ACC

ACC Limited

Minutes of the Seventy – Fifth Annual General Meeting of the Members of ACC Limited held at Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai 400020 on Wednesday, 13th April 2011 at 3.00 p.m.

The following Directors were present:-

Mr N S Sekhsaria (Chairman)
Mr Paul Hugentobler (Deputy Chairman)
Mr Kuldip Kaura (Managing Director)
Mr S M Palia
Mr Naresh Chandra
Mr M L Narula
Mr D K Mehrotra
Mr Aiden Lynam

2. Besides the above Directors, 385 Members were present in person and 147 Members were present by their proxies.

3. Mr N S Sekhsaria, Chairman of the Board of Directors took the Chair and called the Meeting to order.

4. The Directors' Report, Audited Statement of Accounts, the Register of Directors' Shareholding maintained under Section 307 of the Companies 1956 and the Auditor's Certificate in regard to the implementation of the Employee Stock Option Scheme in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999, were placed before the Meeting.

5. The Chairman welcomed the Members to the Seventy-Fifth Annual General Meeting.

6. With the consent of the Members, the Notice convening the Meeting was taken as read.

7. The Chairman requested Mr B D Nariman, Company Secretary & Head Compliance to read the Auditors' Report, which was read out by him.

8. The Chairman thereafter addressed the Members. He began his opening remarks by once again welcoming the Members and mentioned that the 75th Annual General Meeting, of ACC was indeed a very special milestone for all ACC's stakeholders. Seventy-five years ago, ten cement companies with diverse cultures and managements came together to form ACC. This was India's first large corporate merger. The Company's Board, had luminaries, like JRD Tata, Dharamsey Khatau, Walchand Hirachand, Ambalal Sarabhai, amongst many others.

Over the years, ACC became the premier name, in cement. It led the way in adoption of new technologies. In 1947, India's first, indigenous cement plant was built at Chaibasa. In 1982, the country's first million ton kiln was commissioned at Wadi and last year, the world's largest cement kiln, with a daily capacity, of 12,500 tons was commissioned at Wadi. From a production capacity, of ~ 1 million tonne in 1936, today, ACC has achieved a capacity of ~ 30 million tonnes.

ACC also set many trends in the cement industry. One of the most significant was the introduction of blended cements. Using industrial wastes like slag and fly ash, helped lower greenhouse emission and conserve mineral wealth. Today, Indian cement industry is comparable with the best in the world in terms of lowest carbon dioxide emissions.

ACC cement was used to build most of the structures and institutions that have made India a modern nation. It became a hallmark, for trust and assured quality throughout the country. ACC can proudly claim the distinction of playing a leading role in India becoming the second largest cement industry in the world.

The Company has a long-standing tradition of expressing concern for nature, the environment, the planet, and its people through, well-planned programmes, for environmental protection, and community development. This commitment was demonstrated long before sustainable development and corporate social responsibility became as important as they are today. They will continue to be a part of the Company's corporate objectives in the future.

The Chairman thereafter mentioned that the Members were aware of the Company's performance for the year 2010. Briefly stated, the turnover for the year 2010 was ₹7,717 crore against ₹8,027 crore for the previous year 2009. The profit after tax for the year 2010 was ₹1,078 crore against ₹1,564 crore for the previous year 2009. This was mainly due to the sharp price rise in coal and fuel costs, transport charges, and lower market prices of cement.

Despite of this, for the year 2010, the Board of Directors decided to recommend for the consideration of the Members a dividend, equal to the dividend paid for the year 2009 viz ₹23.00 per share plus a one-time platinum jubilee dividend of ₹7.50 per share taking the total dividend to ₹30.50 per share.

The Chairman mentioned that with the projection of a high GDP of ~7-9%, the country is geared for a substantial growth. As a result, the demand for cement was expected to show robust growth in the years ahead. With the strong backing of the Holcim Group, the Company has imbibed many global 'best practices'. Today, ACC was well positioned to serve all its stakeholders viz. from shareholders and employees, to customers, suppliers and in the communities in which it operates.

Finally, the Chairman invited the Members to join him in thanking the management team and all the employees, for leading ACC through this unique milestone. The Chairman also thanked all the Members of ACC for their generous and unrelenting support given over the years which has brought ACC to a position of eminence. "As we observe this platinum jubilee year, let us all take pride in being a part of such a distinguished institution, the Chairman stated.

9. The following Resolution was thereafter:

Proposed by: The Chairman

Seconded by: Mr Paul Hugentobler

"**RESOLVED THAT** the audited Profit & Loss Account for the financial year ended December 31, 2010, the Balance Sheet as at that date, the cash flow statement and the Reports of the Directors and Auditors thereon be and the same are hereby approved and adopted."

10. Before putting the Resolution to vote, the Chairman invited the Members to express their views on the performance of the Company briefly and to the point.

11. **Mr Z I Maniar:** Mr Maniar mentioned that seventy five years was indeed a milestone in the existence of a Company and congratulated the Chairman, the Board of Directors, the employees of the Company, the Members and other stakeholders on this happy occasion. He thereafter requested the Chairman to continue the good practice of introducing the Directors to the Members as many new members attend the Annual General Meeting of the Company each year. He welcomed the appointment of Mr S K Roongta on the Board and observed that Mr Roongta and some other Directors whose candidature was coming up for appointment / reappointment were not present at this Meeting.

He congratulated the management on the successful commissioning of Wadi Plant expansion and wanted to know the manner in which this expansion would benefit the Company.

Referring to the working of the Company, Mr Maniar mentioned that the working of the Company was disheartening. The income as also the profitability for the year under review had declined and that foreign exchange earnings for the year 2010 were lower

than that of the previous year 2009. On the other hand, manufacturing costs, inventories and other costs had gone up. The rise in input costs such as increase in the price of coal, fuel, fly ash, slag was not unusual for a company of seventy five years standing. The Company would have faced similar situations in the past and Mr Maniar therefore felt that the management could have been more proactive in dealing with the situation of rising costs.

He desired that the details of the Company's manufacturing and sales units be listed on the first page of the Annual Report. As is the practice, this information is given on the inside of the back cover of the Annual Report.

With regard to the Fixed Deposits which had matured but remained unclaimed, Mr Maniar recommended that reminders should be sent to the Fixed Deposit holders before the monies are transferred to the Investors' Education & Protection Fund.

Mr Maniar thereafter desired to have the following information:

i. the number of employees in the organization and the reasons for increase in the employee costs;
ii. details of capital expenditure incurred during the year 2010 and projections for the current year 2011;
iii. the market share of ACC;
iv. reasons for the foreign exchange earnings for the year 2010 being lower than that of 2009.

Finally, quoting some distinguished personalities Mr Maniar wished the Company well for the future

12. **Mrs Ashalata Maheshwari:** Mrs Maheshwari spoke in Hindi. At the outset she congratulated the Chairman, the Board of Directors, the employees, Members of the Company and all other stakeholders on the landmark occasion of the Platinum Jubilee Year of the Company. The Company has been able to reach this landmark destination through a display of "strength performance and passion" by its employees in all their endeavours.

She appreciated the Annual Report and mentioned that in addition to the financial reporting which was as always informative and transparent, the Report also documented the highlights and achievements of the Company over the last seven decades and could be regarded as a mini encyclopedia of ACC. She also complemented the Company for the numerous awards and accolades received during the year and over the last several years under various categories.

Mrs Maheshwari mentioned that the working of the Company for the year 2010 was a bit disappointing. The turnover and profitability were lower as compared to the year 2009. Despite this, the Board of Directors had not only recommended that dividend be

maintained at ₹23.00 per equity share of ₹10 each but had also recommended a one time Special dividend of ₹7.50 paise per equity share for the Platinum Jubilee year for which she and many other Members of the Company were very appreciative.

She mentioned that it was disappointing that no Bonus Issue was being considered by the Company in the Jubilee Year. The last Bonus Issue was made in 1996 and looking to the occasion and the healthy Balance Sheet, it would only be appropriate that the Board of Directors considered the request of the Members for issuing Bonus shares during the year. She also recommended that the employees of the Company should also be given a generous bonus on the occasion of the Platinum Jubilee Year in recognition of their contribution to the Company.

She appreciated the steps taken by the Company for the use of Alternative fuels and raw materials and for the laudable work carried out by the Company in the area of Sustainable Development.

Mrs Maheshwari thereafter requested for the following information:

i. the current market share of the Company for the year 2010 and the growth potential for 2011 taking into consideration the Government's commitment for development of infrastructure;
ii. steps proposed to be taken for increasing the use of Alternative fuels;
iii. whether the Company had a strategy in place for acquisitions, if any, during the year;
iv. the reasons for drop in foreign exchange earnings during 2009;
v. whether a merger of ACC and Ambuja Cements Limited was being considered.

Finally, she wished the Company, its Directors, shareholders, employees and the Members of the Company the very best in the years ahead.

13. **Mr Harshad Kesharuwala:** Mr Kesharuwala mentioned that Company's Annual Report was very interesting and informative. The 75 years history of ACC as narrated in the chapter on "Corporate Saga" appearing in the Annual Report is resplendent with various milestones and achievements and the Members of the Company were proud to be a part of this august institution. ACC scrip has always been handed down from generation to generation and hoped that his children will be here in the august gathering in the future when ACC celebrates its centenary year.

He congratulated the Company on the commissioning of the world largest kiln at Wadi and hoped that under the Chairmanship of Mr Sekhsaria the Company would grow from strength to strength in the years ahead.

Mr Kesharuwala mentioned that during his interaction with the Company's Share Department he had found the service to be efficient and courteous. It was his considered view that those companies who maintain an in-house Share Department offered far better

services to the Members as compared to other companies who had retained the services of Registrars & Share Transfer Agents and requested the Company to continue with the existing arrangements and keep up the good work.

14. **Mr R F Batiwala:** Mr Batiwala at the outset thanked the Chairman and the Board of Directors for recommending a generous dividend in the Platinum Jubilee year. He agreed with Mrs Ashalata Maheshwari that there was adequate justification for issue of Bonus shares and hoped that the Board would consider making a generous Bonus Issue in the near future.

He mentioned that the Annual Report was received on time. The Report was well presented, was very informative and interesting but bulky to handle. He therefore suggested that the Company could consider the possibility of printing and circulating the abridged Annual Report to the Members as permitted by the law which would result in costs savings for the Company.

Referring to the working of the Company, Mr Batiwala mentioned that the Company could have performed better. He invited the management's attention to the built-up of inventories and requested that these should be brought down. The debtors were managed admirably well. Sinee all subsidiaries were making losses, it was recommended that these companies should be merged with ACC.

Mr Batiwala thereafter desired to have the following information:

i. whether the CSR policy followed by ACC included programmes for the education and upliftment of the girl child;
ii. number of permanent employees in the Company and the attrition rate
iii. details of projects executed during the year 2010
iv. details of strategic acquisitions and mergers, if any.

Mr Batiwala requested the management to consider and arrange for a visit by the Members to one of the factories of the Company as part of the Platinum Jubilee celebrations.

Mr Batiwala mentioned that he supported all the Resolutions set out in the Notice of the Meeting and in particular the resolution pertaining to the reappointment of Mr R A Shah as Director of the Company.

15. **Mr Beruze Framroze Pouredehi:** Mr Pouredehi observed that some of the directors were not present at the Meeting.

He recommended that the promoters should increase their shareholding in the Company beyond 50% to be able to exercise greater control. The Financial Institutions and Banks together held ~16% as on 3rd February 2011 and wished to know whether the representative of LIC was present at the Meeting.

Mr Pouredehi thereafter made some observations on the working of the Company. In particular he mentioned that the earning per share during the year 2010 had dropped substantially as compared to 2009 and sought the following information;

i. the reasons for the resignation of Mr Sumit Banerjee, former Managing Director and the date from which Mr Kuldip Kaura has been appointed as the CEO & Managing Director of the Company;
ii. reasons for the acquisition of Encore Cement & Additives Private Limited and whether the Company was proposed to be merged with ACC;
iii. the detail of the assets sold during the year and the sale consideration;

16. **Mr D Prabhu:** Mr Prabhu mentioned that he was a shareholder of the Company since a long time and was also a fixed deposit holder of the Company at a time when the Company was accepting fixed deposits from the public. He mentioned that he had come from Bangalore to participate in the proceedings of the Annual General Meeting and to extend felicitations on the occasion of the Platinum Jubilee of the Company. He mentioned that as the registered office of the Company was in Mumbai, the Annual General Meeting was required to be held in Mumbai, however, ACC being a global Company needed to march with the times. It should have arranged for a video conferencing for interested shareholders from Bangalore to participate in the AGM proceedings.

He requested the Company to be benevolent and provide him accommodation for two days as he had come from Bangalore to attend the Company's AGM and was unable to find suitable accommodation in Mumbai. Mr Prabhu then mentioned that the Chairman was Quote *"wasting the time of the Members"* since he was not audible and asked him to appoint the CEO & Managing Director to enlighten the Members on the working of the Company. This was despite the fact that copies of the Chairman's opening remarks were distributed to all the Members present at the Meeting, and a copy of the same was available with him at the time when the Chairman made his opening remarks, Interestingly, immediately thereafter, Mr Prabhu quoted the following from the copy of the Chairman's Opening Remarks available with him Quote: *"The Chairman also thanked all the Members of ACC for their generous and unrelenting support given over the years which has brought ACC to a position of eminence"* and mentioned that while these were laudable remarks, inadequate arrangements were made at the venue of the meeting. No sandwiches or other refreshments were served except cold drinks, tea and coffee and no arrangements were made for the Members to sit and have their cup of tea.

Referring to the photograph of the Board of Directors appearing in the Annual Report, Mr Prabhu mentioned that the status whether the director was an independent director or an executive/ non executive director was not indicated against the name of the director appearing alongside the photograph, although full disclosure in regard to the same was given in the section on Corporate Governance on page 55 of the Annual Report.

Mr Prabhu did not observe the decorum required from a Member at the Meeting. Referring to the number of directorship held by Mr R A Shah and Mr D K Mehrotra in other companies, Mr Prabhu alleged that the said Directors could not possibly find time to attend to the affairs of the company or the queries/grievance of the shareholders. These directors were merely lending their name to the Board of various companies Quote: *"whether or not they give you any return on the Board, I am so sorry, shame to say just to pocket the fees."* This point was subsequently taken up by the CEO & Managing Director who explained to the Members the significant contribution made by the Directors and in particular the aforesaid Directors to the deliberations of the Board.

17. **Mr Hariram Chaudhary:** Mr Chaudhary at the outset mentioned that this was a happy occasion as the Company was celebrating its Platinum Jubilee year and it was a fitting occasion for the Company to consider the issue of Bonus shares in a liberal ratio since the Reserves and Surplus position of the Company was more than adequate to justify the same. He therefore requested the Board of Directors to heed the request of the Members in this regard.

He appreciated the presentation of the Annual Report of the Company and in particular the fact that the audited accounts for the financial year ended 31st December 2010 were signed by all the directors and urged the Company to continue this good practice. He suggested that a section on CSR should be introduced in the Annual Report where the various CSR activities pursued by the Company could be explained in detail along with the amounts allocated for each of the activities. He mentioned that the Government was considering a legislation making it mandatory for companies to plough back at least 2% of their profits on CSR activities and hoped that ACC was committing at least 2% of its profits for CSR activities. He thereupon sought the following information relating to the CRS activities of the Company:

i. expenditure on CSR activities incurred during the year 2010
ii. initiatives taken for the upliftment of the girl child

With regard to the unclaimed fixed deposits, Mr Chaudhary suggested that the names of the depositors who had not claimed the deposits on maturity should be displayed on the Company's website so that the fixed depositor's attention could be drawn in regard to the same.

Mr Chaudhary mentioned that in the past the Company nurtured and supported the game of cricket by offering employment to budding and professional cricketers. He urged the Company to revive this practice in the interest of the sport. He desired to know the number of employees on the rolls of the Company as on 3ist December 2010 and the number of vacancies/ positions identified to be filled during the current year.

Mr Chaudhary thereafter congratulated the Board of Directors and the management for the various the awards won by the Company.

With regard to the working of the Company, he mentioned that the management should take steps to improve the EPS as this had decreased to ₹59.66 for the year 2010 as compared to ₹85.60 for the year 2009. He mentioned that the Government's thrust on infrastructure projects would boost the demand for cement in the coming years and the projection for the cement industry appeared to be very positive.

18. **Mr Dinesh Bhatia:** Mr Bhatia spoke in Hindi. He congratulated the Directors, employees and the shareholders on the happy occasion of the Company's Platinum Jubilee.

Referring to the working of the Company for the year 2010, he pointed out that while sales had declined and manufacturing costs had risen sharply he requested the Board to focus on improving the turnover and exercise control over expenditure. He observed that the Company had a healthy cash and bank balance of ₹1086 crore and in view of the same wondered whether it would be more advantageous to repay the secured loans of ₹500 crore more particularly if these were high interest bearing loans. He wanted to know the rate of interest at which the Company had borrowed the monies and the average yield on its investments

Mr Bhatia suggested that the Company should celebrate its Jubilee year by organizing a function for its Members and in particular for those active Members who attended this Annual General Meeting.

19. **Mr T M Davar:** Mr Davar mentioned that the performance of the Company for the year 2010 was disappointing.

The Annual Report of the Company was bulky and the cost of printing and posting the same to the Members would have increased this year. The Government has recently notified a simplified process whereby a holding company need not attach the Balance Sheet, P&L account and other related reports of its subsidiary company/ies to its Annual Report, if a resolution is passed to this effect. In view of the above, Mr Davar recommended that the Company should henceforth discontinue the practice of attaching the Balance sheet, P&L accounts of its subsidiary companies to its Annual Report instead provide the same to the shareholders who requested for it.

Referring to the Chapter on Corporate Saga forming part of the Annual Report, Mr Davar mentioned that the Company had remembered the contribution made by eminent men like the late Nowroji Saklatwala, JRD Tata, Nani Palkhivala and hoped that the values for which ACC once stood be continued, nurtured and strengthened by Holcim. Mr Davar mentioned that this was a fitting occasion to also remember some of the employees whose had made substantial contribution to the Organization. He desired that, like in the past, ACC should support sports and patronize sportsmen.

Mr Davar suggested that the Chairman's Statement should be printed and sent in advance to the Members of the Company.

He supported the other Members' request for a Bonus Issue not only because this was a Platinum Jubilee Year of the Company, but also because the Company's Balance Sheet justified it. The Company has adequate reserves including reserves of ~ ₹845 crore in the Securities Premium Account from which Bonus shares could be issued. Many of the shareholders were holding shares in the Company for the last several years and it would have been a fitting gesture on the part of the Company to celebrate the Platinum Jubilee by making a Bonus Issue of shares.

Referring to the composition of the Board of Directors, Mr Davar recommended that a lady Director should be appointed on the Board in keeping with the recommendations made in the proposed Companies Amendment Bill. Mr Davar noted that during the year Mr Kuldip Kaura who was earlier a non executive director was appointed as the CEO & Managing Director for a brief period upto 31st December 2013. Mr Davar wanted to know the reasons for the resignation of Mr Sumit Banerjee, former Managing Director of the Company.

Finally Mr Davar mentioned that he supported all the Resolutions set out in the notice of the Meeting.

20. **Mr Dinesh Kotecha:** Mr Kotecha mentioned that on the cover page of the Annual Report there was a mention of "Shared Values – shared ambition." However the performance of the Company over the past five years did not live up to this statement. Although the Company had added capacities during the year 2010 under review production was marginally lower as compared to 2009. The sales volume and sales value were also ~ 1% and ~ 4% lower than the previous year while the Operating EBITDA had decreased from 32.3% to 22.7% Analyzing the performance of the Company over the last five year period, Mr Kotecha mentioned that operating EBITDA had dropped by ~7%, the return on capital employed was lower by ~16%, the return on net worth was lower by 22% while the EPS had dropped by ~ ₹26 as compared to the year 2009 and by ~ ₹6 as compared to the year 2006. He therefore urged the management to take proactive steps to improve the working of the Company. He wanted to know the reasons for retaining ₹2388 crore in cash and cash equivalent.

He supported the management's decision to merge the three subsidiaries and mentioned that in his considered view all the subsidiaries should be merged with ACC.

Finally referring to the newly commissioned Wadi Kiln, Mr Kotecha cautioned that big did not necessarily mean better. To be better, the plant should be efficient fine tuned and should result in incremental growth.

21. **Mr N V Jhaveri:** Mr Jhaveri mentioned that the results of the Company for the year 2009 were not impressive. The performance did not justify the Platinum Jubilee

celebrations. The turnover, profitability and EPS had declined substantially. Referring to the lower sales realization and lower profitability, he urged the Board of Directors to focus on improving the performance of the Company. The only saving grace was that the Board has recommended a higher dividend of Rs 30.50 per share but this was in consideration of the Platinum Jubilee year. The shareholders were partners in the progress of the Company and looked forward to a healthy return on their investments.

He appreciated that a section on the Corporate Saga was introduced in the Annual Report tracing the history of the Company over its 75 years of existence.

Mr Jhaveri mentioned that the Annual General Meeting was an opportune time to introduce the Members to the Executives in charge of production, marketing and other important functions as was being done by some of the other leading companies and suggested that this practice be introduced in ACC.

He desired to have the following information:

i. The policy followed by the Company with regard to transmission of shares on indemnity in cases of single party deceased shareholder;
ii. whether the commissioning of Wadi II would make a positive difference to the performance of the Company.

22. **Mr Joseph Martins:** Mr Martins mentioned that the Platinum Jubilee was a great event for the Company and all the stakeholders should join in as one family to invoke the blessings of God Almighty on this august Company and wish it a bright future.

Referring to the performance of the Company, Mr Martins observed that the Company's performance for the year 2010 was not upto the mark. The income from sales, profitability, EPS, return on capital employed and return on net worth had declined. He mentioned that the Company must take all steps to improve its performance and like the noble metal platinum display determination, true grit and endurance in its pursuit for excellence. As a well wisher and an interested Member of the Company, he considered it his duty to offer constructive suggestions for an overall improvement in the working of the Company. He requested the Board to invite interested members to a discussion to appraise them on the various initiatives taken by the Company and to seek their views. In this manner interested Members could in a way partner with the Company in its growth story. Mr Martins mentioned that the commissioning of the Wadi II or the launch of new products for example, were good occasions for the Company to invite the Members for an interactive discussion on various issues affecting the Company.

Mr Martins noted the various initiatives taken by the Company in the development of human capital and strategic talent management. He desired that the Board of Directors should also inter alia discuss human rights and other social issues and the ways and means for providing global leadership for sustainable development. Mr Martins stated that it was the duty of a Director to devote his time for the companies on whose Board he

has been appointed a director. When a director holds several directorships his attention and focus could get diverted.

23. **Mr Michael Martins:** Mr Martins at the outset appreciated the arrangements made and in particular the floral decoration on the stage to welcome the Members. He congratulated the Company and the management team for the various awards and recognitions received during the year and on the commissioning of the world's largest kiln at Wadi.

Referring to the vision and the value statement, he mentioned that the vision statement was very relevant in modern times. No organization or even an individual can blindly stick to old conventions. Considering the speed at which development of technology takes place, it was necessary that every organization should challenge the existing conventions and ways of working so that they may benefit from modern day technology and move ahead with the time. As regards the values for which the Company stood viz "Strength Performance and Passion", each of these conveyed the lofty goals the Company had set for itself and wished the Company the very best in its aspiration to achieve these values.

He appreciated the initiatives taken by the Company in the use of alternative fuels and raw materials as also in the area of alternative energy viz wind faming. He mentioned that considerable progress had been made in the development of technology for harnessing solar energy. The technology was not very expensive and could be used by the Company to reduce power consumption.

He thanked the Board of directors for recommending a higher dividend. The pay out ratio was ~ 60% of the EPS.

He desired to know whether the Company was making bio-inclusive cement or plastic cement and recommended that this should be included in the Company' product portfolio

Finally, he wished the Company the very best in the years ahead.

24. **Mr Adi Nalladaru:** Mr Nalladaru, while congratulating the Company on its Platinum Jubilee desired to know the names of the persons who had chaired the august Board of Directors of the Company since its incorporation in 1936.

Referring to Mr D Prabhu's insistence that the Company should provide him with accommodation since he had come from Bangalore to attend the Annual General Meeting, Mr Nalladaru mentioned that many large companies have shareholders who do not reside in the city where the registered office of that Company is located. It was therefore not practical for companies to entertain such requests.

Mr Nalladaru mentioned that it was interesting to know that in 1936 the registered office of ACC was in Esplanade House and desired to know where this building was located.

He requested the management to make a DVD on the Company capturing the various milestones in its rich history spanning over 75 years and screen the same for the benefit of the Members. He also requested that a visit to one of the factories be arranged for the benefit of the Members.

Citing some examples, he extolled the ethical values for which the ACC Board stood and how these values were nurtured and reinforced by the former Chairman the Late Mr Nani Palkhivala. He strongly recommended that the ACC Board and the Management should make all efforts for the conservation and protection of nature and for reducing the carbon footprint.

25. **Mr Vinitkumar Parikh:** Mr Parekh mentioned that last year five of his good friends and regular speakers at the ACC's Annual General Meetings had passed away and paid respect to them by reciting an elegy in Gujarati in their memory.

Mr Parekh thereafter mentioned that seventy five years was a landmark be it in the life of an individual or an institution. The members of the Company were disappointed that on this joyous occasion the Company had not met their aspirations. The next occasion would be the centenary celebration and many of the old and loyal shareholders would not be alive to partake in that event He therefore urged the Board of Directors to consider and befittingly reward the shareholders on this happy occasion.

He appreciated the Annual Report for its content and transparency and suggested, in the interest of the environment, to discontinue attaching the balance sheet and other details of the subsidiary companies. He was happy that the Company had taken the decision to merge some of the subsidiaries and mentioned that in his view all the subsidiary companies should be merged with ACC.

With regards to the arrangements made for refreshments at the AGM venue, Mr Parekh regretted that this facility was being grossly misused by certain section of unscrupulous members. He therefore recommended that refreshment coupons should be issued against pre printed attendance slips. Not more than two coupons should be issued to any one Member.

Finally he appreciated the helpful, courteous and efficient manner in which the Share Department of the Company dealt with the shareholders.

26. **Mr Prakash Vijayakar:** Mr Vijaykar mentioned that he was happy to note that this year pursuant to his request, the name of the Cost Auditor had been indicated in the Annual Report.

He appreciated the chapter on Corporate Saga which traced the milestone of the Company over the last seventy five years Referring to the photograph of the first Board Meeting appearing therein, Mr Vijayakar wanted to know the names of the directors present at the said Meeting.

He requested the Board of Directors to consider issue of Bonus Shares on the occasion of the Platinum Jubilee year and also arrange a plant visit for the Members.

He mentioned that the overall performance was unsatisfactory and observed that while the sales and the profitability of the Company had declined, there was an increase in the manufacturing expenses and wanted to know the reasons for the same.

He desired to have the following information:

i. whether the Company proposed to accept fixed deposits from the shareholders/ public;
ii. details of donations made to political parties;
iii. costs of printing the Annual Report;
iv. details of the Company's Identification Number and the Stock Code / Scrip Code on the Stock Exchanges.

Finally, he stated that he supported all the Resolutions set out in the Notice of the Meeting.

27. **Mr Sudhir P Marathe:** At the outset Mr Marathe congratulated the Board of Directors, the employees and the Members on the happy occasion of the Platinum Jubilee of the Company.

The annual Report was very informative and the chapter on the Corporate Saga was very interesting. The photograph of the first Board Meeting was a rare collectable and must be preserved. He suggested that a DVD should be prepared tracing the milestones and achievements in the seventy five years history of the Company and should be distributed selectively to those Members who would be interested in the same.

He mentioned that the request made by some of the Members for Bonus shares was justified and requested the Board to favorably consider the same. He also recommended that on this momentous occasion the Company should bring out an appropriate souvenir which can be cherished and preserved for posterity.

Mr Marathe observed that ACC has concentrated only on its core business which could affect the profitability of the business during the downturn in the industry. With a view to insulate the Company from the cyclic nature of business, the Board should look at opportunities for diversification more particularly since the Company had adequate cash resources. The Company could also invite the Members to participate in this diversified business by issuing debentures with 0% coupon rate which could later be converted into equity once the diversified activity had stabilized.

Finally he wished the Company the very best in the years ahead.

28. **Mr Aspi Bhesania:** Mr Bhesania mentioned that the results of the Company for the financial year 2010 were quite disappointing. During the year 2010 under review, costs as

a percentage of the total income had increased sharply where as net sales, operating EBITDA and profits had declined. He requested the Board to give the Members their projection on the working of the Company for the current year 2011.

He suggested that the Chairman's opening remarks may in the future contain brief information on the working of the Company during the first quarter. He also requested the Company to publish the unaudited results for the last quarter along with the audited results for the year under review as a matter of good Corporate Governance practice.

He appreciated the content of the Annual Report and in particular the information giving performance and the financial highlights and recommended that while giving the financial highlights, only the consolidated figures may be indicated as these were more relevant.

29. **Chairman's Response**: The Chairman thanked the shareholders for their valuable contribution and constructive suggestions/comments. He thereafter requested Mr Kuldip Kaura, CEO & Managing Director to respond to the queries of the shareholders. He stated the Company has always been transparent in its dealing with all its stakeholders and the responses to the shareholders queries were also dealt with accordingly. In case some queries remained unanswered or some additional information was required, the information/ details with regard to these matters could be obtained from the Company.

Thereafter the Mr Kaura replied as under:-

A few Members had made some comments on the performance of the Company for the year 2010 and desired to know the reasons for the lower performance as compared to the year 2009. In response to their query Mr Kaura explained that 2010 was a tough year for the cement industry. The industry had to contend with rising input costs on the one hand whilst on the other hand, the price realization was low. For ACC in particular the costs of slag, flyash and coal increased by ~ ₹127 crore, and the costs of packing material was higher by ~ ₹30 crore. During the year the Company had also made a provision of ~ ₹71 crore in its books for obsolence of spares and ~ ₹54 crore or employees retiral benefits as per the actuarial valuation. Apart from the above factors, ACC also had to face other unique circumstances. Two of its plants were not fully operational during the year. In particular the existing Wadi Plant was required to be shut down for nearly three months for the purposes of hooking up. Production from these plants therefore suffered. However having gone through the pain, ACC can proudly boast of commissioning the largest kiln in the world with a capacity of ~ 12500 tpd which will now produce more cement resulting in increase in the market share.

Referring to the queries raised with regard to the Company's market share, it was explained that the market share of ACC during 2010 was ~ 10.2%. However, with the expansion at Wadi and Chanda the capacity has increased from ~22 million tonnes per

annum to ~30 million tonnes per annum which provides an opportunity to the Company to increase its market share in 2011.

During the year 2010, the Company has incurred a CAPEX of ~ ₹825 crore. In response to a query on further expansion of capacity and CAPEX spend for the year 2011, it was explained that expansion projects at Bargarh, New Wadi and Chanda Plants had just been completed. The Company was now in the process of exploring organic and inorganic growth and as and when proposals are finalized and approved by the ACC Board the same would be shared with the Members. Replying to the specific queries raised on whether ACC was looking at inorganic growth, it was explained that the Company would be willing to look at acquisitions if there was a good strategic fit and the acquisition costs was reasonable. This would be subject to due diligence being carried out and after all requisite approvals were obtained. The Members would be kept informed in the matter at the appropriate time.

In response to a question raised on the reasons for retaining ~ ₹2388 crore as cash and cash equivalents, Mr Kaura mentioned that the surplus funds of the company were being invested in a prudent manner and as and when the new projects and/or other business opportunity presented itself these funds would get utilized.

The investments made by the Company were mainly in liquid funds and bank fixed deposits and the average yield therefrom in the region was 7%. In 2008, the Company had borrowed ₹500 crore by way of private placement of secured non convertible debentures. The Company has not borrowed any moneys thereafter.

The Company has on its rolls around 9000 employees. The employee cost for the year 2010 was higher than the previous year 2009 mainly because, as explained earlier, in addition to the normal increment, there was an actuarial valuation provision of ~ ₹54 crore during the year 2010 towards employees' retiral benefits instead of a credit of ₹22 crore in 2009.

During the year savings from the use of Alternative fuels was ~ ₹47 crore.

The expenditure on CSR during the year was ~ ₹13 crore. The upliftment of the girl child gets focused at the Plant level through awareness drives within the communities and the reinforcement of this message through self help groups, in PTA meetings and motivating parents to enroll the girl child in schools.

In response to a query on the details of assets sold during the year 2010, Mr Kaura explained that the air pollution control business was sold for a consideration of ₹10 crore and some other non productive fixed assets mainly flats were sold from which the Company realized ~ ₹6crore.

As regards the performance of the Company for the first quarter of the current financial year – Q.1, 2011, Mr Kaura informed the Members that the total despatches were around 6. 2 mio tonnes which was ~12% higher than that of Q.1, 2010.

In response to the observation that the details of the plants and their locations were not given in the Annual Report, Mr Kaura invited the Members' attention to the inside of the back cover page where the list of plants and the Sales Units along with their location was indicated against the backdrop of the map of India.

The cost of printing of the Annual Report was ₹40 per copy. One lakh twenty thousand copies of the Annual Report were printed.

As regards donations made to political parties, it was explained that no donations had been paid to political parties during the year.

In response to a query on whether there were any plans to amalgamate ACC and Ambuja Cement Limited Mr Kaura mentioned that there were no such plans.

In response to the suggestion to amalgamate all subsidiary companies, it was explained that the process to merge three subsidiaries viz Encore Cement & Additives Private Limited, Lucky Minmat Limited and National Limestone Company Private Limited had commenced. As regards ACC Mineral Resources Limited, the Company was a wholly owned subsidiary of ACC. This Company was being used as a Special Purpose Vehicle for the development of the four coal blocks allotted by the Madhya Pradesh State Mining Corporation Limited.

In response to a query in regard to the appointment of Mr Kaura as CEO & Managing Director, Mr Kaura mentioned that he was appointed as CEO & Managing Director (Designate) for the period 5th August 2010 till 12th August 2010 and thereafter took over as the CEO & Managing Director of the Company with effect from 13th August 2010.

Mr Sumit Banerjee, former Managing Director resigned from the Company on account of personal reasons.

He mentioned that information on Independent Directors is set out in the Corporate Governance Report at page 55 of the Annual Report.

Referring to some unwarranted remarks made against certain Independent Directors and their role in the Organization, Mr Kaura stated that the Board of Directors comprise very erudite, experienced persons who had made a mark in their respective areas of work and ACC values the contribution made by them to the deliberations of the Board and for providing guidance and a sense of direction to the Company. Mr R A Shah is a distinguished and renowned solicitor, an authority on Corporate and anti Trust laws and the Board greatly benefits from his advice. Mr D K Mehrotra is the Managing Director of Life Insurance Corporation of India (LIC) and the Board greatly values his rich

experience. As a matter of record, it was clarified that all sitting fees/ commission payable to Mr Mehrotra are in fact paid to LIC

As regards the query whether the members whose dividend had remained unclaimed were alerted in the matter before the amounts were transferred to the Investor Education & Protection Fund (IEPF), it was explained that the Company sends out individual letters to those Members whose dividend has remained unclaimed to contact the Company in the matter to enable the Company to verify the claims and issue demand drafts before the amounts are transferred to IEPF. This was also mentioned in the Notes to the Notice of the Annual General Meeting sent to the Members.

30. The Chairman thereafter requested the shareholders to permit him to move the Resolutions set out in the Notice of the Annual General Meeting.

The Resolution pertaining to the adoption of the Audited Profit and Loss Account for the financial year ended December 31, 2010, the Balance Sheet as at that date, the cash flow statement and the Reports of the Directors and Auditors thereon which was earlier proposed by the Chairman and seconded by Mr Paul Hugentobler was thereafter put to vote and declared to have been carried unanimously.

Resolution No. 2 was proposed as an Ordinary Resolution

Proposed by: Mr Harshad K Kesharuwala

Seconded by: Mr J P Maheshwari

"RESOLVED THAT the final dividend for the financial year ended December 31, 2010 at the rate of ₹20.50 (Rupees Twenty and Paise Fifty only which includes payment of a one time special Platinum Jubilee dividend of ₹7.50) per equity share on 18,77,45,356 fully paid Equity Shares of ₹10/- each aggregating ₹384,87,79,798/- (Rupees Three Hundred Eighty Four Crore, Eighty Seven Lakh, Seventy Nine Thousand, Seven Hundred Ninety Eight only) as recommended by the Board be and is hereby declared and the same be paid to those Members whose names stand on the Register of Members of the Company on April 13, 2011 in respect of shares held in physical form and in respect of shares held in electronic form to the beneficial owners of shares as on March 30, 2011 who are entitled to the dividend as per the list furnished by the Depositories for this purpose,

"RESOLVED FURTHER that the Interim Dividend at the rate of ₹10 per equity share on 18,77,44,956 fully paid equity shares of ₹10/- each aggregating ₹187,74,49,560/- (Rupees One Hundred Eighty Seven Crore, Seventy Four Lakh, Forty Nine Thousand, Five Hundred Sixty only) declared by the Board at its Meeting held on July 22, 2010 be and is hereby approved ratified and confirmed."

The Resolution was thereafter put to vote and declared to have been carried unanimously.

Resolution No.3 was proposed as an Ordinary Resolution:

Proposed by: Mr Ashalata Maheshwari

Seconded by: Mr Harshad K Kesharuwala

"**RESOLVED THAT** Mr. N S Sekhsaria, a Director of the Company who retires by rotation but is eligible for reappointment be and is hereby reappointed a Director of the Company."

The Resolution was put to vote and declared to have been carried unanimously.

Resolution No 4 was proposed as an Ordinary Resolution:

Proposed by: Mr Z I Maniar

Seconded by: Mr Beruz F Pouredehi

"**RESOLVED THAT** Mr D K Mehrotra, a Director of the Company who retires by rotation but is eligible for reappointment be and is hereby reappointed a Director of the Company."

The Resolution was put to vote and declared to have been carried unanimously

Resolution No 5 was proposed as an Ordinary Resolution

Proposed by: Mr T M Davar

Seconded by: Mr H D Hathiram

"**RESOLVED THAT** Mr R A Shah, a Director of the Company who retires by rotation but is eligible for reappointment be and is hereby reappointed a Director of the Company."

The Resolution was put to vote and declared to have been carried unanimously.

Resolution No 6 was proposed as an Ordinary Resolution:

Proposed by: Mr H D Hathiram

Seconded by: Mr Satish Velguenkar

"**RESOLVED THAT** Messrs S R Batliboi & Associates, Chartered Accountants, having Registration no 101049W be and are hereby appointed Auditors of the Company for the financial year ending 31st December 2011 to hold office from the conclusion of the 75th Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as agreed upon by the Board of Directors and the Auditors, in addition to reimbursement of service tax and all out of pocket expenses incurred in connection with the audit of the Accounts of the Company for the year ending 31st December, 2011."

The Resolution was put to vote and declared to have been carried unanimously

Resolution No 7 was proposed as an Ordinary Resolution:

Proposed by: Mr T M Davar

Seconded by Mr Vinit Kumar Parekh

"**RESOLVED THAT** Mr Aidan Lynam who was appointed as a Director of the Company with effect from April 22, 2010 in the casual vacancy caused by the resignation of Mr Onne van der Weijde and who holds office upto the date of the Annual General

Meeting of the Company but who is eligible for appointment be and is hereby appointed a Director of the Company."

The Resolution was put to vote and declared to have been carried unanimously.

Resolution No 8 was proposed as a Special Resolution:

Proposed by Mr Achintya Pal

Seconded by Mr K Kasturi

"RESOLVED THAT Mr Sushil Kumar Roongta who was appointed as an Additional Director of the Company with effect from February 3, 2011 and who holds office upto the date of the Annual General Meeting of the Company but who is eligible for appointment be and is hereby appointed a Director of the Company."

The Resolution was put to vote and declared to have been carried unanimously.

There being no other item the Meeting concluded with a vote of thanks to the Chair.

CONFIRMED

Sd/-

CHAIRMAN