
* Refer to Note 3 of Schedule S		

Schedules

to the Accounts

HeidelbergCement India Limited

		December 31, 2008 Rs. Lac	December 31, 2007 Rs. Lac
Schedule P.			
Personnel Expenses	Salaries, Wages, Bonus and Allowances	5,297.44	4,594.83
	Payments on account of Voluntary Retirement Scheme	356.35	1,413.68
	Contribution to Provident Fund	342.39	346.79
	Gratuity Expenses	(28.56)	307.92
	Other Post Employment Funds	48.17	43.54
	Workmen & Staff Welfare Expenses	177.57	190.95
		<u>6,193.36</u>	<u>6,897.71</u>
Schedule Q.			
Operating and Other Expenses	Stores, Spare Parts and Packing Materials	6,555.54	6,447.05
	Power and Fuel	19,347.01	17,181.03
	Freight and Forwarding	9,593.79	3,659.94
	Rent	176.66	124.29
	Rates and Taxes	3,217.06	2,556.82
	Insurance	119.32	273.48
	Repairs and Maintenance		
	- Plant and Machinery	921.01	437.14
	- Buildings	144.67	147.59
	- Others	80.23	98.57
	Commission on Sales	1,217.29	363.88
	Other Selling Expenses	725.65	1,413.28
	Advertisements	306.82	309.20
	Travelling & Conveyance	283.56	311.92
	Communication Cost	152.05	185.27
	Legal & Professional Fees	1,223.63	365.32
	Directors' Fees	7.64	4.54
	Auditor's remuneration *	95.16	63.68
	Exchange Rate Difference (net)	111.49	0.02
	Provision for Doubtful Debts and Advances	49.63	42.99
	Loss on Sale of Fixed Assets	0.58	-
	Loss on Discarded Assets	36.63	57.33
	Provision for Wealth Tax	1.68	1.75
	Sundry Balances written off	0.04	0.08
	Miscellaneous Expenses	791.10	371.87
		<u>45,158.24</u>	<u>34,417.04</u>
	* Refer Note No. 17 of Schedule Q		
Schedule R.			
Financial Expenses	Interest		
	- on Terms Loans	120.24	-
	- on Others	118.31	104.44
	Bank Charges & Guarantee Commission	171.69	199.98
		<u>410.24</u>	<u>304.42</u>

Notes to Accounts

Schedule S. Notes to Accounts

1. NATURE OF OPERATION:

Mysore Cements Limited (MCL or "the Company") is a Company formed and registered under the Companies Act, 1956. Indorama Cement Limited and HeidelbergCement India Private Limited have been amalgamated with the Company during the year w.e.f April 1, 2008. The principal activity of MCL is manufacturing of Portland cement at its 4 locations at Ammasandra (Karnataka), Damoh (Madhya Pradesh), Jhansi (Uttar Pradesh) and Dolvi (Maharashtra).

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:

(a) Basis of preparation

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

(b) Use of Estimates

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

(c) Fixed Assets

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

(d) Intangibles

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

Intangible Assets	Estimated Useful Lives (Years)
I T Software	5

(e) Depreciation/Amortisation

- Depreciation is provided on Straight Line Method as per Schedule XIV of the Companies Act, 1956 on pro-rata basis with reference to the month of addition/ sale. The management of the Company is of the view that this depreciation rate fairly represents the useful life of the assets. Some of the Plant and Machinery have been considered as continuous process plant based on technical evaluation and reports.
- Assets costing less than Rs.5,000 are fully depreciated in the year of purchase.
- Depreciation on the revalued amount is provided on Straight Line Method over the estimated residual life as ascertained by the valuers at the time of revaluation.
- 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
- Leasehold Land is amortized over the period of initial lease term.

(f) Impairment

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

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

(g) Investments

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

(h) Inventories

Inventories are valued as follows:

Raw materials, stores and spares and Packing materials

Lower of cost and net realizable 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.

Notes to Accounts

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.

Obsolescence of stores and spares is recognized based on the Company's analysis and experience as follows:

Stores and Spares last issued

Provision as % of Cost

Up to one year	Nil
More than one year and upto three years	30
More than three years and upto six years	60
More than six years	90

(i) Revenue recognition

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

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.

Sale of Certified Emission Reduction (CER)

Revenue is recognised when there is reasonable assurance that the entity will comply with the conditions attached to it and units of CER's will be received. Unit of CER's are valued at market value at closing date.

Interest

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

(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 Profit & Loss Account 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) Employee Benefits

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

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

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

(iv) Gratuity liability (being administered by a Trust) is a defined benefit obligation and is provided for on the basis of an actuarial valuation done using projected unit credit method at the end of each financial year.

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

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

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

Notes to Accounts

(m) Income taxes

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

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

At each balance sheet date, the Company re-assesses unrecognised deferred tax assets. It 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.

(o) Provisions

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

Provision for expenditure relating to voluntary retirement is made when the employee accepts the offer of early retirement.

(p) 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.

(q) Cash and Cash Equivalents

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

3. Amalgamation of Indorama Cement Limited and HeidelbergCement India Private Limited with the Company

- (a) Indorama Cement Limited (hereinafter referred as IRCL) and HeidelbergCement India Private Limited (hereinafter referred as HIPL) have been amalgamated with the Company. The Scheme of Amalgamation has been sanctioned by the Hon'ble Bombay High Court vide Order dated September 5, 2008, by the Hon'ble High Court of Punjab & Haryana vide Order dated November 14, 2008 and Hon'ble High Court of Karnataka vide Order dated January 9, 2009.

The Scheme became effective on February 13, 2009 on filing of above Court Orders with the Registrar of Companies. The scheme is operative with effect from the Appointed Date 1st April, 2008.

IRCL was engaged in business of manufacturing and marketing cement and HIPL was formed with the objective of producing, selling and dealing in various types of cements and building materials.

Pursuant to the Scheme:

- (i) The assets and liabilities, rights and obligation of erstwhile IRCL and HIPL have been vested with the Company w.e.f. April 1, 2008. The Scheme has, accordingly, been given effect to in these accounts. The amalgamation has been accounted for under the "Purchase Method" as prescribed under Accounting Standard -14 issued by the Institute of Chartered Accountants of India as per Scheme of Amalgamation. Accordingly, the assets and liabilities of the erstwhile IRCL and HIPL as at April 1, 2008 have been taken over at fair value.
- (ii) The Authorized Share Capital of the IRCL and HIPL has been transferred to and merged with the Authorized Share Capital of the Company, without payment of any additional fee or stamp duty. Accordingly, Authorized Share Capital of the Company of Rs.2,150,000,000 (divided into 165,000,000 Equity Shares of Rs.10 each and 5,000,000 Preference Shares of Rs.100 each) has enhanced by an aggregate amount of Rs.560,000,000 (divided into 56,000,000 Equity Shares of Rs.10 each). Non payment of requisite additional fee and stamp duty is contingent on the event of Division Bench affirming the decision of the learned Single Judge of Hon'ble High Court of Karnataka in the case of Mphasis Limited. Further, the Company increased the Authorized Share Capital by Rs. 9,00,00,000 (divided in 90,00,000 Equity Shares of Rupees of 10/- each) subsequent to the balance sheet date, consequently as at March 27, 2009, total Authorized Share Capital of the Company stands at Rs. 2,80,00,00,000 divided into 23,00,00,000 Equity Shares of Rs. 10/- each and 50,00,000 Preference Shares of Rs. 100/- each.
- (iii) Unabsorbed depreciation to the extent of Rs.6,238.32 lacs which form part of the debit balance of the Profit and Loss Account of the Company as at March 31, 2008, has been adjusted against the amount lying to the credit of the securities premium account as per the approved Scheme of Amalgamation.
- (iv) 67,721,681 equity shares of Rs.10 each fully paid are to be issued to the shareholders of IRCL in the ratio of 1.3544 equity shares of the Company for every 1 share held in erstwhile IRCL and 881,670 equity shares of Rs.10 each fully paid are to be issued to the shareholders of HIPL in the ratio of 0.1469 equity shares of the Company for every 1 share held in erstwhile HIPL. Pending allotment as at December 31, 2008, the amount has been included in Equity Share Suspense Account. However, pursuant to the Scheme of Amalgamation, the above shares have been allotted on March 27, 2009.

Notes to Accounts

- (v) Excess of fair value of net assets taken by the Company over the paid up value of equity shares to be issued to the shareholders of erstwhile IRCL and HIPL amounting to Rs.5,496.87 lacs has been treated and shown as capital reserve. The computation has been detailed as follows:

Value of Net Identifiable Assets Acquired:

Particulars	Amount (Rs. Lac)		
	IRCL	HIPL	Total
Fair value of Net assets taken over			
Assets			
Fixed Assets	9,159.37	36.40	9,195.77
Capital Work in Progress	4.00	-	4.00
Inventories	902.93	-	902.93
Cash and bank balances	6,615.10	59.19	6,674.29
Loans and advances	784.49	347.48	1,131.97
Sundry debtors	2,058.02	-	2,058.02
Total (A)	19,523.91	443.07	19,966.98
Liabilities			
Secured Loan	1,600.00	-	1,600.00
Current Liabilities and Provisions	4,150.95	10.58	4,161.53
Deferred Tax Liability	1,848.24	-	1,848.24
Total (B)	7,599.19	10.58	7,609.77
Net Assets taken over (A-B)	11,924.72	432.49	12,357.21

Calculation of difference between the consideration and the value of net identifiable assets acquired, and the treatment thereof:

Particulars	Amount (Rs. Lac)		
	IRCL	HIPL	Total
Fair value of Net assets taken over	11,924.72	432.49	12,357.21
Less: Paid up value of Shares to be issued to shareholders of IRCL and HIPL	6,772.17	88.17	6,860.34
Difference between consideration and value of net identifiable assets acquired treated as Capital Reserve	5,152.55	344.32	5,496.87

- (b) Current year includes figures of the erstwhile IRCL and HIPL for the period April 1, 2008 to December 31, 2008. The current year's figures are, accordingly, not comparable to those of previous year.
4. In accordance with the Accounting Standard 22 "Accounting for Taxes on Income", the Company would have net deferred tax assets, primarily consisting of unabsorbed depreciation and carry forward losses. However, the subsequent realization of such amount is not virtually certain in near future, the management is of the view that it is prudent to recognize deferred tax assets only to the extent of deferred tax liability of Rs. 4528.87 lacs, primarily consist of depreciation, since the management believes that the reversal of timing difference on account of depreciation would result in sufficient taxable income against which the said deferred tax asset can be realized.
5. During the year, the Company has again introduced Voluntary Retirement Scheme (VRS) and 95 (Previous year: 455) employees have opted for VRS under the respective scheme. The Company has incurred Rs.356.35 lacs (Previous year: Rs.1,413.68 lacs) for the settlement of the VRS liability under the respective scheme and charged off the same to Profit & Loss account.
6. **Segmental Information:**
- (a) **Business Segment**
The Company primarily deals in only one business segment i.e., "Cement".
- (b) **Geographical Segment**
The analysis of geographical segment is based on the geographical location of the customers.

Particulars	(Rs. Lac)	
	2008	2007
Segment Revenue		
Domestic	74,857.92	59,439.04
Overseas	1,166.26	-
Total	76,024.18	59,439.04
Segment Debtors		
Domestic	1,989.29	1,249.13
Overseas	-	-
Total	1,989.29	1,249.13

Notes:

1. The Company has common assets for producing goods for Domestic Market and Overseas Market. Hence, separate figures for other assets / additions to other assets cannot be furnished.

Notes to Accounts

7. Related Party Disclosure

(i) Names of related parties:

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

Ultimate Holding Company

Holding Company

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

Fellow Subsidiaries

HeidelbergCement AG

Cementum I.B.V

HeidelbergCement Technology Centre

Scancem International

HeidelbergCement Asia Pte Ltd

PT Indocement Tunggul Prakash TBK

HC Fuels Limited

Cochin Cements Limited

(ii) Transactions with related parties

Particulars	(Rs. Lac)					
	Enterprises where controls exists		Fellow Subsidiary		Total	
	2008	2007	2008	2007	2008	2007
Transactions with HeidelbergCement AG:						
- Corporate Guarantee Charges Paid	59.18	12.99	-	-	59.18	12.99
- Assignment Cost	23.77	-	-	-	23.77	-
- WAN Charges paid	40.75	97.56	-	-	40.75	97.56
- Expenses Recovered	6.57	-	-	-	6.57	-
Transactions with HeidelbergCement Technology Centre:						
- Consultancy Charges paid	-	-	60.37	224.95	60.37	224.95
- Expenses Recovered services rendered	-	-	-	2.48	-	2.48
- Travel Expenses	-	-	7.87	-	7.87	-
Transactions with Cochin Cements Limited:						
- Expenses Recovered	-	-	20.61	2.63	20.61	2.63
- Expenses Reimbursed	-	-	17.90	9.66	17.90	9.66
- Sale	-	-	165.63	-	165.63	-
- Loan Given	-	-	365.00	-	365.00	-
- Loan Given – Repaid	-	-	300.00	-	300.00	-
- Interest Received	-	-	28.47	-	28.47	-
Transactions with HeidelbergCement Asia Pte Limited:						
- Technical Know How Fee paid	-	-	981.22	-	981.22	-
- Expenses Recovered	-	-	-	1.44	-	1.44
Transactions with PT Indocement Tunggul Prakash TBK						
- ERP Development Charges paid	-	-	95.00	98.04	95.00	98.04
Transactions with HC Fuels Limited						
- Sale of Certified Emission Right	-	-	1,266.32	-	1,266.32	-
- Services Fee paid	-	-	17.28	-	17.28	-
Transactions with Scancem International						
- Expenses Reimbursed	-	-	25.46	-	25.46	-
Balance outstanding at the year end						
Receivable						
- HeidelbergCement Asia Pte Limited	-	-	-	1.44	-	1.44
- Cochin Cements Limited	-	-	110.83	-	110.83	-
Payable						
- HeidelbergCement AG	187.71	110.55	-	-	187.71	110.55
- HeidelbergCement Technology Centre	-	-	25.07	64.80	25.07	64.80
- PT Indocement Tunggul Prakash TBK	-	-	45.59	83.40	45.59	83.40
- Scancem International	-	-	4.71	-	4.71	-
- HeidelbergCement Asia Pte Limited	-	-	440.43	-	440.43	-
- Cochin Cements Limited	-	-	-	9.31	-	9.31
Loan Given						
- Cochin Cements Limited*	-	-	404.40	-	404.40	-

* Rs. 335 lacs acquired on Amalgamation (Refer Note 3 above)

Notes to Accounts

8. The Company has taken various residential office and warehouse premises under operating lease agreements. These are generally cancellable and are renewable by mutual consent on mutually agreed terms except for one office premises which is taken on a non-cancellable lease. The minimum lease taken for the aforesaid office premises is 33 months and thereafter the same is cancellable at the option of lessee. The Company has recognized Rs.147.09 lacs (Previous year: Rs.69.36 lacs) in respect of cancellable operating leases and Rs.73.12 lacs (Previous year: Rs.73.12) in respect of non-cancellable operating leases.

(Rs. Lac)

S. No.	Particulars	2008	2007
	Operating Lease (Non Cancellable)		
	The total of future minimum lease payments under non- cancellable operating leases for each of the following periods:		
(i)	Not later than one year;	36.56	73.12
(ii)	Later than one year and not later than five years;	-	36.56
(iii)	Later than five years;	-	-

Out of the total rent paid, Rs. 43.55 lacs (Previous year Rs. 18.19 lacs) relating to residential accommodation provided to the employees has been shown under Personnel Expenses.

9. Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 6,162.83 lacs (Previous year: Rs. 1,515.80 lacs).

10. Contingencies
(i) Contingent Liabilities not provided for

Particulars	December 31, 2008 Rs. Lac	December 31, 2007 Rs. Lac
A. Disputed Statutory claims / levies:		
Excise Duty	257.93	257.88
Sales Tax/ Trade Tax	6,320.54	5,851.34
Entry Tax	484.43	450.92
Differential Royalty on Limestone	10,506.25	9,189.66
B. Claims against the Company not acknowledged as Debts		
Claims by various Suppliers of goods and Services	759.32	752.24
Electricity charges	746.35	727.51
Claims by customers and others	287.62	844.07
C. Show cause notices for levy		
Excise Duty	499.68	284.01
Service Tax	39.62	26.57
Sales Tax	54.00	54.00
D. The Ministry of Textiles has deleted cement from the list of commodities to be packed in jute bags under the Jute Packaging Materials (Compulsory Use in Packing Commodities) Act, 1987 from 1.7.1997.	Not quantifiable	Not quantifiable
Grand Total	19,955.73	18,438.20

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

(ii) Provision for Litigation
(Rs. Lac)

Particulars	Balance as at January 1, 2008	Acquired on amalgamation	Additions during the period	Amounts used during the period	Balance as at December 31, 2008
Trade Tax Uttranchal, Jhansi (UP)	114.34	-	102.92	-	217.26
Turnover Tax, Jhansi (UP)	5.84	-	-	-	5.84
VAT, Maharashtra	-	681.22	-	-	681.22
Entry Tax, Jhansi (UP)-Cement	1,522.47	-	486.57	-	2,009.04
Entry Tax, Jhansi (UP)-Clinker	-	-	443.35	-	443.35
M.P. Commercial Tax Damoh (MP)	0.53	-	-	-	0.53
Haryana Sales Tax Damoh (MP)	0.79	-	-	-	0.79
Provision taken for Cess on Captive Power, Damoh (MP)	867.52	-	-	-	867.52
9% Entry Tax on HSD & LDO, Damoh (MP)	357.82	-	-	-	357.82

Notes to Accounts

Particulars	Balance as at January 1, 2008	Acquired on amalgamation	Additions during the period	Amounts used during the period	Balance as at December 31, 2008
Railway Demurrage, Damoh (MP)	7.98	-	-	-	7.98
UP- Entry Tax (Cement) - Damoh (MP)	803.78	-	220.70	-	1,024.48
Service Tax (GTO), Damoh & Jhansi	34.62	-	-	-	34.62
Power Deficit Bill –MPSEB, Damoh (MP)	132.51	-	5.91	-	138.42
Entry Tax on R.M, Damoh (MP)	330.08	-	162.08	-	492.16
Entry Tax on HDEP Bags(3%), Damoh (MP)	30.06	-	40.72	-	70.78
Entry Tax on Limestone (9%), Damoh (MP)	38.75	-	-	-	38.75
Rural Infrastructure and Road development tax, Damoh (MP)	-	-	226.72	-	226.72
TOTAL	4,247.09	681.22	1,688.97	-	6,617.28

In all the above cases provisions have been made for demand made by various authorities. All these cases are under litigation and are pending with various authorities; expected timing of resulting outflow of economic benefits can not be specified.

- (iii) In the absence of divisible surplus, the Company cannot pay dividend on 9% Cumulative Preference Shares. Arrears of Cumulative Preference Shares dividend including taxes for the period ended upto December 31, 2008 amounting to Rs. 291.94 lacs including Rs.142.08 lacs for the current year.

11. Unhedged Foreign Currency Exposure

Particulars	Currency	2008			2007		
		Amount in Foreign currency	Exchange Rate	Rs. in lacs	Amount in Foreign currency	Exchange Rate	Rs. In lacs
Payables	USD	1043,137.13	48.18	502.58	207,972.96	39.41	81.96
	Euro	313,333.87	67.91	212.79	301,702.88	58.12	175.35
Advances to Supplier	Euro	546,000.00	67.91	370.79	-	-	-

12. Gratuity and other employment benefit plans

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

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

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

The Provident Fund being administered by a Trust is a defined benefit scheme whereby the Company deposits an amount determined as a fixed percentage of basic pay to the fund every month. The benefit vests upon commencement of employment. The interest credited to the accounts of the employees is adjusted on an annual basis to conform 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. Pending the issuance of the Guidance Note from the Actuarial Society of India, the company's actuary has expressed his inability to reliably measure the provident fund liability. There is no deficit in the fund.

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

Profit and Loss Account

Net employee benefit expense (recognised in Employee Cost)

Particulars	(Rs. Lac)	
	Gratuity	
	2008	2007
Current service cost	108.39	101.84
Interest cost on benefit obligation	124.23	145.19
Expected return on plan assets	(52.30)	(80.11)
Net actuarial (gain)/ loss recognised in the year	(208.88)	141.00
Past service cost	-	-
Net benefit expense	(28.56)	307.92
Actual Return on plan assets	92.72	68.14

Notes to Accounts

Balance Sheet

Particulars	Gratuity		(Rs. lac)
	2008	2007	
Defined benefit obligation	1,546.00	1,689.78	
Fair value of plan assets	(675.53)	(695.39)	
	870.47	994.39	
Less: Unrecognised past service cost	-	-	
Plan liability	870.47	994.39	

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

Particulars	Gratuity		(Rs. lac)
	2008	2007	
Opening defined benefit obligation	1,689.78	2,044.58	
On Amalgamation	42.21	-	
Current service cost	108.39	101.84	
Interest cost on benefit obligation	124.23	145.19	
Actuarial (gain)/ loss recognised in the year	(170.21)	41.83	
Benefits paid	(248.40)	(643.66)	
Closing defined benefit obligation	1,546.00	1,689.78	

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

Particulars	Gratuity		(Rs. lac)
	2008	2007	
Opening fair value of plan assets	695.39	1102.74	
On Amalgamation	19.54	-	
Expected return	52.30	80.11	
Contribution by employer	118.03	255.37	
Actuarial gain/(loss) recognised in the year	38.67	(99.17)	
Benefits paid	(248.40)	(643.66)	
Closing fair value of plan assets	675.53	695.39	

The Company expects to contribute Rs.118.03 lacs to gratuity in 2009.

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

Particulars	2008	2007
Discount rate	7.5%	7.5%
Expected rate of return on assets	7.5%	7.5%
Withdrawal	5%	5%

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

Particulars	2008	2007
Investments with insurer	98.96	99.30
Investments in government bonds	0.55	0.53
Bank balance	0.49	0.17
Total	100.00	100.00

Notes to Accounts

The principal plan asset consists of a scheme of insurance taken by the Trust, which is a qualifying insurance policy. Break down of individual investments that comprise the total plan assets is not supplied by the Insurer. Amounts for the current and previous years are as follows:

Particulars	(Rs. lac)		
	Gratuity		
	2008	2007	2006
Defined benefit obligation	1,546.00	1,689.78	2,044.59
Plan assets	(675.53)	(695.39)	(1,102.74)
Surplus / (deficit)	870.47	994.39	941.85
Experience loss/(gain) on plan liabilities	(181.18)	(342.68)	(27.65)
Experience loss/(gain) on plan assets	(40.52)	11.97	-

Contribution to Defined Contribution Plans

Particulars	(Rs. lac)	
	2008	2007
Provident Fund	217.97	225.51
Other Post Employment Funds	48.17	43.14
Total	266.14	268.65

Note:

The Company adopted AS-15 (Revised 2005) Employee Benefits, during the year ended December 31, 2006. Since similar valuations for previous years ended December 31, 2005 and December 31, 2004 are not available with the Company, therefore, disclosures as required by paragraph 120(n) of AS-15 (Revised 2005) have not been furnished in respect of those years.

13. Earning Per Share (EPS)

Particulars	(Amount Rs.)	
	2008	2007
Net profit as per profit and loss account	1,255,264,000	976,528,000
Less: Preference dividend and tax thereon	14,207,943	14,207,943
Net profit for calculation of basic/diluted EPS	1,241,056,057	962,320,057
Weighted average number of equity shares in calculating basic/diluted EPS [Nominal value of shares Rs.10 (Previous Year Rs.10)]	209,462,279	158,009,765
Earning per share	5.92	6.09

14. Auditors' Remuneration

Particulars	(Rs. lac)	
	2008	2007
As auditor		
- Statutory Audit and Limited Review	67.50	39.00
- Tax Audit	7.00	7.00
- Group Reporting	16.33	15.00
As advisor, or in any other capacity	-	-
Reimbursement of expenses	4.33	2.68
Total	95.16	63.68

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

S. No. Particulars	(Rs. lac)	
	2008	2007
(i) the principal amount and the interest due thereon remaining unpaid to any supplier		
- Principal amount	35.81	-
- 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 unpaidThe 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		

Notes to Accounts

small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of this Act

- -

16. Supplementary Statutory Information

16.1 Earnings in foreign currency (accrual basis)

	(Rs. lac)	
Particulars	2008	2007
Exports at F.O.B. Value	1,166.26	-
Sale of Certified Emission Right	1,266.32	-
Total	2,432.58	-

16.2 Expenditure in foreign currency (on accrual basis)

	(Rs. lac)	
Particulars	2008	2007
Know-how	981.22	-
Professional Fee	23.71	-
Consultation Fee	157.84	322.99
Corporate Guarantee Charges	59.18	12.99
Others	100.86	98.23
Total	1,322.81	434.21

16.3 Value of imports calculated on CIF basis

	(Rs. lacs)	
Particulars	2008	2007
Spare parts	168.05	120.90
Capital goods	334.89	-
Total	502.94	120.90

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

17.1 Licensed & Installed Capacity

Class of Goods	Unit	Licensed Capacity	Installed Capacity*	
			2008	2007
Cement	Tonnes (Annual)	Licensed capacity is not applicable in view of the Company's product having been de-licensed as per the licensing policy of the Government of India.	3,067,000	2,095,000

* As certified by the management

17.2 Details of Production, Sales and Stocks of Finished Goods

Classes of Goods	Opening Stock		Acquired on Amalgamation*		Production	Sales		Closing Stocks	
	Qty (MT)	Value (Rs. In Lac)	Qty (MT)	Value (Rs. In Lac)	Qty (MT)	Qty (MT)	Value (Rs. In Lac)	Qty (MT)	Value (Rs. In Lac)
Cement	31,614 (29,243)	607.09 (559.03)	5,688 (-)	147.02 (-)	2,415,913 (2,126,018)	2,419,441 (2,123,647)	84,225.26 (69,469.74)	33,774 (31,614)	692.70 (605.36)
Ground Granulated Blast Furnace Slag (GGBS)	- (-)	- (-)	4,259 (-)	49.44 (-)	20,353 (-)	21,694 (-)	1,234.50 (-)	2,918 (-)	57.04 (-)

Notes:

- Figures in brackets are for previous year.
- Sales exclude clinker sale of 1,14,057 tones (Previous year: 76,957 tones) amounting to Rs.3132.48 lacs (Previous year: Rs.1624.12 lacs)
- Production of Cement is net of 1,709 MT (Previous year 818 MT) used for internal consumption
- Production of GGBS is net of 71,058 MT used as internal consumption for manufacturing of cement.
- Sales value is inclusive of excise duty.

* Refer Note No.3. of Schedule S

Notes to Accounts

17.3 Consumption of raw materials (100% Indigenous)

Particulars	Quantity (MT)		Value (Rs. lac)	
	2008	2007	2008	2007
Limestone	1,977,717	2,239,869	2,480.17	2,211.87
Pozzolona	509,480	491,955	1,835.56	1,584.40
Slag	406,031	127,566	1,972.36	815.23
Gypsum	131,313	96,901	2,364.98	1,678.90
Clinker Purchased	153,938	-	4,612.16	-
Other			2,113.15	2,305.62
Total			15,378.38	8,596.02

17.4 Imported and indigenous raw material consumed:

Particulars	Percentage of total consumption		Value (Rs. lac)	
	2008	2007	2008	2007
Imported	-	-	-	-
Indigenous	100	100	15,378.38	8,596.02
Total	100	100	15,378.38	8,596.02

17.5 Imported and indigenous stores and spares consumed:

Particulars	Percentage of total consumption		Value (Rs. lac)	
	2008	2007	2008	2007
Stores and Spares				
Imported	0.19	1.06	12.53	68.66
Indigenous	99.81	98.94	6,543.01	6,378.39
Total	100.00	100.00	6,555.54	6,447.05

18. Discontinuing Operations

- a) With the acquisition of management control by Heidelberg group in August 2006, the Company decided to discontinue the operations of Sponge iron plant and Steel melting shop situated at Ammasandra (Karnataka). Sponge iron plant was a separate segment while steel melting shop was included in others segment as per the Notified Accounting Standard -17, "Segment Reporting" by Companies Accounting Standards Rules, 2006. This is in line with Company's strategy to focus its activities on cement and to abandon / dispose unrelated activities. The carrying value of fixed assets (Net Block) as at December 31, 2007 pending disposal for sponge iron plant was Rs 120.44 lacs and for steel melting plant, carrying value of fixed assets (Net Block) as at December 31, 2007 pending disposal was Rs 57.97 lacs. During the year Company has disposed all these assets at Rs.268.66 lacs and has recognised profit of Rs.90.25 lacs on disposal of these assets.
- b) Revenue and expenses of continuing and discontinuing operations are as follows:

	Continuing Operations		Discontinuing Operations		TOTAL	
	Cement		Sponge Iron		Steel Melting	
	2008	2007	2008	2007	2008	2007
INCOME						
Gross Sales	88,592.24	71,093.96	-	-	-	88,592.24
Less: Excise Duty	(12,568.06)	(11,654.82)	-	-	-	(12,568.06)
Net Sales	76,024.18	59,439.04	-	-	-	76,024.18
Other Income	4,425.71	1,252.97	43.22	-	47.03	4,515.96
Total	80,449.89	60,692.01	43.22	-	47.03	80,540.14
EXPENDITURE						
Raw Materials Consumed	15,378.38	8,596.02	-	-	-	15,378.38
Decrease/ (Increase) in Inventories	592.06	(873.29)	-	-	-	592.06
(Decrease)/ Increase of Excise duty on Inventories	(92.24)	75.44	-	-	-	(92.24)
Personnel Expenses	6,193.36	6,897.71	-	-	-	6,193.36
Operating and Other Expenses	45,158.24	34,417.04	-	-	-	45,158.24
Depreciation/amortization	2,494.22	1,822.74	-	-	-	2,494.22
Less: Transferred from revaluation reserve	356.99	378.26	-	-	-	356.99
Net Depreciation/amortization	2,137.23	1,444.48	-	-	-	2,137.23
Interest and Financial Charges	410.24	304.42	-	-	-	410.24
Total	69,779.27	50,861.82	-	-	-	69,779.27
Profit before Tax	10,672.62	9,830.19	43.22	-	47.03	10,762.87
Provision for tax						
Income Tax (Prior Year)	-	(0.54)	-	-	-	-
Deferred tax credit	1,848.24	-	-	-	-	1,848.24
Fringe Benefit Tax	(58.47)	(64.37)	-	-	-	(58.47)
Total Tax Expenses	1,789.77	(64.91)	-	-	-	1,789.77
Profit after tax	12,462.39	9,765.28	43.22	-	47.03	12,552.64

Notes to Accounts

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

Particulars	Sponge Iron		Steel Melting Shop	
	2008	2007	2008	2007
Operating Activities	-	-	-	-
Investing Activities	163.66	-	105.00	-
Financing Activities	-	-	-	-
Net Cash Inflows/ (Outflows)	163.66	-	105.00	-

19. Previous Year Comparatives

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

As per our report of even date
For S R Batliboi & Co.
Chartered Accountants

Sd/-
Per Manoj Gupta
Partner
 Membership No. 83906

Place: Gurgaon
 Date: 27th March, 2009

Sd/-
Anil Sharma
Finance Controller

Sd/-
T.V. Ganesan
Head Legal & Company Secretary

For and on behalf of the Board of
 Directors of Mysore Cements Limited

Sd/-
P.G. Mankad
Chairman

Sd/-
Ashish Guha
Managing Director

Sd/-
S. Krishna Kumar
Amitabha Ghosh } *Directors*

Cash Flow Statement

HeidelbergCement India Limited

for the year ended December 31, 2008

	December 31, 2008 Rs. Lac	December 31, 2007 Rs. Lac
A. Cash flow from operating activities		
Net profit before taxation	10,762.87	9,830.19
Adjusted for:		
Depreciation	2,137.23	1,444.48
Loss on discarded assets	36.63	57.33
Loss/(Profit) on sale of fixed assets	0.58	(0.47)
(Profit) on sale of Assets held for sale	(90.25)	-
Provision for Wealth Tax	1.68	1.75
Interest income	(2,352.98)	(931.50)
Provision for obsolescence of stores & spares	39.83	(27.15)
Provision for Doubtful debts and Advances	49.63	42.99
Sundry balances written off	0.04	0.08
Provision for Doubtful Debts and Advances no longer required written back	-	(11.45)
Interest and financial charges	410.24	304.42
Sundry Balances written back	(68.06)	(10.22)
Operating profit before working capital changes	10,927.44	10,700.45
Movements in working capital :		
Decrease in sundry debtors	1,273.74	325.71
(Increase) in inventories	(70.88)	(33.05)
Decrease / (Increase) loans and advances	(612.76)	198.04
Increase in current liabilities and provisions	4,688.87	2,507.78
Cash generated from operations	16,206.41	13,698.93
Direct taxes paid	(770.47)	(255.11)
Net cash from operating activities	15,435.94	13,443.82
B. Cash flows from investing activities		
Purchase of fixed assets	(7,711.81)	(2,429.50)
Proceeds from sale of fixed assets	282.13	5.40
Sale / maturity of investments	-	0.03
Loan to Fellow Subsidiary	(69.40)	-
Investment in Deposits	(1,962.20)	(8,450.00)
Interest received	2,093.62	815.06
Net cash from investing activities	(7,367.66)	(10,059.01)
C. Cash flows from financing activities		
Repayment of long-term borrowings	(600.00)	-
Interest and Finance Charges paid	(397.80)	(289.84)
Net cash from financing activities	(997.80)	(289.84)
Net increase in cash and cash equivalents (A+B+C)	7,070.48	3,094.97
Cash and cash equivalents at the beginning of the year	9,623.36	6,528.39
Add: Acquired on Amalgamation	3,520.09	-
Cash and cash equivalents at the end of the year	20,213.93	9,623.36
Components of cash and cash equivalents		
Cash and cheques on hand	4.01	8.25
With banks		
- on current accounts	1,432.92	1,046.11
- on deposit accounts	32,343.40	17,019.00
Less: Deposit with an original maturity of more than three months	(13,566.40)	(8,450.00)
	20,213.93	9,623.36

Note :

Amalgamation of Indorama Cement Limited and HeidelbergCement India Private Limited with the Company is a non cash transaction and hence, has no impact on the Cash Flow of the Company for the current year.

As per our report of even date
For S R Batliboi & Co.
Chartered Accountants

For and on behalf of the Board of
 Directors of Mysore Cements Limited

Sd/-
Per Manoj Gupta
 Partner
 Membership No. 83906

Sd/-
Anil Sharma
 Finance Controller

Sd/-
P.G. Mankad
 Chairman

Place: Gurgaon
 Date: 27th March, 2009
 Sd/-
T.V. Ganesan
 Head Legal & Company Secretary

Sd/-
Ashish Guha
 Managing Director

Sd/-
S. Krishna Kumar
Amitabha Ghosh } *Directors*

Information Pursuant to Part IV of Schedule VI to the Companies Act, 1956 of Mysore Cements Ltd. as at 31.12.2008
Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.

0	0	1	3	1	8
---	---	---	---	---	---

State Code

0	0	8
---	---	---

Company Identification No. (CIN)

L	2	6	9	4	2	K	A	1	9	5	8	F	L	C	0	0	1	3	1	8
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

Balance Sheet Date

3	1	-	1	2	-	2	0	0	8
---	---	---	---	---	---	---	---	---	---

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

Public Issue

			N	I	L			
--	--	--	---	---	---	--	--	--

Rights Issue

			N	I	L			
--	--	--	---	---	---	--	--	--

Bonus Issue

			N	I	L			
--	--	--	---	---	---	--	--	--

Private Placement

			N	I	L			
--	--	--	---	---	---	--	--	--

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

Total Liabilities

		7	0	1	8	5	5	0
--	--	---	---	---	---	---	---	---

Total Assets

		7	0	1	8	5	5	0
--	--	---	---	---	---	---	---	---

Sources of Funds

Paid-up Capital

		2	4	0	1	1	5	5
--	--	---	---	---	---	---	---	---

 *

Reserves and Surplus

		4	5	1	7	3	9	5
--	--	---	---	---	---	---	---	---

Secured Loans

		1	0	0	0	0	0	0
--	--	---	---	---	---	---	---	---

Unsecured Loans

			N	I	L			
--	--	--	---	---	---	--	--	--

* Includes Rs. 686033 thousands towards 68603351 Equity Shares of Rs. 10/- each kept in Equity Share Suspense Account (Refer Note 3 (a) (iv) of Schedule S)

Application of Funds

Net Fixed Assets

		3	2	9	8	0	2	8
--	--	---	---	---	---	---	---	---

Investments

					1	2	1	0
--	--	--	--	--	---	---	---	---

Net Current Assets

		2	9	0	0	0	9	9
--	--	---	---	---	---	---	---	---

Miscellaneous Expenditure

			N	I	L			
--	--	--	---	---	---	--	--	--

Accumulated Losses

			8	1	9	2	1	3
--	--	--	---	---	---	---	---	---

Deferred Tax Assets

			N	I	L			
--	--	--	---	---	---	--	--	--

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

Turnover

		8	8	5	9	2	2	4
--	--	---	---	---	---	---	---	---

Total Expenditure

		6	9	7	7	7	2	7
--	--	---	---	---	---	---	---	---

Profit/(Loss) Before Tax

		1	0	7	6	2	8	7
--	--	---	---	---	---	---	---	---

Profit/(Loss) After Tax

		1	2	5	5	2	6	4
--	--	---	---	---	---	---	---	---

Earning per share (Rs.)

		5	.	9	2
--	--	---	---	---	---

Dividend Rate %

		N	I	L			
--	--	---	---	---	--	--	--

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

(as per monetary terms)

Item Code No. (ITC code)

2	5	2	3		2	9		
---	---	---	---	--	---	---	--	--

Product Description

P	O	R	T	L	A	N	D		C	E	M	E	N	T				
---	---	---	---	---	---	---	---	--	---	---	---	---	---	---	--	--	--	--

HeidelbergCement India Limited

(Formerly Mysore Cements Limited)

Regd. Office : P.O. Ammasandra, District Tumkur, Karnataka – 572 211

ATTENDANCE SLIP

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

I hereby record my presence at the 50th Annual General Meeting of the Company held on Friday, the 29th May, 2009 at 9.00 A.M. at HeidelbergCement Employees Staff Club Auditorium, P.O. Ammasandra, District Tumkur, Karnataka – 572 211

Folio No.:

Name of the Member

DP-ID & Client-ID:

No. of Shares:

Signature of the
Member or Proxy

HeidelbergCement India Limited

(Formerly Mysore Cements Limited)

Regd. Office : P.O. Ammasandra, District Tumkur, Karnataka – 572 211

PROXY

Folio No.:

No. of Shares:

DP-ID & Client-ID:

I/We
of.....being a Member/Members of HeidelbergCement India Limited, do hereby
appoint..... of
or failing him..... of as my/our proxy in my/our
absence to attend and vote for me/us and on my/our behalf at the 50th Annual General Meeting of the Company
to be held on Friday, the 29th May, 2009 at 9.00 A.M.

Date :

Affix
Revenue
Stamp

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

mycem

for better building



Registered office
HeidelbergCement India Limited
P.O. Ammasandra, Distt. Tumkur, Taluk - Turuvekere,
Karnataka 572211