

DALMIA BHARAT ENTERPRISES LIMITED



new
is our march
to progress

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Dalmia Cement (Bharat) Limited (Subsidiary)

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NEW IS ASPIRING. NEW IS EXPLORING. NEW IS CREATING. NEW IS HOPE. NEW IS A FEELING – OF FRESHNESS, INSPIRATION AND REJUVENATION. NEW IS A SIGN OF POSITIVE THINGS TO COME.

New brings a paradigm shift. New comes from seeing things from a different perspective, a larger aperture. To create the new, one must tap the spectrum of imagination and demonstrate the strength and resolve to actualise dreams.

At Dalmia Group, our business rests on the pillars of initiation and innovation. We have been at the forefront of imagining as well as actualising new possibilities. Rightly then, our business is expanding, thanks to our will, expertise and the salience of our values which promote learning, excellence, teamwork and speed.

India is developing at a rapid speed. This demands exponential increase in capabilities to enable that growth. After Restructuring our businesses and creating pure play companies for cement and sugar businesses; we have adopted our new corporate identity.

As we venture into a promising future, new is our newfound focus, new are our aspirations to win, new are our commitment to create and share value with each stakeholder. Inspired by our corporate baseline '*newthink*', *new is our march to progress*.

***new is our march
to progress***





***new**
is our identity
of success*

WITH A RICH HERITAGE OF OVER 7 DECADES, WORKING AS A ROBUST, VALUE-BASED FOUNDATION THAT HAS TAUGHT US TO KEEP SEEKING, WE HAVE BEEN ENVISIONING A NEW VIBRANT FUTURE. A VIBRANT FUTURE FOR BHARAT OR INDIA AND A VIBRANT NEW FUTURE FOR US AND OUR STAKEHOLDERS!

We envisioned to attain scale leadership and went ahead to add two new plants, one each in Andhra Pradesh and Tamil Nadu. We envisioned to become a professionally managed, employee empowering company and went ahead to adopt best-in-class professional practices and technologies. We continue to make new strides towards bettering our score on being amongst 'preferred employers' in the sector as well as the country. We envisioned to align the available human capital with our corporate objectives of creation and sharing of value with all stakeholders and implemented our newly defined values of learning, excellence, teamwork and speed across the rank and file of the organisation.

Success is a relative term. As competition intensifies, the measure of success becomes tougher. We are now envisioning transforming ourselves as a pan India player with sizeable scale. This new vision needs a newer way of thinking and execution.

It was in continuation to our ongoing well-engineered evolution that we adopted a new corporate identity for the group as well as the company in the fiscal year 2010-11. The new identity aptly expresses our willingness to keep seeking. Inspired by the tricolour of our National Flag, it symbolises openness in our thinking and dynamism in our actions.

As we move forward to build a vibrant new future for our stakeholders, our new identity inspires us to create new benchmarks of success.

***on course to build
scale leadership***





***new is our
enrichment with
global-best practices***

IN ORDER TO KEEP SEEKING, ONE REQUIRES KEEPING FUELING TOO. THE FUELING MUST BE PHYSICAL AS WELL AS INTELLECTUAL.

At DBEL, we partnered with Kohlberg Kravis and Roberts (KKR) during the FY 2010-11, who brought in world-class best practices into our system. Showing their trust and belief in our track record as well as the vision for future, KKR committed to invest ₹7500 million in DBEL's subsidiary Dalmia Cement (Bharat) Ltd. (DCBL). The first tranche of ₹5000 million was received during the year. The fresh infusion of funds further strengthens our already well capitalised balance sheet and enables us to expand further.

While getting funds is not new for the Company, what is new is the trust of a partner like KKR. What is also new is the hands-on exposure to the Global-Best processes and practices including those in Governance and Transparency that KKR brings along.

“We are excited to partner with the Dalmia family and back them for future capital requirements in the cement business. While the cement industry by nature is cyclical, this is a long-term investment for KKR in a great operating business with a proven management team”

Mr. Sanjay Nayar - CEO, KKR India.

strengthening the balance sheet





new
is our resolve
to focus

CEMENT AND SUGAR ARE TWO DISTINCT BUSINESSES HAVING THEIR RESPECTIVE OPPORTUNITIES AND CHALLENGES. HAVING NURTURED BOTH THESE BUSINESSES WELL IN ONE COMPANY ALL THESE YEARS, WE HAD GROWN THEM TO THEIR RESPECTIVE SCALE AND VALUE.

With our cement and sugar businesses gaining strength and maturity, they required independent and focussed attention to chart out their future growth plans. It was in this direction that we restructured our organisation to demerge into two separate listed entities.

The process created 'pure play' company, independent to explore and seek growth opportunities in its focused domain of Cement. With an independent balance sheet, management, assets, and resources, it can leverage its new found focus in seeking a sustainable and profitable growth.

The new structure has added additional fire power to accelerate the growth of the Company over the next few decades. The move has provided the Company with an opportunity for greater focus on existing businesses, while assessing new potential ventures.

***restructuring to
unlock potential***





new
is our perspective
to invest

IMPECCABLE MAPPING OF OPPORTUNITIES, FISCAL PRUDENCE AND RIGHT TIMING ARE THE KEY TO GREAT INVESTMENTS. AT DALMIA, WE HAVE BEEN MASTERING THE ART OF INVESTMENT FOR LONG.

The same was evident in both our recent greenfield expansions, where we scored high with a much lower capex investment as well as time to accomplish the task from drawing board to ramp-up.

In a year that has seen a low volume growth on all india basis, our volume growth of 14% bears testimony to our investment prudence.

Encouraged by the vindication of our recent investments in plants, processes and people; we have flagged off our next phase of expansion in the fiscal year 2010-11 with 2.5 MnT to be commissioned in the first phase.

We believe, our businesses are well positioned to create enduring value for shareholders. We have demonstrated our ability to gain market share even in tough market conditions by expanding our market share in Southern India to 8% in FY 11 from 7% in FY 10.

***investing with
prudence***





new
is our desire
to share

OUR INTENT TO SHARE THE CREATED VALUE WITH THE COMMUNITIES SURROUNDING OUR OPERATIONAL DOMAIN IS NOT NEW. WHAT IS NEW IS THE INTENSITY AND METHOD TO SHARE. IN ORDER TO TAKE FORWARD OUR PHILANTHROPIC ASPIRATIONS IN AN IMPACTFUL WAY, THE GROUP FORMED DALMIA BHARAT GROUP FOUNDATION IN 2010.

The Foundation has implemented projects in four core areas of education, healthcare, livelihood enhancement and civic infrastructure improvement. These projects have been implemented in the adjoining neighbourhoods of our cement plants across all locations. The locations include five villages in Trichy and four villages in Ariyalur districts of Tamil Nadu and four villages in Kadapa district in Andhra Pradesh. Since 2009, we have reached out to more than 13,000 beneficiaries through our programmes in education, health and income-generating activities.

The Company's in-house facility for training and developing skills for taking up construction related trades, Dalmia Institute of Construction (DIC) continues to lay emphasis on the development of a dedicated livelihood programme for rural youth in the rapidly growing construction sector. The institute has been established with the aim of addressing substantial gaps between demand and availability of well-trained supervisory manpower for the construction industry as well provide young rural blood with employment opportunities. Steps are also taken towards energy conservation. Our organisation has been awarded several times for the initiatives taken towards emission reduction measures, extensive plantation, recycling and treatment of sewage and effluents from plants and colonies.

From taking care of our employees through various incentive based programmes to caring for the nature, we are committed to serve the community and its inhabitants. Our focus is inclusive growth of the society and we are moving ahead in that direction.

***making growth
inclusive***



the company in brief



Dalmia Bharat Enterprises Limited

We achieved annual gross consolidated total income of ₹19,905 million with consolidated EBITDA of ₹3,863 million for the year ended March 31, 2011. Our main business is Cement which operates under Dalmia Cement (Bharat) Limited (DCBL), a subsidiary of Dalmia Bharat Enterprises Limited. Employing around 1,600 professionals, we are standing tall on the cornerstone of precision, quality, workmanship and expertise.

Our business in nutshell

- We have cement plants in Southern states of Tamil Nadu (Dalmiapuram & Ariyalur) and Andhra Pradesh (Kadapa), with a total capacity of 8.2 MnT per annum.
- Dalmia Cement (Bharat) Limited holds a stake of 45.4% in OCL India Ltd., a major cement player in the Eastern region.
- Dalmia Cement (Bharat) Limited holds 26% stake in DCB Power Ventures Ltd., which has Thermal Power Capacity of 72 MW.

What drives us

Staying committed to provide high quality products and services in an environment-friendly manner, delivering value to our stakeholders, meeting the needs of customers and employees whilst adding value to the community.

Quality quest: Consistency, superior quality product and customer service is pursued with utmost faith and commitment across the organisation.

Pursuit of excellence: Challenging the norms, methods and operating parameters. We constantly review our manufacturing systems to upgrade quality and efficiency of products.

Contemporary mindset: Staying competitive, enhancing our efficiencies and being future ready is what forms the basis of our forward looking statement.

Professionalism: Our people are our biggest assets. We offer to our associates, an excellent working environment and transparent organisational culture for creativity, innovation and participation.

Community welfare: Our growth is reflected in the fact that we invest care in developing the areas in the vicinity of our plants. Improving the quality of life of the downtrodden, providing basic education, healthcare, civic infrastructure and livelihood means is a cause near to us.

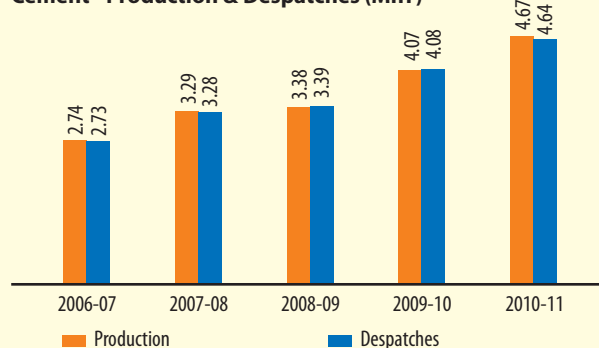
PARTICULARS	FIGURES IN	FY11
Total Operating Income	₹ Million	17,675
Operating Profit (EBITDA)	₹ Million	3,863
Cash Profits	₹ Million	2,059
Profits Before Tax (PBT)	₹ Million	714
Profit After Tax (PAT)	₹ Million	498
Share Capital	₹ Million	162
Reserves & Surplus	₹ Million	27,615
Loan Funds	₹ Million	19,296
Net Block*	₹ Million	37,528
Net Current Assets	₹ Million	7,577
Operating Profit Margin	%	22
Net Profit Margin	%	3
Return on Average Net Worth	%	2
EPS (fully diluted)#	₹	6.13
Cash EPS (fully diluted)#	₹	34.19
Net Debt Equity Ratio	x	0.33
Interest coverage	x	1.4
Current Ratio	x	3.21
Dividend Rate	%	63
Dividend Payout Ratio	%	20
Share Price**	₹	185
Market Capitalisation	₹ Million	15,020

* Includes Capital Work in Progress

Based on shares outstanding at year end

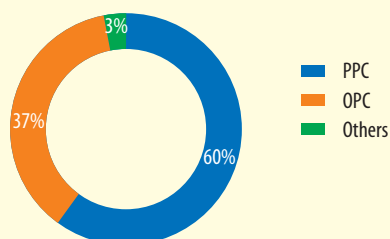
** As on March 31, 2011

Cement - Production & Despatches (MnT)

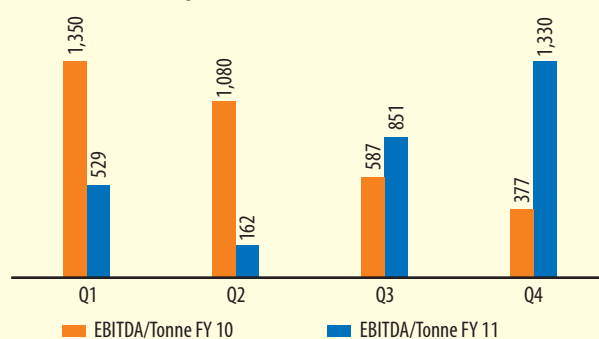


financial & operational highlights

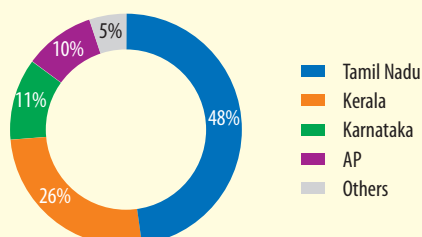
Cement - Product Mix FY 11 (%)



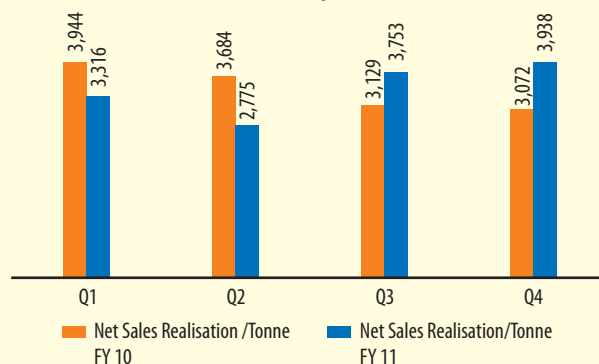
Cement - EBITDA per Tonne (₹)

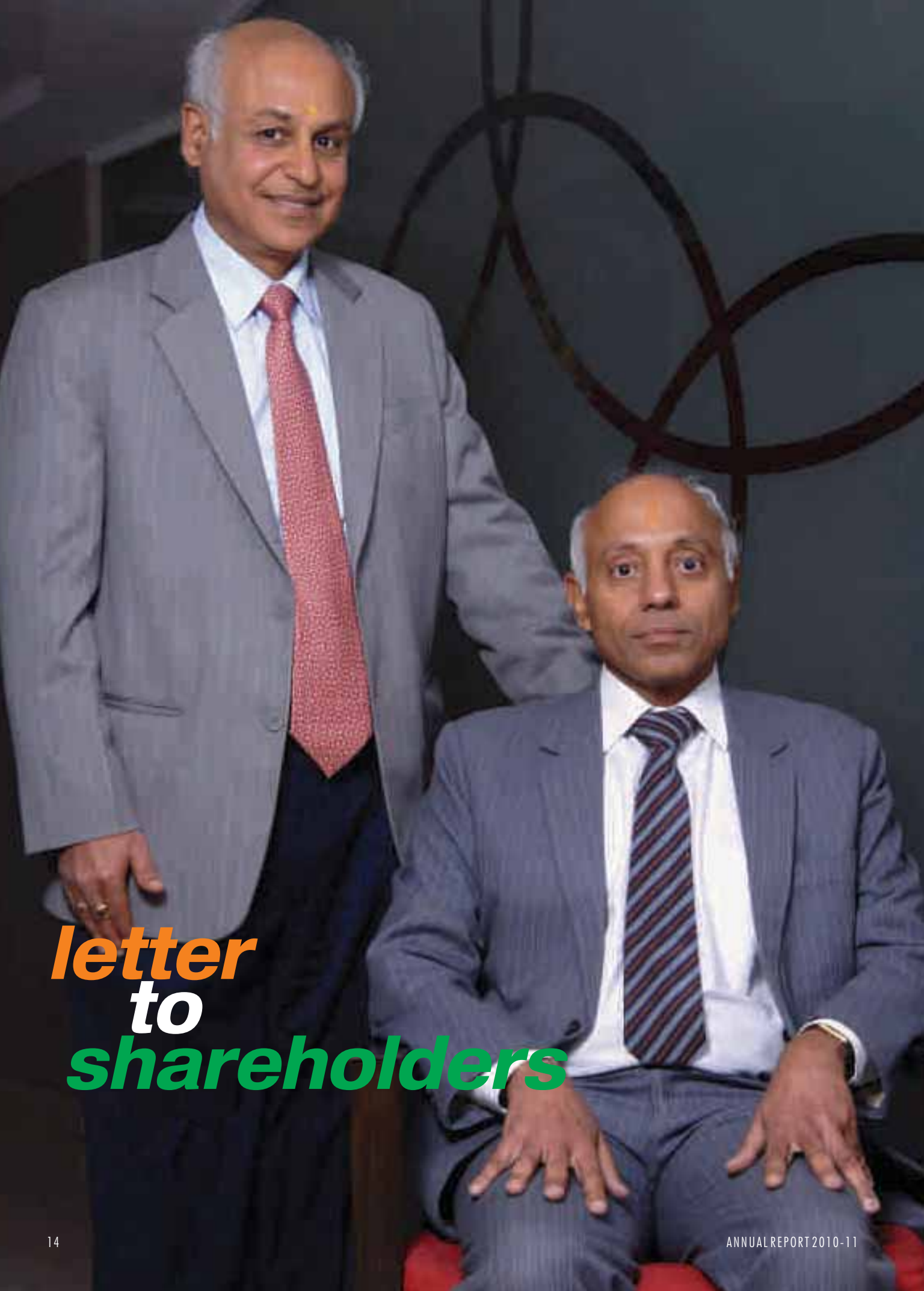


Cement - Geographic Mix FY 11 (%)



Cement - Net Sales Realisation per Tonne (₹)





***letter
to
shareholders***

Dear Shareholders,

We are pleased to address and privileged to welcome you as fellow shareholders as your Company presents its first Annual Report as a new entity. The fiscal year 2010-11 was a testing year for your Company as well as the Indian cement sector. Yet it was a year of strategic significance for your Company as it witnessed the completion of re-structuring process, infusion of strategic investments, stabilisation of our new plants and flagging-off of next phase of expansion.

We have strengthened our Balance Sheet and our Debt Equity Ratio stood at 0.6x in FY 11. At the end of the year, we had ₹6500 million of cash & cash equivalents. This positions us pretty well to embark on the growth plans that we have laid for ourselves. The strength of the balance sheet shall help us in ensuring that we remain ahead of the cement cycle curve to create superior value for all our stakeholders.

Indian Economy and the Cement Industry

Indian economy demonstrated the strength of its inherent fundamentals – favourable demographics with significantly large young and skilled population and large yet growing middle class; mature and diverse economic segments of agriculture, industry and services; self-reliance coming from domestic demand that keeps growing; and well regulated financial and capital markets – yet again in the fiscal year 2010-11. While the Global economy is recovering from the downturn, Indian economy posted a strong GDP growth of 8.5%, as indicated in the Revised Estimate of Central Statistical Organisation of Government of India. With a growth rate of 8.1% and 9.9%, the sectors of Construction and 'Financing, Insurance, Real Estate and Business Services' did better their growth rate as compared to their respective growth rate of 7.0% and 9.2% in FY 10.

Indian Cement Sector witnessed the demand growth moderating to 6% in FY 11. The impact in the Southern markets was maximum especially due to negative consumption growth in Andhra Pradesh. The cost of major inputs like fuel and transport were on the rise. Prices that recorded a decline in the first half, recovered in the second half of FY 11 and the year ended on a high note with prices holding up quite well.

New ideas, new expression

In the fast changing world of today, keeping pace with the change is imperative for mere survival. Excellence demands much more – to be ahead in thoughts and their execution. To challenge the convention and think new holds the key to attain excellence.

Your Company too is energised with and fueled by new aspirations and vision. We are on course to realise our vision of becoming one of the leading as well as best managed cement players in the country. The same has driven our capacity expansions, adoption and immense popularisation of organisational values across the rank and file of the Company, induction and orientation

of best-in-class professionals and professional practices. An important development in this direction during the year was adoption of our new identity.

Restructuring that enables

Thinking afresh, we re-organised our distinct businesses of Cement and Sugar in two focused and independent pure-play companies. The restructuring enables both the companies to plan and execute their respective growth strategies over long-term in the light of favourable industry and economy dynamics.

Strategic Investment

Your Company followed the completion of restructuring process with the infusion of fresh capital in form of strategic investment from Kohlberg Kravis Roberts & Co. L.P. (KKR) during the year. KKR committed to invest ₹7500 million in your Company, out of which the first tranche of ₹5000 million was received in FY 11. Your Company is very well-capitalised today and this infusion of additional capital enables it to aggressively consolidate its existing market position, deleverage Balance Sheet and pursue attractive organic and inorganic growth options, given the current down cycle. This engagement with KKR would also enable your Company to have access to the best international Governance and Business Practices. Your Company's vision has also been supported by the existing private equity investor, Actis, which is present on the Board and partnering for an organisational growth.

Performing ahead of the curve

In the light of flat growth in Southern India and a moderate growth of 6% on pan India basis by the Indian cement industry, your Company's volumes grew by 14%. The volume growth was driven by the ramping-up of our two new plants – Kadapa and Ariyalur – as well as our effective sales and marketing initiatives. We also reported our highest ever volumes of 1.4 MnT in a single quarter in the fourth quarter of FY11.

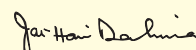
Our consolidated Net Total Income stood at ₹17,675 million and EBITDA at ₹3,863 million. The fact that we maintained a healthy EBITDA margin of 22%, despite the adversities faced in FY 11 reflects of the competitive advantage that the Company has built for itself.

Acknowledgement

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



Yadu Hari Dalmia
Managing Director



Jai Hari Dalmia
Managing Director



executive session on business strategy

Mr. Puneet Yadu Dalmia, Director

Mr. Gautam Dalmia, Director

How would you describe the fiscal year 2010-11 for the Company from strategic angle?

Group Restructuring: Fiscal year 2010-11 was a significant year from strategic point of view. To begin with, we restructured our organisation with an aim to create pure play, independent business entities. We demerged our main businesses - Cement and Sugar into two listed entities Dalmia Bharat Enterprises Limited (DBEL) and Dalmia Bharat Sugar and Industries Limited, respectively.

KKR Investment: Kohlberg Kravis Roberts (KKR), leading Global PE firm has committed to invest ₹7,500 million in Dalmia Cement (Bharat) Ltd. (DCBL), subsidiary of the listed entity DBEL. This is KKR's first core infrastructure related investment in India and also the largest by any PE player in the cement sector in India. The first tranche of ₹5,000 million was received by the Company during the year.

Expansion Strategy: Post the economic meltdown, we had temporarily slowed down on our expansion programme. In the current year, post the infusion of equity from KKR, we took a fresh look at the greenfield expansion and will start of the next phase of expansion with the groundbreaking of first project of 2.5 MnT soon.

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

Growth better than the industry: There was a strong pick up in our sales volumes for the year, which grew by 14% to 4.6 MnT at the end of FY11. This was aided by stabilisation of operations at our two new cement units – Kadapa and Ariyalur. We outperformed the All India industry growth of 6% in FY 11.

Stabilised operations in new markets: We further strengthened our position in our key markets. Our average market share in Southern region has expanded by 1% to reach 8.1% in FY 11 as compared to previous year. We had commissioned our plant in Kadapa, Andhra Pradesh in March, 2009. Its presence helped us to serve new markets of Andhra Pradesh and Karnataka. In the current year, we stabilised the logistics of the plant, enhanced our dealer networks and made significant progress in enhancing the sales in the new markets. Also, our railway siding at Kadapa is under construction and expected to be completed by December 2011.

Improved operational efficiencies: The Company has been aggressively pursuing to improve operational efficiencies. We increased the usage of cheaper high moisture coal and alternate

fuel, lignite. We managed coal usage and coal procurement effectively. Imported Coal and related freight costs have been on the surge. To keep costs under control we booked in advance the coal at fixed rates in rising market and also took ocean freight positions from RBCT (South African Coal) at very nominal rates as compared to the prevailing rates. This resulted in significant savings last year.

We were able to source more fly ash from NLC (Neyville Lignite Corporation) and increased the composition of wet fly ash in the total fly ash requirement leading to cost optimisation. We developed Karaikal port in Pondicherry as an alternate port with an objective to be closer to new plants and to ease the pressure on Chennai port.

Post stabilization in FY 11, our Ariyalur plant has also led to significant savings in variable costs.

Power self-reliance of Tamil Nadu units: Our thermal power capacity has increased from 45 MW to 72 MW during the year with the commissioning of our captive power plant (CPP) of 27 MW at Ariyalur, Tamil Nadu. This has made our Tamil Nadu cement plants self-reliant in power requirement. Our older captive power capacity is at Dalmiapuram, Tamil Nadu. In pursuit of improving cost-efficiency, we increased the usage of Lignite as a cheaper fuel in our CPPs. We sold surplus power of around 17 MW to the state grid in the year under review.

Launch of new Corporate Identity: The year also witnessed launch of new corporate identity for the Dalmia Group. It is a step to further our ongoing revamp of corporate ethos and practices within the Group.

The new identity shall infuse fresh ideas to our age old reputation of wisdom, trust and excellence; the new found focus and approach shall fuel our aggressive growth over long-term.

How do you view Company's financial performance in FY 11?

In the current year, the industry demand grew by 6%; the All India Capacity utilisation was lower at 77% and average Indonesian & South African (RBCT API4 Index) coal prices increased to CIF \$114/T and \$124/T respectively in FY 11 from \$92/T and \$82/T respectively in FY 10. In this backdrop and also in the light of challenging market conditions, particularly in Andhra Pradesh, our financial performance was satisfactory. Despite flat growth in South, our sales volume increased by 14% YoY.

Aided strongly by the ramping up of our new capacities commissioned in the last two fiscal years, our total consolidated Gross Income for the year was at ₹19,905 million; earned EBITDA of ₹3,863 million for the period ending March 31, 2011. Our Net Sales realisation per tonne and EBITDA per tonne for the year was at ₹3,457 and ₹720, respectively, which was helped by stable prices during the second half of the year. The Company, OCL, in which we have 45.4% stake has recorded Net Total Income of ₹14,907 million and earned EBITDA of ₹3,198 million in FY 11.

Our cement business contributed 96% to the total consolidated income and 86% to the total consolidated EBITDA of the Company.

In the light of prevalent overcapacity, how do you rationalise your proposed expansion plan?

We have been a firm believer in India growth story and hold a long-term view on its potential and our capabilities to serve it. The fundamental drivers for the sector will continue to throw big opportunities in long-term. Adding of a new capacity effectively takes 4-5 years to build from start of incubation to commissioning of the plant. Ramp up of the plant further takes at least one year.

Under these considerations, we believe it is prudent to continue expanding and thus our decision for expansion is linked to the long-term sector growth view and not based on temporary low capacity utilisation. However we are planning to expand in stages and thus are currently working to start one greenfield project. We will also evaluate inorganic opportunities where possible to augment our expansion plans.

How does investment by Global PE firm, Kohlberg Kravis Roberts (KKR) help the Company in near to medium term?

While the Company is very well capitalised today, the additional capital enables us to aggressively consolidate our existing market position, deleverage our balance sheet and pursue attractive organic and inorganic growth options, given the current down cycle. This engagement with KKR would also provide us access to best international Corporate Governance and business practices.

What is your vision 2020? Please share the key challenges you must overcome to realise it!

We aspire to be a significant player and emerge as one of country's largest cement manufacturers by the turn of this decade. The wave of change that has been orchestrated in the last 4-5 years - across capacity building, organisational re-structuring, cultural change within the organisation, adoption of value systems and new corporate identity, methodical and committed approach towards CSR, adoption of tomorrow's technology in new plants, and strategic investment from KKR - are all enablers in realising our aspirations.

Challenges such as access to quality capital - financial, human and intellectual - would have to be conquered in order to build scale leadership; operational efficiency - in production, logistics and input sourcing - would have to be mastered in order to achieve cost leadership; brand equity - amongst channel partners, retailers as well as institutional buyers - would have to be strengthened in order to gain market leadership. What is heartening to admit is that we have the means and commitment to confront and overcome all these challenges. We have the trust and confidence of our investors and lenders, courtesy our excellent track record.

We remain thankful to all our stakeholders for their generous support and confidence in us and urge each one of them to continue accompanying us on our path to progress.

board of directors



Pradip Kumar Khaitan

Chairman and Independent Non-Executive Director

Mr. Pradip Kumar Khaitan, 70, has over 45 years experience in various industries. He was co-opted as a Director of the Company on February 11, 2011. He holds an LL.B. degree from the University of Calcutta. As a partner of Khaitan & Co., Solicitors and Advocates, he has extensive experience in legal and commercial matters. He is a Director in several Public Limited Companies, including, CESC Limited, Electrosteel Castings Limited, Graphite India Limited, Hindustan Motors Limited, India Glycols Limited, OCL India Limited, Pilani Investment & Industries Corporation Limited, Sillanders Arbuthnot & Co. Limited, TCPL Packaging Limited, Dhunseri Petrochem & Tea Limited, VISA Steel Limited and Woodlands Multispeciality Hospital Limited.



Jai Hari Dalmia

Managing Director

Mr. J. H. Dalmia, 66, holds a B.E. degree in Electrical Engineering from Jadavpur University and a Master's degree in Electrical Engineering from the University of Illinois, Urbana Champagne. He was co-opted as a Director of the Company on February 11, 2011 and was elevated as Managing Director of the Company w.e.f April 01, 2011. He has more than 39 years of experience cutting across various industries which includes wide knowledge and experience of refractory, sugar and cement businesses. Mr. J. H. Dalmia is deeply involved in research and development, having personally received several patents.



Yadu Hari Dalmia

Managing Director

Mr. Y. H. Dalmia, 63, holds a B.Com (Hon) degree from Delhi University and is a Fellow Member of the Institute of Chartered Accountants of India. He was co-opted as a Director and Managing Director of the Company on February 11, 2011. He has more than 38 years of experience in the cement industry. Mr. Y. H. Dalmia has served as President of the Cement Manufacturers Association and is a known figure in the cement industry.



Gautam Dalmia

Director

Mr. Gautam Dalmia, 43, holds B.S. and M.S. degrees in Electrical Engineering from Columbia University. He has 18 years of experience in the cement and sugar industries. He was co-opted as a Director of the Company on February 11, 2011. He was directly responsible for managing the cement and sugar businesses and was leading all operations and execution of cement projects. He provides leadership to the commercial functions for the group.

**Puneet Yadu Dalmia****Director**

Mr. Puneet Yadu Dalmia, 38, holds a B.Tech. degree from the Indian Institute of Technology, Delhi and is a gold medalist from the Indian Institute of Management, Bangalore in Strategy and Marketing. He was co-opted as a Director of the Company on February 11, 2011. He has 14 years of experience in Cement industry having started his career as the co-founder and Chairman of one of the most profitable e-recruitment websites in India, which was later acquired by Monster.com, a Nasdaq listed multinational company. Mr. Puneet Yadu Dalmia conceptualised the growth strategy and governance architecture of the Group to focus on its core businesses and is spearheading the growth plans for the group.

**Donald Peck****Independent Non-Executive Director**

Mr. Donald Peck, 59, holds an M.A. degree and a Doctorate in Economic History from Oxford University. He was nominated as a Director of the Company on October 01, 2010. Mr. Peck's expertise lies in emerging markets investing, both in the equity investment/fund management business, experience in which was acquired by him when he was with International Finance Corporation in Washington and prior to that in the investment banks of Lloyds Bank and Morgan Grenfell. He joined CDC Capital Partners and was responsible for helping it to develop its equity investment business and setting up its fund management business worldwide. Having run the CDC/Actis private equity business in India from 1995 to 2007, Mr. Peck became one of the senior founding partners in Actis in 2004.

**N. Gopalaswamy****Independent Non-Executive Director**

Mr. N. Gopalaswamy, 79, holds a B.Sc. degree in Chemistry from Madras University and a B.E. degree in Chemical Engineering from Annamalai University. He is a member of the Institute of Industrial Engineers, USA, the Indian Institution of Industrial Engineering, the Indian Institute of Chemical Engineering, and the Institution of Engineers (India). Having held the position of President for 25 years, since 2007, he is a Council Member of the Tiruchirapalli Productivity Council. He has over 43 years of experience in the cement industry.

**Bharat Anand****Independent Non-Executive Director**

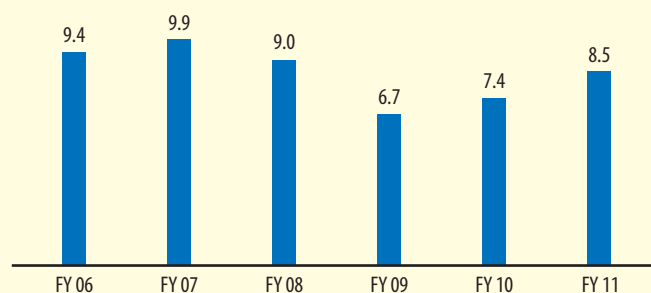
Mr. Bharat Anand, 35, is a Partner in the Corporate Department of Khaitan & Co and joined Khaitan & Co in 2009. He was co-opted as a Director of the Company on October 1, 2010. Mr. Anand studied Economics at Delhi University and Law at Jesus College, Cambridge, as Cambridge Commonwealth Trust Scholar. Prior to joining Khaitan & Co, Mr. Anand worked at the London offices of Freshfields, a "magic circle" law firm. Mr. Anand has advised several multinationals on their Indian investments and joint ventures. He also regularly advises Indian entities making offshore investments and acquisitions. UK based RSG Consulting featured Mr. Anand in their list of top 25 'second generation lawyers' in India.

management discussion & analysis

Economic Scenario & Outlook

Indian economy had a robust growth of 8.5% in FY 11, though there are signs of growth rate slowing down, with Q4 growth of only 7.8%. Inflation at about 9% for FY-11, continues to be a matter of concern, resulting in increase in interest rates, and necessitating tightening of monetary policy by RBI. However, with expected normal monsoon, Government expects inflation to moderate in coming months. Fiscal deficit figures for FY 11, have been somewhat better than originally budgeted, and Government expects to keep the same at 4.6% of GDP in FY 12. Government is trying to strike a delicate balance between growth and controlling inflation, with tilt towards the latter. Slowing of growth could adversely impact Government Revenues, thus impacting the fiscal deficit. Oil & energy prices continue to rise globally, which could further impact fiscal deficit, with increased subsidy burden. Though world economy is gradually coming out of downturn, situation in developed countries continues to be fluid. Further, Chinese economy also faced with inflation, is also slowing down, with growth rate sliding to single digit level. This could impact commodity prices globally. Despite above challenges, it is expected that, Indian economy would continue to grow at a pace of about 8.5% going ahead.

India GDP Growth Rate (%)



■ India GDP Growth Rate (%)

Source: CSO Quick Estimates

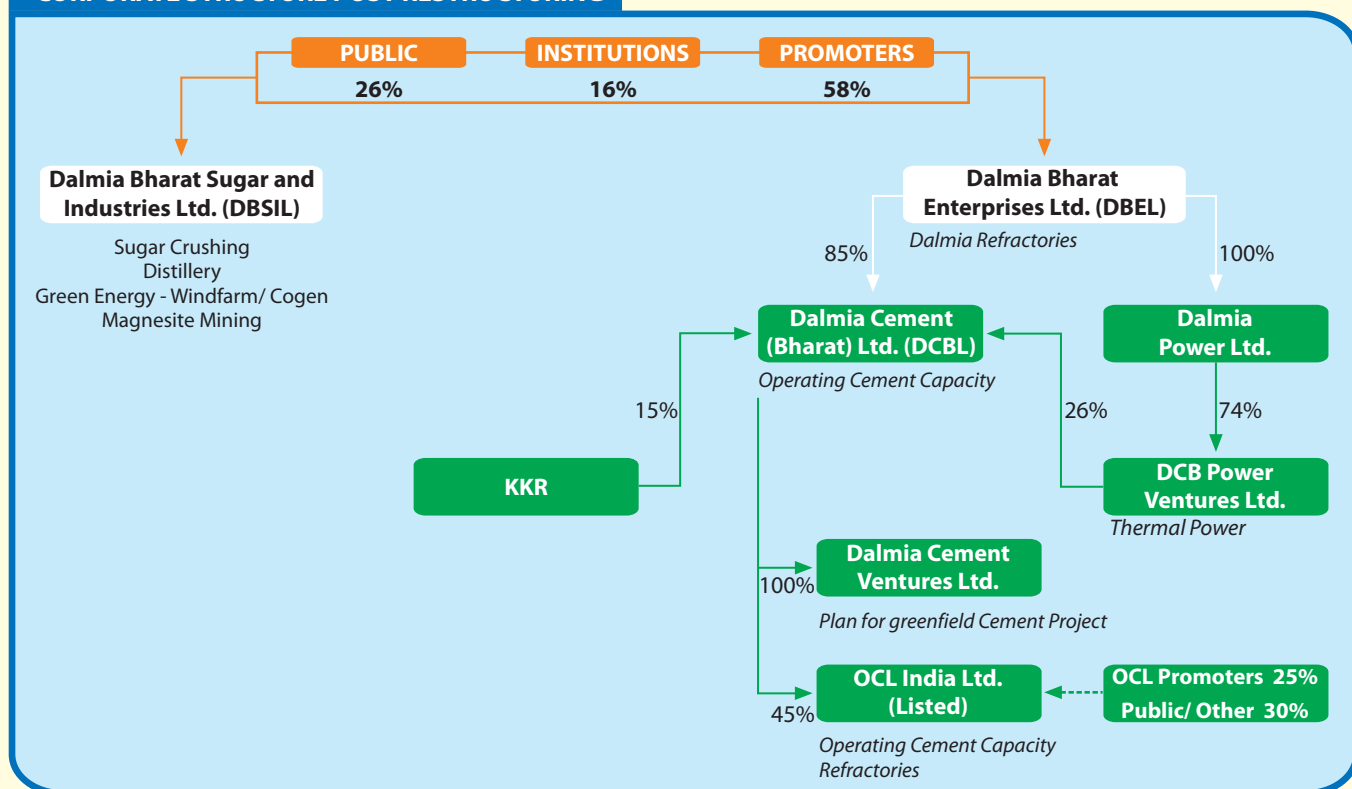
Company Overview

Group Restructuring

The FY 11 was a historic year for the Company. The corporate restructuring plan launched by Dalmia Bharat Sugar and Industries Limited (DBSIL) {formerly known as Dalmia Cement (Bharat) Ltd. (DCBL)} got completed and Dalmia Bharat Enterprises Limited (DBEL) operated in its first full year, focusing on refractory, cement and thermal power businesses. Besides the listing of DBSIL, the listing of DBEL on the NSE and BSE has led to creation of focused pure play entities. Shareholders of erstwhile DCBL, now renamed DBSIL received additional shares in DBEL in the ratio of 1:1.

As per the new structure of DBEL, Dalmia Refractories is at holding level. Avnija (now renamed Dalmia Cement (Bharat) Ltd.) and Dalmia Power Ltd. are subsidiaries of DBEL.

CORPORATE STRUCTURE POST RESTRUCTURING



Business Overview: Refractories

The Company is getting high alumina refractory manufactured on job work basis, mainly catering to cement industry which accounts for about 15% of total refractory consumption. Due to slowdown in cement market, many project orders dried up or had been deferred. As a result business remained under pressure during the year. Lower capacity utilisation in the industry and volatility in input cost is expected to keep margins under pressure.

Owing to lack of availability of good quality refractory grade Bauxite, which is the main raw material, your Company depends heavily on imports.

The production volumes for FY 11 for refractory business is 49,414 MnTas compared to 48,714 MnT in FY 10.

Financial Overview

Your Company's Total Income stood at ₹1,352 million and EBITDA at ₹175 million for the period ended March 31, 2011. Interest & Depreciation are being charged at ₹0.9 million and ₹14 million, respectively. The Other income for the year is ₹127 million and Tax provision for the year stands at ₹72 million. The Net Profit for the year is at ₹214 million. EPS for the year stands at ₹2.64 per share.





Outlook

In FY 12, it is expected that the cement industry will start looking up as the pace of capacity addition is likely to fall significantly during the year. Despite this the margins are likely to continue to remain under pressure in the current year.

The impetus of Government spending on Infrastructure growth, is likely to lead to rise in demand for refractories. However, as the Indian refractory is highly fragmented, the competitive pressure on realisations is likely to remain.

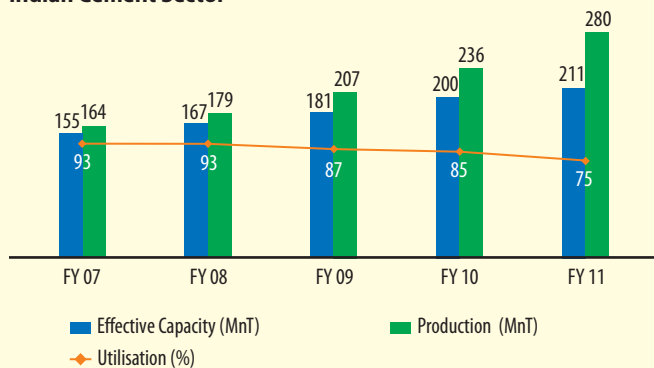
To reduce dependence on cement industry and to provide growth impetus to the refractory business, the company is also targeting other industries such as coke oven, steel and glass, etc.

Business Overview: Cement and Thermal Power

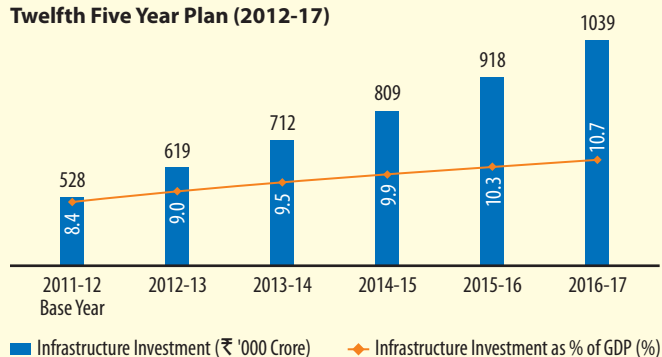
During FY 11, all India domestic consumption of cement grew by about 6% reaching 210 MnT, as against 5 years CAGR of 9%. Empirically there is evidence of correlation between GDP growth and Cement Consumption growth of 1.2x. During the year about 34 MnT of new capacity was added. With this addition to capacity, the aggregate addition of cement manufacturing capacity over the last 3 years is about 102 MnT, which when compared with the increase in consumption of cement by 45 MnT, has resulted in a significant demand/supply mismatch. The pressure on the industry was further augmented by decline in exports of clinker / cement, which declined by about 10% to 5 MnT.

During FY 11 total consumption in South (including Maharashtra) grew, just by 2.7% reaching 83 MnT as compared to 5 years CAGR of 8.1%. While Tamil Nadu & Kerala, which are our main markets, grew by 5%, Andhra Pradesh had a negative growth of 14%. During the year about 16 MnT of new capacity was added in South. Thus during last 3 years about 54 MnT of new capacity were created, against consumption increase of only about 13 MnT. Though in short-term demand / supply mismatch poses challenges, in our opinion long-term outlook for the industry remain positive. Robust GDP growth, expected high infrastructure spending is expected to result in demand for cement, driven by housing & commercial space needs.

Indian Cement Sector



Projected Investment in Infrastructure during the Twelfth Five Year Plan (2012-17)



Source: Planning Commission of India

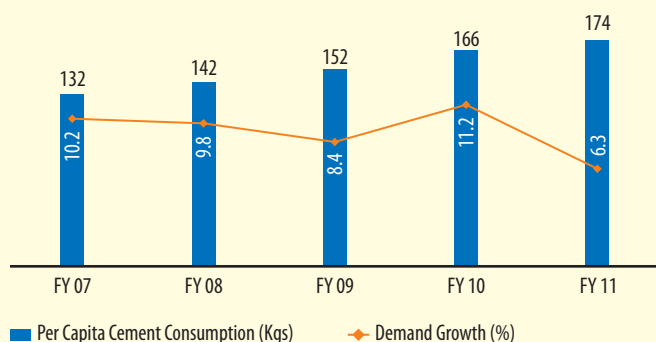
Growth Ahead

The investment in infrastructure in India has increased from 5% of the gross domestic product (GDP) in FY 03 to 6% last fiscal. It is expected to touch 10% of GDP in the 12th Five Year Plan (2012-2017). There is a considerable hike in Government focus on investment in infrastructure which is visible through announcement of following Government initiatives:

- Opening up a number of infrastructure sectors to private players
- Promoting investment in the sector by private players by permitting FDI
- Huge spending on projects like the National Highway Development Project
- National Maritime Development Programme
- Metro in urban areas through PPP
- Adding 1,00,000 MW in Power sector

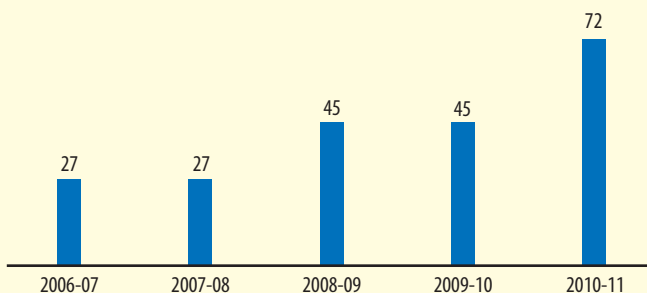
The Indian cement industry must prepare to participate in such growth opportunity. What may appear as an overcapacity today is actually a solid foundation for tomorrow. One needs to also factor in the surplus disposable money reaching the urban employed class. Its impact on housing sector will be significant.

Per Capita Cement Consumption and Demand Growth Rate



Source: India Census 2011, CMA and Company Sources

DBEL - Captive Power Capacity (MW)



Financial Overview

During the year, sales volume increased by 14%, when most key players operating in our market had flat or negative growth in volumes. Total Income stood at ₹16,943 million and EBITDA at ₹3,373 million, giving an operating EDITDA margin of 20%.

Average cost of fuel during the year increased by over 25 %, which is the main element of variable cost, including the fuel requirement of Captive Power Plants (CPPs). Increase in diesel prices, impacted logistics costs. Work on Railway siding at our Kadapa unit is progressing and should be completed by December 2011. This will help serve long distant markets from this unit more economically, and also relieve pressure on truck requirements.

During the year the Company was able to sell surplus power from CPPs to TNEB, to the tune of 154 Million KWH, making a profit of ₹200 million, on marginal cost basis. It appears that, this window of opportunity may not be available in FY 12 in a significant way.

Marketing Initiatives

DCBL has started an intense brand building exercise in its key markets. Detailed market study was conducted with an objective to enhance the visibility of the brand which is amongst the few prominent brands in the served markets.

The Company has initiated Tech Mobile service which augments in enhancing consumer value. Tech Mobile is a vehicle carrying testing equipments that reaches the site of the customer and helps them in the testing of concrete quality. In addition, the technical staff also enlightens the customer on the product knowledge including other construction materials at site. The Company has recently set up research laboratory at Chennai to support the initiative.

The Company has increased its brand visibility through increased advertising in public transports and at public places like airports, railway stations, local markets, etc.

The Company's novel and much appreciated effort is the launch of new programme on Star Vijay TV (Tamil) captioned "The Dalmia Best House". This is a unique effort towards selecting and rewarding the Best House. This programme entails acknowledging and rewarding the architect and engineer who have contributed in making such good houses. It leads to appreciating talents more than a product promotion of the company.

Go Green

DCBL is significantly focused on several "Go Green" Initiatives such as development of Flora & Fauna, promoting consumption of Alternate Fuel such as agriculture and municipal solid waste, Fugitive Emission Control, Infrastructure Development for Truck Parking etc., were undertaken.

The Company adopted non-conventional eco-friendly mining methods which eliminate drilling and blasting operations by deploying mega rock breakers. The breaker is of Vibro Silenced type which reduces the noise during the operation. The machine is equipped with automatic fire suppression system to safe guard the machine from fire hazards.

We made significant efforts in the area of Water Conservation and management in FY11. Rain water harvesting ponds were formed from the rain & seepage water collected in the mines across all the units. This helped in recharging the bore well of the surrounding villages and avoided water inundation thus improving energy efficiency as well. The collected water is also utilised for wetting of mine haul roads and for the development of green belt around the mine boundaries.

Productivity through Safety

The Company is focused on Productivity through Safety. Best Practices such as Safety Stewards System, Work Permit, Incident Investigation, 100% PPE's (Personal Protective Equipment) were practiced to focus on Safety awareness and consciousness in work life.

We are glad to share that in FY 11 our Kadapa unit has received Integrated Management System Certification for Quality, Environment and Health & Safety.

Growth Plans

Cement business is planning one more greenfield investment of 2.5 MnT capacity through an SPV, Dalmia Cement Ventures Limited, and it is expected to go on stream by the next upcycle.





Consolidated Financial Highlights

Profit & Loss Account Analysis

Total Income

The Company's Total Income stood at ₹17,675 million in FY 11, This was primarily driven by increase in volumes in cement sales by 14% from 4.1 MnT in FY 10 to 4.6 MnT in FY 11.

Operating Expenditure

- Total operating expenditure of the Company stood at ₹13,811 million in FY 11.
- Power & fuel cost incurred in FY 11 was at ₹5,163 million which was higher on account of increased imported coal prices.
- Freight cost stood at ₹2,490 million in FY 11. Higher volumes had led to increase in transportation cost.
- Employee costs stood higher at ₹1,067 million in FY 11 on account of annual salary hikes and new recruitments.
- Other expenses incurred for the year were ₹3,074 million.

Operating EBITDA

Operating EBITDA remained constant in FY 11 at ₹3,863 million due to increase in operating expenses and flat growth in cement realisations.

Depreciation

Depreciation cost stood at ₹1,753 million in FY 11.

Financial Charges

Financial Charges accounted to the tune of ₹1,723 million in FY 11.

Other Income

Other Income for the year was ₹326 million, mainly on the back of interest from fixed deposits of ₹114 million, profit on sale of non trade investments of ₹206 million.

Provision for Tax

Provision for Tax stood at ₹611 million which mainly includes current tax (less MAT credit entitlement) of ₹81 million and deferred tax charge of ₹525 million.

Net Profit

Net Profit was to the tune of ₹103 million in FY 11. After considering the share in OCL, associate company's profit, Net Profit for the Company stood at ₹498 million.

Balance Sheet Analysis

Capital Structure

The Company's paid up Equity Capital stood at ₹162 million as on March 31, 2011 comprising 8,11,89,303 equity shares of ₹2 each (fully paid up).

Of the above:

- (i) 8,09,39,303 Shares were allotted as fully paid-up pursuant to Scheme of Arrangement between the Company and Dalmia Cement (Bharat) Limited (formerly Avnija Properties Limited),



DCB Power Ventures Limited, Dalmia Bharat Sugar and Industries Limited (formerly Dalmia Cement (Bharat) Limited) without payments being received in cash.

Reserves & Surplus

The Company reserves and surplus was to the tune of ₹27,614 million in FY 11. Of this, during the year under review, surplus in Profit & Loss Account was ₹361 million and Business Restructuring Reserve accounted ₹25,627 million. Debenture Redemption Reserve was ₹488 million.

Loan Profile

The borrowed funds of the company stood at ₹19,296 million in FY 11. Secured loans at ₹18,245 million comprise 94.5% of the total loan funds. Out of the total borrowed funds, ₹2,340 million is to be repaid during FY 12.

Total Assets

Total Assets of the Company increased to ₹51,697 million in FY 11. The Company's Net Fixed Assets as proportion of total assets were at 57% at the end of the year.

Fixed Assets

The increase in Gross Block of the Company can be mainly attributed to the capitalisation due to the revaluation under scheme of arrangement from demerger of various businesses in FY 11. The Company continued to upgrade its infrastructure and technology across its manufacturing facilities. Capital work in progress for the year was ₹1,609 million taking the Net Fixed Assets to ₹37,528 million.

Investments

Cumulative investments of the Company stood at ₹6,592 million include strategic investments of ₹4,499 million in OCL (45.4% stake), ₹324 million in quoted equity and other investments in money market mutual funds stood at ₹1,707 million.

Inventories

Inventories stood at ₹3,103 million in FY 11 on account of 68% of stores & spares of ₹2,123 million and balance inventory of ₹980 million.

Sundry Debtors

The debtors of the Company stood at ₹1,008 million in FY 11, of which 5% amounting to ₹49 million are more than six months old.

Loans and Advances

Loans and Advances comprised 21% of the Company's current assets. Loans and Advances made by the Company amounts to ₹2,354 million in FY 11 primarily on account of deposits and balances with government departments and other authorities.

Cash & Bank Balance

The Company had higher Cash & Bank Balance of ₹4,543 million, on account of higher sales made in the last quarter and ₹5,000 million cash infused by Kravis Kohlberg Roberts (KKR) in the form of equity for 15 % stake in Dalmia Cement Bharat Limited.

Current Liabilities

Current Liabilities was at ₹3,264 million comprising mainly of sundry creditors of ₹2,535 million.

Information Technology (IT) & Information Management System (IMS)

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

The Company successfully stabilised its SAP ERP application. Post stabilisation, SAP will enhance the operational efficiency by providing a single point company-wide management & control – across all Functions. The ERP system has helped the Company in achieving more with the available resources. To monitor and manage the cost, timelines and quality of large investments, IT capabilities are further enhanced by a robust document management System (Aconex) and SAPPS implementation

The company has invested in Sales Force Automation to increase Sales Force productivity which will provide better customer service, close deals, retain existing customer and helps in effectively engaging customers than ever before.

The Company made mobility initiatives a true productive enhancer to support anytime anywhere connectivity for Sales and Logistics operations including Rail Yard Sales, Goods Receipt and Depot Sales. A slew of mobility initiatives are under way to capture market intelligence, providing MIS to sales force, gathering customer order details from Sales force, Web based order booking, PO Approval thru Mobilie, Field Intelligence for Geologist etc. Company's intranet launch is underway which will provide single platform for employee engagement, collaboration and co-creation.

Corporate Social Responsibility

Sustainable Development is the biggest concern facing the 21st Century Corporations across the globe. DBEL is amongst the frontrunners of Indian Companies in the sphere of sustainable development.

Care for communities in the Company's immediate surroundings and environment across the globe is deeply ingrained in DBEL's business philosophy. Community development initiatives of the Company focus on four key areas of Children, Education, Health and Sanitation, Livelihood Generation, and Environment and Physical Infrastructure.

In and around the operating cement plants, the Company and 'Dalmia Bharat Group Foundation', our corporate foundation for CSR, have been implementing the CSR programmes through renowned and responsible NGOs like CARE India and HOPE Foundation.

During the year, DBEL's CSR activities were organised in 13 villages around its plants in Dalmiapuram, Ariyalur and Kadappa in its various programmes.

The Company was also active in creating a healthy environment and sanitation in the region, by financing and construction of toilets. Reckoning the importance of green environment in an era promoting conservation of natural resources, the Company planted over 10,000 saplings and trees and also ran a programme to promote soil and water conservation.

Human Resources

Human capital has been the most vital constituent of the Company's evolution and growth. The people of your Company have been the key force behind the accelerated growth that it is recording over recent years. Being led by professionals at the top management, the Company has practiced a people-centric HR approach which aims at attracting, retaining, developing and rewarding its talent pool.

The Group's values continued to bind the Company people and guide them to work towards attaining the organisational goals of growth and scale leadership.

The company achieved average training man hours of 32,758 hours during the year. Believing in the need for providing constant learning to the employees, the Company conducted development programs for General Manager, Senior General Manager and AEDs in Cement Business to work towards sharing and co-creating their developmental plans. Also workshops were conducted across locations on Managerial Effectiveness and Manager Sensitivity for frontline and middle level managers.

Employee communication through Employee Communication Forums and quarterly newsletters continued to bring the employees closer to the organisational happenings and making way for their active participation.





Risks & Concerns

Economic Uncertainty

The cement sector is prone to the uncertainty in economic environment that may impact the demand, cost of production and selling price. Indian economy did show resilience to the recent Global economic downturn and is on its way to a healthy growth. The same augurs well for the Company. The Company regularly monitors the economic trends and hedges itself from the risk of uncertainty with an astute balance between its short-term and long-term strategies.

Competition

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

Regulations

Shift in Government policies – across taxes & levies, import & export, royalty on natural resource, land & environment norms, availability of energy & transport infrastructure – may adversely impact the cement sector. The Company, through its strategy of building scale leadership and expanding market footprints, is strengthening its long-term revenue and profitability objectives.

Credit & Liquidity

Maintaining an adequate level of credit and liquidity is critical for Capex & Opex requirement for cement players. This gains more significance in the light of recent liquidity crunch and financial difficulties. The Global financial markets and the economy are returning back to normalcy. The Company had adequate checks and balances in place with regard to its Capex and Opex requirements. It enjoys high goodwill amongst debtors and potential equity participants, courtesy its excellent track record and integrity.

Currency fluctuation

Indian cement sector's exposure to currency risk arises out of importing coal for operations and machinery & equipment for expansion. The Company closely monitors exchange rate movements and hedges major transactions in foreign currency by taking forward contracts in the currency market, as considered appropriate



Internal Control System and its Adequacy

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

Outlook

In spite of the immediate situation of overcapacity, DBEL's growth outlook appears positive. The Company has witnessed signs of demand growth and improvement in realisations at the beginning of FY 12. The ramp up of its plants at Kadapa and Ariyalur enabled it to increase its despatches.

Improvement in market share in its traditional markets of Tamil Nadu and Kerala and new markets like Karnataka and Andhra Pradesh augurs well, going forward. It shall leverage its economy of scale in improving the cost of inputs. The infusion of capital from KKR shall show its full impact in coming years.

The industry operated at lower capacity utilisations in FY 11; approx 75% on All India basis and approx 65% in Southern region. We expect capacity utilisations at similar levels in FY 12. This would improve thereafter as capacity addition slows down and demand catches up with supply.

We expect demand to grow at 8-9% in FY 12 and FY 13. The capacity additions at All India level is expected to be at 24 MnT in FY 12 and 30 MnT in FY 13. South will account for about 42% of total capacity additions in FY12 and FY13. East capacity addition is expected to be around 25% in FY11 and 9% in FY13.

Cautionary Statement

Certain statements in this Management Discussion & Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Forward looking statements are identified in this report, by using the words 'anticipates', 'believes', 'expects', 'intends' and similar expressions in such statements. Although the Company believes that its expectations are based on reasonable assumptions, these forward-looking statements may be influenced by numerous risks and uncertainties that could cause actual outcomes and results to be materially different from those expressed or implied. Some of these risks and uncertainties have been discussed in the section on 'risks and concerns'. DBEL takes no responsibility for any consequence of decisions made based on such statements and holds no obligation to update these in the future.

Directors' Report for the year ended March 31, 2011

The Directors have pleasure in submitting the Annual Report and Audited Statements of Account of the Company for the year ended March 31, 2011.

FINANCIAL RESULTS

	(₹ in Million)	
	FY - 11	FY - 10
Net Sales Turnover	1346	-
Profit before interest, depreciation and tax (EBITDA)	301	1
Less: Interest and Financial Charges	1	-
Profit before depreciation and tax (PBDT)	300	1
Less: Depreciation	14	-
Profit before tax (PBT)	286	1
Provision for current tax	73	-
Provision for deferred tax	(1)	-
Profit after tax (PAT)	214	1
Add: (i) Surplus brought forward	1	-
Profit available for appropriation	215	1
APPROPRIATIONS:		
General Reserve	22	-
Proposed Dividend	102	-
Dividend Distribution tax thereon	16	-
Balance carried forward	75	1
	215	1

The results for the year under review are not comparable with that of the earlier previous year on account of implementation of the Scheme of Arrangement, detailed herein below.

DIVIDEND

Your Directors have decided to recommend a maiden final dividend amounting to ₹1.25 per equity share of the face value of ₹2/- each.

SCHEME OF ARRANGEMENT

The Scheme of Arrangement between Dalmia Bharat Sugar and Industries Limited (formerly known as Dalmia Cement (Bharat) Limited, the Company, Dalmia Cement (Bharat) Limited (formerly known as Avnija Properties Limited) and DCB Power Ventures Limited, which was approved by the Madras High Court by its Order dated July 29, 2010 was made effective on September 01, 2010. In accordance with the said Scheme of Arrangement, the refractory business carried out in the name and style of Dalmia Refractories stood transferred and vested in the Company with effect from the appointed date, viz., April 01, 2010. The cement business got vested in a subsidiary, Dalmia Cement (Bharat) Limited, and the power business comprising of captive thermal power plants installed at the cement units got vested in its ultimate subsidiary, DCB Power Ventures Limited. The results for the year ended March 31, 2011 are, therefore, not strictly comparable with that of the immediately preceding year.

SHARE CAPITAL AND LISTING OF SHARES

In terms of the aforesaid Scheme of Arrangement, the Company issued and allotted 8,09,39,303 Equity Shares of ₹2/- each in the capital of the Company to those Shareholders of Dalmia Bharat Sugar and Industries Limited holding shares on the record date, i.e. September 27, 2010, fixed by the Board of Directors for this purpose.

The Equity Shares of the Company now stand listed on the Bombay Stock Exchange, National Stock Exchange and Madras Stock Exchange.

Consequent upon the issue of shares, the Company ceased to be a wholly owned subsidiary of Dalmia Bharat Sugar and Industries Limited.

OPERATIONS AND BUSINESS PERFORMANCE

Please refer to the chapter on Management Discussion and Analysis for a detailed analysis of the performance of the Company during 2010-11.

CORPORATE GOVERNANCE

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

LISTING OF SHARES

The Company's shares are listed on the Madras Stock Exchange, National Stock Exchange and Bombay Stock Exchange.

INDUSTRIAL RELATIONS

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

EMPLOYEES' PARTICULARS

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

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE TRANSACTIONS

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

SUBSIDIARIES

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

The Central Government vide Notification No. 5/12/2007 – CL III, dated February 08, 2011 has exempted all Companies in terms of Section 212(8) of the Companies Act, 1956 from attaching the Annual Reports of its Subsidiaries. Accordingly, the Directors' Report and audited accounts of the Company's Subsidiaries, Dalmia Power Limited, DCB Power Ventures Limited, Kanika Investment Limited, and the Subsidiaries of Dalmia Cement (Bharat) Limited, viz., Ishita Properties Limited, Shri Rangam Properties Limited, Geetee Estates Limited, D. I. Properties Limited, Hemshila Properties Limited, Arjuna Brokers & Minerals Limited, Shri Radha Krishna Brokers & Holdings Limited, Dalmia Minerals & Properties Limited, Sri Subramanya Mines & Minerals Limited, Sri Swaminatha Mines & Minerals Limited, Sri Shanmugha Mines & Minerals Limited, Sri Dhandaauthapani Mines and Minerals Limited, Sri Trivikrama Mines and Properties Limited, Sri Madhusudhana Mines and Properties Limited, Dalmia Cement Ventures Limited, Cosmos Cements Limited, Sutnga Mines Private Limited, Rajputana Properties Private Limited and Golden Hills Resort Private Limited for the year ended March 31, 2011 are not being enclosed with this Annual Report. Any Member desiring to inspect the detailed Annual Reports of any of the aforementioned subsidiaries may inspect the same at the Head Office of the Company and that of the subsidiaries concerned. In event a Member desires to obtain a copy of the Annual Report of any of the aforementioned subsidiaries, he may write to the Registered Office of the Company specifying the name of the subsidiary whose Annual Report is required. The Company shall supply a copy of such Annual Report to such Member. The Annual Report of the aforementioned subsidiaries are available at the Company's website www.dalmiabharat.com.

FIXED DEPOSITS

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

DIRECTORS

Mr. Bharat Anand and Mr. Donald M. Peck were co-opted as Additional Directors on the Board of Directors of the Company in the Meeting held on October 01, 2010.

Mr. Jai Hari Dalmia, Mr. Yadu Hari Dalmia, Mr. Gautam Dalmia, Mr. Puneet Yadu Dalmia, and Mr. P. K. Khaitan were appointed as Directors of the Company in the Meeting held on February 11, 2011. The appointment of Mr. Yadu Hari Dalmia as Managing Director with effect from the said date and the appointment of Mr. Jai Hari Dalmia as Managing Director of the Company effective April 01, 2011 were also approved by the Board in the said Meeting.

Mr. B. B. Mehta and Mr. Rajesh Kumar Ghai, Directors, ceased to hold office on February 12, 2011 and February 18, 2011, respectively, owing to their resignations. The Board places on record its appreciation for the valuable contribution made by them during their tenure on the Board.

Mr. Asanka Rodrigo was appointed as an Alternate Director to act in place of Mr. Donald M. Peck in the Meeting held on May 26, 2011.

Mr. N. Gopalaswamy, Director, retires by rotation at the ensuing Annual General Meeting.

The other Directors, namely, Mr. Bharat Anand, Mr. Donald M. Peck, Mr. Gautam Dalmia, Mr. Puneet Yadu Dalmia and Mr. P. K. Khaitan

hold office till the conclusion of the ensuing Annual General Meeting. The Company has received Notices from a Shareholder together with requisite deposit as required under the provisions of section 257 of the Companies Act, 1956 to the effect that he intends to propose the name of the said persons for being appointed as a Director of the Company.

Shareholdings in the Company by its Directors as at March 31, 2011, are as under:

Name of the Director	No. of Shares of ₹2 each held
Mr. Jai H. Dalmia	1,635,010
Mr. Y.H. Dalmia	751,880
Mr. Gautam Dalmia	751,990
Mr. Puneet Yadu Dalmia	742,055

CONSOLIDATED FINANCIAL STATEMENTS

In compliance with the Accounting Standard 21 on Consolidated Financial Statements, this Annual Report also includes Consolidated Financial Statements for the financial year 2010-11.

CEO/CFO REPORT ON ACCOUNTS

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

DIRECTORS RESPONSIBILITY STATEMENT

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

- in the preparation of the annual accounts, the applicable Accounting Standards have been followed and no departures have been made there from;
- 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;
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; and
- the Directors had prepared the annual accounts on a going concern basis.

AUDITORS

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

For and on behalf of the Board

Place: New Delhi
Dated: May 26, 2011

N. Gopalaswamy
Director

Y. H. Dalmia
Managing Director

Annexure - A

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

A. CONSERVATION OF ENERGY

- (a) Energy Conservation measures taken:
Not Applicable
- (b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:
Not Applicable
- (c) Impact of measures taken already and proposed vide (a) and (b) above are aimed at:
Not Applicable.
- (d) Total energy consumption and consumption per unit of production as per Form "A"
Not applicable

B. TECHNOLOGY ABSORPTION

Not applicable

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- (a) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services, and export plans:
 - (i) Refractory products were exported during the year.
- (b) Total foreign exchange used and earned during the year:
 - (i) Used: ₹143.07 million (ii) Earned: ₹24.18 million

Report on Corporate Governance

Company's Philosophy on Corporate Governance

In India, corporate governance standards for listed companies are regulated by the Securities and Exchange Board of India (SEBI) through Clause 49 of the listing agreement of the Stock Exchanges. Transparency, fairness, disclosure and accountability are central to the working of Dalmia Bharat Enterprises Limited (DBEL), which believes in and remains committed to good Corporate Governance. Your Company's corporate governance practices are driven by strong Board oversight, timely disclosures, transparent accounting policies and high levels of integrity in decision-making.

The Equity Shares of the Company got listed on the Bombay Stock Exchange Limited, National Stock Exchange and Madras Stock Exchange with effect from January 27, 2011.

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

Directors' Attendance Record and Directorships Held

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

Table 1: Composition of the Board of Directors

Name of the Directors	Category	Attendance Particulars			No. of other Directorships and Committee Memberships/Chairmanships		
		Number of Board Meetings		Last AGM	Other Directorships@	Committee Memberships#	Committee Chairmanships#
		Held	Attended				
Mr. P. K. Khaitan** Chairman	Independent Non-Executive	1	-	No	14	6	None
Mr. N. Gopalaswamy	Independent Non-Executive	7	2	No	9	5	2
Mr. Donald M. Peck**	Independent Non-Executive	2	-	No	3	None	None
Mr. J. H. Dalmia**	Non-Executive	1	-	No	6	None	None
Mr. Y.H. Dalmia** Managing Director	Executive	1	1	No	3	None	None
Mr. Gautam Dalmia**	Non-Executive	1	1	No	5	None	None
Mr. Puneet Yadu Dalmia**	Non-Executive	1	1	No	7	1	None
Mr. Bharat Anand**	Independent Non-Executive	2	2	No	-	None	None
Mr. R. K. Ghai*	Independent	7	7	No	13	None	None
Mr. B. B. Mehta*	Independent	7	7	No	13	None	None

* Mr. B. B. Mehta resigned from the directorship of the Company on February 12, 2011 and Mr. R K Ghai resigned from the Directorship of the Company on February 18, 2011

** Mr. Bharat Anand and Mr. Donald M Peck were appointed as Additional Directors w.e.f. October 01, 2010 and Mr. P. K. Khaitan, Mr. J. H. Dalmia, Mr. Y. H. Dalmia, Mr. Gautam Dalmia and Mr. Puneet Yadu Dalmia were appointed as Additional Directors on February 11, 2011

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

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

BOARD OF DIRECTORS

Composition of the Board

As on March 31, 2011 the Company's Board comprised eight members - one executive Director and seven non-executive Directors of which four are independent. The Chairman of the Board of Directors is an independent non-executive Director. The composition of the Board is in conformity with Clause 49 of the listing agreement, which stipulates that if the Chairman is non-executive, and is not related to the promoters or persons occupying management positions at the Board level or at one level below the Board, one-third of the Board should be independent, or else, 50 per cent of the Board should comprise independent Directors.

Number of Board Meetings

The Board of Directors met seven times during the year on May 07, 2010, May 21, 2010, August 05, 2010, September 01, 2010, October 01, 2010, November 15, 2010 and February 11, 2011. The maximum gap between any two meetings was less than 4 months.

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

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

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

Information Supplied to the Board

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

- Annual operating plans & budgets and any update thereof.
- Capital budgets and any updates thereof.
- Quarterly results of the Company and operating divisions and business segments.

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

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

Remuneration Paid To Directors

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

Table 2: Details of remuneration paid to Directors for 2010-11 (₹ Million)

Name of the Director	Category	Sitting Fees	Salary and Perquisites	Retirement Benefits	Commission @	Total
Mr. P. K. Khaitan	Independent	-	-	-	0.14	0.14
Mr. N. Gopalaswamy	Independent	0.04	-	-	0.14	0.18
Mr. Donald M. Peck	Independent	-	-	-	0.14	0.14
Mr. J. H. Dalmia	Non-Executive	-	-	-	0.14	0.14
Mr. Y. H. Dalmia Managing Director	Executive	-	-	-	-	-
Mr. Gautam Dalmia	Non-Executive	-	-	-	0.14	0.14
Mr. Puneet Yadu Dalmia	Non-Executive	-	-	-	0.14	0.14
Mr. Bharat Anand	Independent	0.04	-	-	0.14	0.18
Mr. B. B. Mehta	Non-Executive	-	-	-	-	-
Mr. R. K. Ghai	Non-Executive	-	-	-	-	-

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

The appointment of Mr. Y. H. Dalmia, as Managing Director has been made for a period of five years effective February 11, 2011. Mr. J. H. Dalmia has also been appointed as Managing Director for a period of five years with effect from April 01, 2011.

The Company has also paid an amount of ₹0.04 million to M/s. Khaitan & Co., Solicitors and Advocates (a firm in which Mr. P. K. Khaitan is a Partner), for the professional services rendered by them and for their appearances and opinions on various matters and also for appearances of other Advocates/Senior Advocates engaged by them in defending legal cases on behalf of the Company after the date of his appointment as Director.

Code of Conduct

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

Risk Management

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

Company and steps taken by it to mitigate those risks through a properly defined framework.

Committees of the Board

The Company has two Board-level Committees – Audit Committee and Shareholders Grievance Committee.

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

a) Audit Committee

Audit Committee of the Board was constituted on October 01, 2010 comprising of three members Mr. N. Gopalaswamy, Mr. B. B. Mehta, and Mr. Bharat Anand. Mr. N. Gopalaswamy was designated as the Chairman of the Committee. The Board reconstituted the Audit Committee in their Meeting held on February 11, 2011 which now comprises of 3 independent Directors, viz., Mr. N. Gopalaswamy, Mr. Donald M Peck, and Mr. Bharat Anand as its members and Mr. N Gopalaswamy continues to be the Chairman. The Audit Committee met two times during the period on November 15, 2010 and February 10, 2011. The details of the Audit Committee are given in Table 3.

Table 3: Attendance record of DBEL's Audit Committee during 2010-11

Name of Members	Category	Status	No. of Meetings	
			Held	Attended
Mr. N Gopalaswamy	Independent	Chairman	2	2
Mr. B. B. Mehta	Independent	Member	2	2
Mr. Bharat Anand	Independent	Member	2	2

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

All members of the Audit Committee have requisite accounting and financial management expertise. As the Committee was constituted after the Annual General Meeting, the question of Chairman of the Audit Committee to attend the said Meeting held on August 27, 2010 did not arise.

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

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by management.
 - Significant adjustments made, if any, in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of any related party transactions.
 - Qualifications, if any, in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors on any significant findings and follow up there on.

- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

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

- Investigate any activity within its terms of reference and to seek any information it requires from any employee.
- Obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, when considered necessary.

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

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

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

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

b) Shareholders Grievance Committee

The Shareholders Grievance Committee was formed on October 01, 2010 comprising of Mr. Bharat Anand (Non-executive Independent Director) as its Chairman, Mr. R. K. Ghai and Shri B. B. Mehta, as its members. The Board reconstituted the Shareholders Grievance Committee in their Meeting held on February 11, 2011. The reconstituted Shareholders Grievance Committee now comprises of 3 Directors, viz., Mr. Y. H. Dalmia, Mr. Gautam Dalmia, and Mr. Bharat Anand as its members, Mr. Bharat Anand continues to be its Chairman. The terms of reference to this Committee is to look into and redress the unresolved complaints received from investors, in coordination with the Company's Registrars and Share Transfer Agent. The Committee did not meet during the period. During the period, 41 complaints were received from investors and all of them were resolved in time to the satisfaction of the concerned investors. At the close of the year there were no cases pending in respect of share transfers. Table 4 gives the details:

Table 4: Nature of complaints received and attended to during 2010-11:

Nature of Complaint	Pending as on April 01, 2010	Received during the year	Answered during the year	Pending as on March 31, 2011
1. Transfer / Transmission / Duplicate	Nil	1	1	Nil
2. Non-receipt of Dividend/Interest/Redemption Warrants	Nil	Nil	Nil	Nil
3. Non-receipt of securities/electronic credits	Nil	40	40	Nil
4. Complaints received from:				
- Securities and Exchange Board of India	Nil	Nil	Nil	Nil
- Stock Exchanges	Nil	Nil	Nil	Nil
- Registrar of Companies/ Department of Company Affairs	Nil	Nil	Nil	Nil
5. Others	Nil	Nil	Nil	Nil
Total	Nil	41	41	Nil

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

- Ms. Nidhi Bisaria, Company Secretary

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

Subsidiary Companies

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

As on March 31, 2011, under this definition, DBEL has a 'material non-listed Indian subsidiary', namely, Dalmia Cement (Bharat) Limited (formerly Avnija Properties Limited). Mr. N. Gopalaswamy, an Independent Director has been co-opted as a member on the Board of Directors of this subsidiary.

Shares and Convertible Instruments held by Non-Executive Directors

Table 6 gives details of the shares and convertible instruments held by the Non-Executive Directors as on March 31, 2011.

Table 6: Details of the shares and convertible instruments held by the Non-Executive Directors as on March 31, 2011

Name of the Director	Category	Number of shares held	Number of convertible instruments held
Mr. P. K. Khaitan	Independent	Nil	Nil
Mr. N. Gopalaswamy	Independent	Nil	Nil
Mr. Donald M. Peck	Independent	Nil	Nil
Mr. Bharat Anand	Independent	Nil	Nil
Mr. J. H. Dalmia	Non-Executive	1635010	Nil
Mr. Gautam Dalmia	Non-Executive	751990	Nil
Mr. Puneet Yadu Dalmia	Non-Executive	742055	Nil

MANAGEMENT

Management Discussion & Analysis

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

Disclosures

Related party transactions in the ordinary course of business have been disclosed at Note No.14 of Schedule B to the financial statements in the Annual Report. No transactions were made that had the possibility of injuring the Company's interests. The Company complied with the regulatory requirements on capital markets. No penalties/strictures have been imposed against it.

The Company has not made any borrowings nor has it paid any dividend since its incorporation in 2006. The question of complying with the requirements of Section 205C of the Companies Act, 1956 by remitting all amounts due to be credited to the Investor Education & Protection Fund does not arise.

Particulars of persons constituting "Group" pursuant to Regulation 3(1)(e) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 1997:-

Mr. J. H. Dalmia, J. H. Dalmia (HUF), Ms. Kavita Dalmia, Mr. Y. H. Dalmia, Y. H. Dalmia (HUF), Ms. Bela Dalmia, Mr. Gautam Dalmia, Gautam Dalmia (HUF), Ms. Anupama Dalmia, Mr. Puneet Yadu Dalmia, Ms. Avantika Dalmia, Ms. Shrutipriya Dalmia, Ms. Sukeshi Dalmia, Ms. Vaidehi Dalmia, Ms. Sumana Dalmia, Ms. Avaneer Dalmia, Mst. Priyang Dalmia, Mr. M. H. Dalmia and Ms. Abha Dalmia.

Rama Investment Company Private Limited, Puneet Trading & Investment Company Private Limited, Kavita Trading & Investment Company Private Limited, Sita Investment Company Limited, Mayuka Investment Limited, Ankita Pratisthan Limited, Himgiri Commercial Limited, Valley Agro Industries Limited, Shri Nataraj Ceramic and Chemical Industries Limited, Shri Chamundeswari Minerals Limited, Shree Nirman Limited, Keshav Power Limited, Avaneer and Ashni Securities Private Limited, OCL India Limited, ZipAhead.Com Limited, Alirox Abrasives Limited, Kanika Investment Limited, Ishita Properties Limited, Dalmia Cement (Bharat) Limited (Formerly Avniya Properties Limited), D.I. Properties Limited, Geetee Estates Limited, Hemshila Properties Limited, Shri Rangam Properties Limited, Arjuna Brokers & Minerals Limited, Dalmia Minerals & Properties Limited, Shri Radha Krishna Brokers & Holdings Limited, Dalmia Power Limited, DCB Power Ventures Limited, Sri Shanmugha Mines & Minerals Limited, Sri Subramanya Mines & Minerals Limited, Sri Swaminatha Mines & Minerals Limited, Sri Madhusudhana Mines and Properties Limited, Sri Trivikrama Mines & Properties Limited, Sri Dhandauthapani Mines & Minerals Limited, Dalmia Cement Ventures Limited, Cosmos Cements Limited, Sutnga Mines Private Limited, Rajputana Properties Private Limited, Golden Hills Resorts Private Limited, Dalmia Bharat Sugar and Industries Limited (Formerly Dalmia Cement (Bharat) Limited), Himshikhar Investment Limited, Dalmia Solar Power Limited, Dalmia Sugar Ventures Limited, New Habitat Housing Finance and Development Limited, Sukeshi Trust, Vaidehi Trust, Sumana Trust, Shrutipriya Dalmia Trust, Priyang Trust and Avaneer Trust.

Disclosure of Accounting Treatment in Preparation of Financial Statements

DBEL has followed the guidelines of Accounting Standards laid down by the Central Government under the provisions of

section 211(3) of the Companies Act, 1956 in the preparation of its financial statements.

Details of Non-Compliance by the Company

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

Code for Prevention of Insider-Trading Practices

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

CEO/CFO certification

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

SHAREHOLDERS

Re-appointment/Appointment of Directors

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

Accordingly, at the ensuing Annual General Meeting, Mr. N. Gopalaswamy, Director of the Company retires by rotation and is eligible for re-appointment.

The other Directors, namely, Mr. Bharat Anand, Mr. Donald M. Peck, Mr. Gautam Dalmia, Mr. Puneet Yadu Dalmia and Mr. P.K. Khaitan, hold office till the conclusion of the ensuing Annual General Meeting and the Company has received Notices from a Shareholder, - together with requisite deposit as stipulated in section 257 of the Companies Act, 1956, to the effect that he intends to propose the names of the aforementioned persons for being appointed as Directors of the Company.

Means of Communication with Shareholders

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

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

General Body Meetings

Table 7 gives the details of the last three Annual General Meetings (AGMs).

Table 7: Details of last three AGMs

Financial Year	Date	Time	Location
2009-10	August 27, 2010	2.00 p.m.	Community Centre, Dalmiapuram Dist. Tiruchirapalli, Tamil Nadu, 621651.
2008-09	July 31, 2009	2.00 p.m.	Community Centre, Dalmiapuram Dist. Tiruchirapalli, Tamil Nadu, 621651.
2007-08	June 17, 2008	2.00 p.m.	Community Centre, Dalmiapuram Dist. Tiruchirapalli, Tamil Nadu, 621651.

The details of Special Resolutions in respect of the last three General Meetings are given in Table 8.

Table 8: Details of Special Resolutions passed in last three General Meetings

Date of Meeting	Type of Meeting	Particulars
July 27, 2010	EGM	Authority to Board of Directors to make inter-corporate investments, loans and give any guarantee/security provided the aggregate of loans, guarantees, securities and investments made by the Company do not exceed ₹200 crores at any one time. (The above resolution was adopted unanimously)
August 27, 2010	AGM	- Permitting amendment in the Articles 12 and 13 of the Articles of Association of the Company relating to issue of new certificate in marketable lots and in lieu of worn out and defaced certificates without any cost. - Authority to Board of Directors to make inter-corporate investments, loans and give any guarantee/security provided the aggregate of loans, guarantees, securities and investments made by the Company do not exceed ₹700 crores at any one time. - Authority to Board to issue and allot 80,939,303 equity shares of ₹2 each to persons other than the existing shareholders of the Company in terms of the Scheme of Arrangement approved by the Madras High Court vide its order dated July 29, 2010 resulting in the increase in issue and paid –up capital of the company by ₹16.19 crores. (The above resolutions were adopted unanimously)
September 25, 2010	EGM	Authority to Board of Directors under section 81(1A) (a) read with 292(1)(a), 292(1)(b), 292(1)(c) to issue and allot securities to persons other than the existing shareholders of the Company to the extent of ₹12,000 million and to secure the same by way of borrowings. (The above resolution was adopted unanimously)

Postal Ballot

During the year ended March 31, 2011, the shareholders have not been approached for passing of any Resolution by way of Postal Ballot.

Compliance**Mandatory Requirements**

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

Adoption of Non-Mandatory Requirements

Till the date of this report, the non mandatory requirements of Clause 49 of the Listing Agreement have not been adopted by the Board.

Additional Shareholder Information

Annual General Meeting

Date: August 26, 2011

Time: 9.00 a.m.

Venue: Community Centre Premises, Dalmiapuram -621651, Dist. Tiruchirapalli, Tamil Nadu

Financial Calendar

Financial year: April 01, 2011 to March 31, 2012

For the year ended March 31, 2012, results will be announced on:

- First quarter: By mid August, 2011
- Second quarter: By mid November, 2011
- Third quarter: By mid February, 2012
- Fourth quarter: By end May, 2012

Book Closure

The dates of book closure are from August 19, 2011 to August 26, 2011 inclusive of both days.

Dividend Payment

The final dividend of ₹1.25 per equity share will be paid on or after August 30, 2011, subject to approval by the shareholders at the Annual General Meeting.

Listing

With effect from January 27, 2011 listing on Stock Exchanges in respect of the Equity Shares is as under:

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

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

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

Stock Codes:

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

Stock Market Data

Table 1 gives details of the prices of the Equity Share on BSE and NSE since its listing.

Table 1: High, lows of Company's shares for 2010-11 at BSE and NSE

Month	BSE			NSE		
	High	Low	Close	High	Low	Close
January, 2011	235.00	106.00	204.45	227.00	150.00	204.00
February, 2011	211.00	144.05	163.60	214.95	135.10	166.00
March, 2011	194.00	160.00	184.95	192.00	141.60	180.30

Stock Performance over past 5 years

Not Applicable as the Company's equity shares were listed only on January 27, 2011.

Distribution of Shareholding

Table 3 and 4 lists the distribution of the shareholding of the equity shares of the Company by size and by ownership class as on March 31 2011.

Table 3: Shareholding pattern by size

No. of Equity shares held	No. of shareholders	% of shareholders	No. of Shares held	% of shareholding
1 - 500	9,559	73.79	1,253,193	1.54
501 - 1000	1,312	10.13	998,833	1.23
1001 - 2000	1,025	7.91	1,528,739	1.89
2001 - 3000	357	2.76	900,843	1.11
3001 - 4000	183	1.41	661,579	0.81
4001 - 5000	99	0.76	448,338	0.55
5001 - 10000	210	1.62	1,459,040	1.80
10001 and above	210	1.62	73,938,738	91.07
TOTAL	12,955	100.00	81,189,303	100.00

Table 4: Shareholding Pattern by ownership

Particulars	No of shareholders	% of shareholders	No of share held	% of shareholding
Promoters @	28	0.2	6,201,480	7.64
Promoters Bodies Corporate @	31	0.2	40,951,297	50.44
Central/State Governments	4	0.0	128,155	0.16
Financial Institutions	24	0.2	1,669,736	2.05
Mutual Funds	1	0.0	2,500	0.00
Foreign Institutional Investors	27	0.2	6,613,018	8.14
Insurance Companies	2	0.0	1,128,096	1.39
Bodies Corporates	403	3.1	5,988,190	7.38
Overseas Corporate Bodies	2	0.0	3,253,805	4.01
Foreign Corporate Bodies	2	0.0	4,470,588	5.51
NRI/Foreign Nationals	115	0.9	196,156	0.24
Individuals/Others	12,316	95.2	10,586,282	13.04
Total	12,955	100.0	81,189,303	100.00

Note: @ The Promoters have not pledged the shares of the Company against any loan drawn by them. This disclosure may be treated as a disclosure as required under Clause 35 of the Listing Agreement and under Regulation 8A of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulation, 1997.

Dematerialisation of Shares

As on March 31, 2011, 55.41% shares of the Company were held in the dematerialised form.

Outstanding GDRs/ADRs/Warrants/Options

NIL

Details of Public Funding Obtained in the last three years

NIL

Registrar and Transfer Agent

For Equity Shares:

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

Share Transfer System

The share transfers in the physical form are presently processed by the Registrars and Transfer Agents and returned within a period of 30 days. The Company's Equity Shares are tradable in dematerialised form since the date of listing. Under the

dematerialised system, the Shareholder can approach a Depository Participant (DP) for getting his shares converted from physical form to dematerialised form. The DP will generate a request for the dematerialisation, which will be sent by him to the Company's Registrars and Share Transfer Agents. On receipt of the same the shares will be dematerialised.

Registered Office Address:

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

Address for Correspondence

Dalmia Bharat Enterprises Limited
Shares Department
DALMIAPURAM -621651
Dist.Tiruchirapalli Tamil Nadu
Phone: 04329 - 235131
Fax: 04329-235111

Auditor's Certificate on Compliance of Corporate Governance

Under Corporate Governance Clause of the Listing Agreement(s)

TO THE MEMBERS

DALMIA BHARAT ENTERPRISES LIMITED

We have reviewed the implementation of Corporate Governance procedures by **Dalmia Bharat Enterprises Limited** ('the Company') during the year ended March 31, 2011 as stipulated in clause 49 of the Listing Agreement of the said company with the Stock Exchanges, with the relevant records and documents maintained by the company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

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

On the basis of our review and according to the information and explanations given to us, the conditions of Corporate Governance as stipulated in Corporate Governance Clause 49 of the Listing Agreement(s) with the stock exchange (s) have been substantially complied with by the company.

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 S.S. Kothari Mehta & Co.

Chartered Accountants

Firm Registration No.: 000756N

per Arun K. Tulsian

Partner

Membership No.: 89907

Place: New Delhi

Date: May 26, 2011

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

Dear Sirs,

1. We have reviewed the Balance Sheet, Profit and Loss Account and all its Schedules and Notes on Accounts, as well as the Cash Flow Statements as at March 31, 2011 and certify 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 read together present a true and fair view of the Company's Affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
2. We further certify that, to the best of our knowledge and belief, no transactions have been entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct;
3. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies;
4. We have indicated to the Auditors and the Audit Committee:
 - (i) Significant changes in internal control during the year;
 - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control systems.

Dated: May 26, 2011
Place: New Delhi

Vipin Agarwal
Chief Financial Officer

Y. H. Dalmia
Chief Executive Officer

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

Dear Sirs,

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

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

Dated: May 26, 2011
Place: New Delhi

Y. H. Dalmia
Chief Executive Officer

Auditors' Report

To

The Members of Dalmia Bharat Enterprises Limited

1. We have audited the attached Balance Sheet of **Dalmia Bharat Enterprises Limited** ('the Company') as at March 31, 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) (the Order) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. In our opinion, the Balance Sheet, 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;
 - iv. The Balance Sheet, Profit and Loss account and Cash Flow statement dealt with by this report are in agreement with the books of account;
 - v. On the basis of the written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the Accounting Policies and Notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - a) in the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
 - b) in the case of 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.S. Kothari Mehta & Co.
Firm Registration No.: 000756N
Chartered Accountants

per **Arun K. Tulsian**
Partner
Membership No.: 89907

Place: New Delhi
Date: May 26, 2011

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

Re: Dalmia Bharat Enterprises Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification as compared to book records.
- (c) There was no disposal of a substantial part of fixed assets during the year. Referring to note no. B-15 of Schedule-20, the assets and liabilities of certain business undertakings transferred from DBSIL have been transferred to and vested in DCBL and DPVL as per Scheme of Arrangement.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year, except stocks lying with third parties and in transit which have been verified with reference to correspondence of third parties or subsequent receipt of goods. In our opinion, the frequency of such verification is reasonable.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of account.
- (iii) (a) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (a) to (d) of the Order are not applicable to the Company and hence not commented upon.
- (b) The company has granted unsecured loan to a company which was not covered under the register maintained under section 301 of the Companies Act, 1956 at the time when loan was granted but got subsequently covered under register maintained under section 301 of the Companies Act, 1956. Apart from this loan, the company has not granted any other loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. The year end balance of such loan is ₹250.00 million.
- (c) In our opinion, the rate of interest and other terms & conditions of such loan are, prima facie, not prejudicial to the interest of the company.
- (d) In respect of the aforesaid loans, the Company was regular in payment of interest. We are explained that this loan is repayable on demand and, therefore, there are no overdue amounts at the year end.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit carried out in accordance with the generally accepted auditing practices in India, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs in respect of each party have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The company has not accepted any fixed deposits from public to which the provisions of Section 58A and Section 58AA or any other relevant provisions of the Companies Act 1956 including the Rules framed there under apply.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Central Government has not prescribed Rules for the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for any of the company's activities.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess have generally been regularly deposited during the year with the appropriate authorities.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.
- (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 such undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (c) According to the information and explanations given to us and as per the books and records examined by us, there are no dues in respect of Income Tax, Custom Duty, Wealth Tax, Excise Duty, Sales Tax, Service Tax and Cess which have not been deposited on account of any dispute.
- (x) The Company has no accumulated losses as at the end of the financial year and has not incurred cash losses in the current year and in the immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) In respect of dealing/trading in shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the Company in its own name.
- (xv) The Company has not given any guarantees against loans taken by others from banks & financial institutions.

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

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

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

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

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

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

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

per **Arun K. Tulsian**
Partner
Membership No.: 89907

Place: New Delhi
Date: May 26, 2011

Balance Sheet as at March 31, 2011

(₹ in Million)

	Schedule	As at March 31, 2011	As at March 31, 2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	162.38	0.50
Reserves and Surplus	2	4,794.33	0.98
		4,956.71	1.48
Loan Funds			
Secured Loans	3	3.18	-
		3.18	-
Deferred Tax Liability	4	4.55	-
Total		4,964.44	1.48
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		183.33	-
Less: Accumulated depreciation		105.88	-
Net Block		77.45	-
Investments	6	3,376.09	-
Current Assets, Loans and Advances			
Inventories	7	306.90	-
Sundry Debtors	8	103.72	-
Cash and Bank balances	9	582.70	0.62
Loans and Advances	10	844.76	1.06
	(A)	1,838.08	1.68
Less: Current Liabilities and Provisions			
Current Liabilities	11	200.46	0.01
Provisions	12	126.72	0.19
	(B)	327.18	0.20
Net Current Assets	(A-B)	1,510.90	1.48
Total		4,964.44	1.48
Notes to Accounts	20		

The Schedules referred to above and the Notes to Accounts form an integral part of the Balance Sheet.

As per our report of even date

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

per **Arun K. Tulsian**
Partner
Membership No. 89907

Place: New Delhi
Date: May 26, 2011

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

Y. H. Dalmia
Managing Director

Nidhi Bisaria
Company Secretary

N. Gopalaswamy
Director

Vipin Agarwal
Executive Director (Finance)

Profit and Loss Account for the year ended March 31, 2011

(₹ in Million)

	Schedule	For the year ended March 31, 2011	For the year ended March 31, 2010
INCOME			
Sales and Services Rendered	13	1,345.59	-
Other Income	14	133.01	2.32
Total		1,478.60	2.32
EXPENDITURE			
(Increase)/Decrease in Stocks	15	(19.79)	-
Raw Material consumed		382.59	-
Purchase of Trading Goods		4.41	-
Personnel Expenses	16	305.69	-
Operating and other Expenses	17	504.45	1.12
Depreciation / Amortisation	5	14.38	-
Financial expenses	18	0.88	-
Total		1,192.61	1.12
Profit before Tax		285.99	1.20
Provision for Taxation			
Current Tax		74.08	0.20
Less: Mat Credit Entitlement		1.39	72.69
Deferred Tax charge		(1.14)	-
Prior year Tax charge		0.01	-
Total Tax Expenses		71.56	0.20
Profit after Tax		214.43	1.00
Balance Brought Forward from Previous Year		0.98	(0.02)
Profit available for appropriation		215.41	0.98
Appropriations			
General Reserve		22.00	-
Dividend			
Proposed Dividend		101.49	-
Dividend Distribution tax thereon		16.46	-
Balance Carried To Balance Sheet		75.46	0.98
Earning Per Share	19		
Basic and Diluted Earnings Per Share (In ₹)		2.64	3.99
[Nominal Value of Share ₹2 (₹2) each]			
Notes to Accounts	20		

The Schedules referred to above and the Notes to Accounts form an integral part of the Profit and Loss Account.

As per our report of even date

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

per **Arun K. Tulsian**
Partner
Membership No. 89907

Place: New Delhi
Date: May 26, 2011

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

Y. H. Dalmia
Managing Director

Nidhi Bisaria
Company Secretary

N. Gopalaswamy
Director

Vipin Agarwal
Executive Director (Finance)

Schedule to the Accounts

(₹ in Million)

As at
March 31, 2011

As at
March 31, 2010

Schedule 1: Share Capital

Authorised:

10,00,00,000 (10,00,00,000) Equity Shares of ₹2 each	200.00	200.00
	200.00	200.00

Issued, Subscribed and Paid Up:

8,11,89,303 (2,50,000) Equity Shares of ₹2 each fully paid up	162.38	0.50
	162.38	0.50

Note:

Of the above:

(i) 8,09,39,303 (Nil) Shares were allotted as fully paid-up pursuant to Scheme of Arrangement between the Company and Dalmia Cement (Bharat) Limited (formerly Avnija Properties Limited), DCB Power Ventures Limited, Dalmia Bharat Sugar and Industries Limited (formerly Dalmia Cement (Bharat) Limited) without payments being received in cash.

Schedule 2: Reserves and Surplus

(₹ in Million)

	Opening Balance	Additions pursuant to Scheme of Arrangement	Additions during the year	Deductions during the year	Closing Balance
Business Restructuring Reserve*	- (-)	4,696.87 (-)	- (-)	- (-)	4,696.87 (-)
General Reserve	- (-)	- (-)	22.00 (-)	- (-)	22.00 (-)
Surplus in Profit and Loss Account	0.98 (0.02)				75.46 (0.98)
	0.98 (0.02)				4,794.33 (0.98)

*Refer note B (15) of schedule 20

(₹ in Million)

As at
March 31, 2011

As at
March 31, 2010

Schedule 3: Secured Loans

Working Capital Loans	3.18	-
	3.18	-

i) Working Capital loans are to be secured by hypothecation of inventories and other assets in favour of the participating Banks ranking pari-passu on inter-se-basis.

Schedule 4: Deferred Tax

Depreciation	4.55	-
	4.55	-

Schedule 5: Fixed Assets

(₹ in Million)

Description	GROSS BLOCK				DEPRECIATION		NET BLOCK		
	As at March 31, 2010	Net Addition pursuant to Scheme of Arrangement*	Additions	Deductions	As at March 31, 2011	For the year	Upto March 31, 2011	As at March 31, 2011	As at March 31, 2010
Tangible Assets:									
Owned Assets									
Land	-	0.93	-	-	0.93	-	-	0.93	-
Land (Leasehold)	-	17.41	-	-	17.41	0.58	11.66	5.75	-
Buildings	-	69.02	-	-	69.02	1.87	33.76	35.26	-
Plant and Machinery	-	20.06	0.70	0.33	20.43	1.35	12.11	8.32	-
Vehicles	-	29.92	2.67	18.93	13.66	3.33	7.41	6.25	-
Furniture and Fixtures	-	19.92	0.40	0.18	20.14	1.61	12.79	7.35	-
Other Assets	-	36.33	1.60	0.56	37.37	4.54	26.72	10.65	-
Intangible Assets:									
Software Licenses (Bought out)	-	1.70	2.67	-	4.37	1.10	1.43	2.94	-
	-	195.29	8.04	20.00	183.33	14.38	105.88	77.45	-
Previous year	13.22	-	-	13.22	-	-	-	-	-

Notes:*Refer note B (15) of schedule 20

(₹ in Million)

	As at March 31, 2011	As at March 31, 2010
Schedule 6: Investments		
Long Term		
Trade		
Equity Shares		
Unquoted		
25 (-) Shares of ₹10/- each fully paid up in Assam Bengal Cement Company Limited (under liquidation)	((144))	-
Investments in Subsidiaries		
Equity Shares		
Unquoted		
21,50,00,000 (-) Shares of ₹10/- each fully paid up in Dalmia Cement (Bharat) Limited	2,156.39	-
4,20,000 (-) Shares of ₹10/- each fully paid up in Kanika Investment Limited.	23.20	-
5,00,000 (-) Shares of ₹10/- each fully paid up in Dalmia Power Limited.	5.00	2,184.59

Schedule to the Accounts

(₹ in Million)

As at
March 31, 2011

As at
March 31, 2010

Schedule 6: Investments Contd.

Investments in Companies other than Subsidiaries, Non-Trade

Equity Shares (Unquoted)

20 (-) Shares of ₹10/- each fully paid up in Asian Refractories Limited (under liquidation).	((200))	-
49,290 (-) Shares of ₹10/- each fully paid up in Dalmia Electrodyne Technologies (P) Limited.	17.50	-
250 (-) Shares of ₹10/- each fully paid up in Haryana Financial Corporation.	((2500))	17.50

Venture Capital Fund (Unquoted)

1,188 (-) Units of ₹100,000 each fully paid up in Urban Infrastructure Opportunities Fund	120.56	-
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Non-Trade

Equity Shares

Quoted

520,400 (-) Shares of ₹1/- each fully paid up in Madras Cements Limited.	101.32	-
299,087 (-) Shares of ₹2/- each fully paid up in Balkrishna Industries Limited.	40.88	-
100,000 (-) Shares of ₹10/- each fully paid up in Cords Cable Industries Limited.	13.50	-
10,000 (-) Shares of ₹2/- each fully paid up in Essel Propack Limited.	0.65	-
20,000 (-) Shares of ₹10/- each fully paid up in Gitanjali Gems Limited.	5.91	-
18,993 (-) Shares of ₹2/- each fully paid up in JB Chemicals & Pharmaceuticals Limited	1.48	-
50,000 (-) Shares of ₹10/- each fully paid up in Poddar Pigments Limited.	2.14	-
375,000 (-) Shares of ₹10/- each fully paid up in Polyplex Corporation Limited	24.48	-
12,900 (-) Shares of ₹10/- each fully paid up in Reliance Industries Limited	15.67	-
198,000 (-) Shares of ₹10/- each fully paid up in Sunshield Chemicals Limited	5.57	-
24,630 (-) Shares of ₹10/- each fully paid up in TCPL Packagings Limited	1.83	-
10,000 (-) Shares of ₹5/- each fully paid up in Wockhardt Limited	3.89	217.32

Current Investments

Units of Mutual Funds (Quoted)

Debt based schemes	916.42	-
	3,456.39	-
Less: Provision for Diminution in value of investments	80.30	-
Total@	3,376.09	-

Quoted (including Mutual Funds):

Book Value	1,133.74	-
Market Value	1,129.99	-
Book Value of Unquoted Investments	2,322.65	-

Notes:

@ Includes purchases during the year - Face value ₹5,479.32 Million, Cost ₹7,861.53 Million; net of sales during the year - Face Value ₹4,787.91 Million, Cost ₹8,482.79 Million. Investment for ₹4,077.65 Million received pursuant to Scheme of Arrangement

(₹ in Million)

As at
March 31, 2011As at
March 31, 2010**Schedule 7: Inventories****Stores, Spares etc**

On hand	9.60	-
---------	------	---

Raw Materials

On hand	179.25	-
---------	--------	---

In transit	2.75	-
------------	------	---

Work in Progress	3.52	-
------------------	------	---

Finished Goods	111.78	-
----------------	--------	---

	306.90	-
--	---------------	----------

Schedule 8: Sundry Debtors**a) Debts over six months**

Considered good		
-----------------	--	--

Secured	-	-
---------	---	---

Unsecured	10.02	-
-----------	-------	---

b) Others

Considered good		
-----------------	--	--

Secured	-	-
---------	---	---

Unsecured	93.70	-
-----------	-------	---

	103.72	-
--	---------------	----------

Schedule 9: Cash and Bank Balances

Cash on hand	0.36	-
--------------	------	---

Cheques in hand	0.02	-
-----------------	------	---

Balances with Scheduled Banks:

- On current accounts	582.32	0.03
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- On deposit accounts	-	0.59
-----------------------	---	------

	582.70	0.62
--	---------------	-------------

Schedule 10: Loans and Advances (Considered good unless otherwise stated)

Loans

Unsecured

Employees*	2.03	-
------------	------	---

Subsidiaries **	66.66	-
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Others	250.00	-
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Advances recoverable in cash or in kind or for value to be received (Unsecured)

Considered good

Subsidiaries	98.05	-
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Others	366.47	1.06
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Advance income tax {net of provisions ₹72.51 Million (Nil)}	40.62	-
---	-------	---

MAT Credit entitlement	1.39	-
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Deposit and Balances with Government Departments and Other Authorities	19.54	-
--	-------	---

	844.76	1.06
--	---------------	-------------

Schedule to the Accounts

(₹ in Million)

	As at March 31, 2011	As at March 31, 2010	2010-11	2009-10
	Outstanding Balance		Maximum Balance	

Schedule 10: Loans and Advances (Considered good unless otherwise stated) Contd.

* includes

Due from officers of the Company	1.88	-	16.69	-
* Due from Subsidiaries:				
Dalmia Power Limited.	66.66	-	66.66	-

(₹ in Million)

	As at March 31, 2011	As at March 31, 2010
--	-------------------------	-------------------------

Schedule 11: Current Liabilities

Sundry Creditors		
- Micro and Small Enterprises	-	-
- Others	153.00	0.01
Advances from customers	20.88	-
Director's Commission Payable	1.00	-
Other liabilities	25.58	-
	200.46	0.01

* Amount payable to Investor Education and Protection Fund ₹ Nil.

Schedule 12: Provisions

Proposed dividend on equity shares	101.49	-
Pension and other Staff benefits	8.77	-
Provision for Taxation {net of advance tax ₹ Nil (₹0.01 Million)}	-	0.19
Dividend Distribution Tax	16.46	-
	126.72	0.19

(₹ in Million)

	For the year ended March 31, 2011	For the year ended March 31, 2010
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Schedule 13: Sales and Services Rendered

Sale of Goods	677.58	-
Management Services	568.01	-
Brand Fee	100.00	-
	1,345.59	-

Schedule 14: Other Income

Profit on sale of fixed assets (net)	-	2.28
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Interest

- From Banks {Tax deducted at source ₹0.01 million (₹ 0.01 million)}	0.15	0.04
- Others {Tax deducted at source ₹3.47 million (Nil)}	34.73	34.88

Dividend

- Investment Non-trade	5.45	-
Profit on Sale of Non-trade Investments	1,016.28	-
Less: Loss on Sale of Non-trade Investments (including provision for diminution)	930.16	86.12
Miscellaneous Receipts	6.56	-
	133.01	2.32

(₹ in Million)

For the year ended
March 31, 2011For the year ended
March 31, 2010**Schedule 15: (Increase) / Decrease in Stocks**

Finished Goods			
- Closing stock		111.78	-
- Opening stock	-		-
- Addition pursuant to Scheme of Arrangement	86.02	86.02	-
		(25.76)	-
Work-in-Progress			
- Closing stock		3.52	-
- Opening stock	-		-
- Addition pursuant to Scheme of Arrangement	9.49	9.49	-
		5.97	-
		(19.79)	-

Schedule 16: Personnel Expenses

Salaries, Wages & Bonus		252.66	-
Contribution to Provident Fund and Other Funds		39.12	-
Workmen and Staff Welfare expenses		13.91	-
		305.69	-

Schedule 17: Operating and Other Expenses

Power and Fuel		48.00	-
Processing charges		196.39	-
Repairs and Maintenance:			
- Buildings		6.82	-
Rent		18.53	-
Rates and Taxes		2.07	1.09
Insurance		3.43	-
Travelling		33.85	-
Conveyance		27.05	-
Advertisement and Publicity		2.59	-
Freight and Forwarding Charges		10.02	-
Commission paid to Other Selling Agents		11.55	-
Rebates, Discount & Allowances		1.31	-
Computer Expenses		13.76	-
Professional Charges		47.38	-
Directors' Sitting Fees		0.08	-
Non Executive Director's Commission		1.00	-
Charity and Donation		23.52	-
Assets written off		1.17	-
Miscellaneous Expenses		55.93	0.03
		504.45	1.12

Schedule to the Accounts

(₹ in Million)

For the Year ended
March 31, 2011

For the year ended
March 31, 2010

Schedule 18: Financial Expenses

Interest		
On borrowing from banks	0.32	-
Bank Charges	0.56	-
	0.88	-

Schedule 19: Earning Per Share

Net Profit for calculation of basic and diluted EPS (₹ in Million)	214.43	1.00
Total number of equity shares outstanding at the end of the year	81,189,303	250,000
Weighted average number of equity shares in calculating basic and diluted EPS	81,189,303	250,000
Basic and Diluted EPS (In ₹)	2.64	3.99

Schedule 20

Significant Accounting Policies and Notes to Accounts

A. Significant Accounting Policies

1. Basis of preparation

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

2. 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 period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between the actual results and estimates are recognised in the period in which the results are known/materialised.

3. Fixed assets

Fixed assets are stated at cost 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.

Intangible assets are recognised on the basis of recognition criteria as set out in the relevant Accounting Standard.

4. Depreciation/amortisation

Depreciation is provided on fixed assets over the useful lives of the assets estimated by the management, which are equivalent to the rates prescribed in Schedule XIV to the Companies Act, 1956. Computer software are amortised over a period of 3-5 years.

5. Impairment of assets

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 recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflect current market assessments of the time value of money and risks specific to the asset.

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

Previously recognised impairment losses are reversed to the extent the recoverable amount exceeds the carrying amount.

6. Segment reporting

Identification of segments

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

Inter segment Transfers

The Company accounts for inter segment sales and transfers as if the sales or transfers were to third parties at current market prices.

Allocation of common costs

Common allocable costs are allocated to each segment on reasonable basis.

Unallocated items

Includes general corporate income and expense items which are not allocable to any business segment.

Segment policies

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

7. Employee benefits

- a. Employee benefits in the form of the Company's contribution to provident fund, pension fund, superannuation fund and ESI are considered as defined contribution plan and 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 contributions payable to the respective funds.
- b. Retirement benefits in the form of gratuity and provident fund contribution to Dalmia Cement Provident Fund Trust are defined benefit plans. Gratuity is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Contributions to Dalmia Cement Provident Fund Trust are charged to the Profit and Loss Account of the year when the contributions to the fund is due. Shortfall in the funds, if any, is adequately provided for by the Company.
- c. Leave encashment including compensated absences are classified as long term employee benefits and are provided for on actuarial valuation at the year end. The actuarial valuation is done as per projected unit credit method.
- d. Actuarial gains/losses are immediately taken to Profit and Loss Account and are not deferred.
- e. Payments made under the Voluntary Retirement Scheme are charged to the Profit and Loss Account in the year in which the same are incurred.

8. Inventories

- a. Finished goods are valued at lower of cost or 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.
- b. Work in progress is valued at lower of cost or net realisable value. Cost is determined on a weighted average basis.
- c. Stores, Spares and Raw Materials are valued at lower of cost or net realisable value. However materials & other items of inventories held for use in the production are not written 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

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.

9. Investments

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

10. Revenue recognition**Services and others**

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

Sale of goods

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

Dividends

Revenue is recognised when the shareholders' right to receive payment is established by the Balance Sheet date.

Insurance Claim

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

11. Foreign currency transactions**a. 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.

b. 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.

c. Exchange differences

Exchange differences arising on a monetary item that, in substance, form part of the company's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognised as income or as expense.

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expense in the year in which they arise.

d. Forward exchange contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of Profit and Loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

12. Income taxes

Tax expense comprises of current and deferred. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income tax 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 recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

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

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in

which the Minimum Alternative Tax (MAT) credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Profit and Loss account and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

13. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split, and reverse share split (consolidation of shares).

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.

14. 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 adjusted to reflect the current best estimates.

Contingent liabilities are shown by way of note in the Notes to Accounts in respect of obligations where based on the evidence available, their existence at the Balance Sheet date is considered not probable. Contingent assets are neither recognised in the accounts nor disclosed.

15. Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand.

B. Notes to Accounts

- Contingent liabilities (not provided for) in respect of:

(₹ in Million)		
Particulars	2010-11	2009-10
a) Claims against the Company not acknowledged as debts	4.53	-

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

2. Capital commitment

(₹ in Million)

Particulars	2010-11	2009-10
a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	3.77	-

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

(₹ in Million)

Particulars	2010-11	2009-10
Statutory auditors		
i) Audit Fee	0.15	0.01
ii) Other services	0.10	-
iii) For Expenses	0.17	-

4. Computation of net profit in accordance with Section 349 of the Companies Act, 1956 for calculation of commission payable to Directors:

a) Executive and non executive directors

(₹ in Million)

Particulars	2010-11	2009-10
Profit before tax as per Profit and Loss Account	285.99	-
Add: Directors' Sitting Fees	0.08	-
(Profit)/ Loss on Sale of Investments/Assets (net)	(84.95)	-
Net profit for calculating Directors' Commission	201.12	-
Maximum Commission payable to (calculated on proportionate basis) :		
Non-Executive Directors @ 1% on ₹201.12 Million (-)	1.17	-
Managing Directors @ 1.5% on ₹201.12 Million (-)	0.50	-
Commission paid to:		
a. Non-Executive Directors	1.00	-
b. Managing Directors	-	-

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

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

(₹ in Million)

Particulars	2010-11	2009-10
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	-	-
The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006		
Total	-	-

7. Particulars of forward contracts as at the Balance Sheet date:

Forward contract outstanding as at Balance Sheet date:

Particulars	Currency	Amount in Foreign Currency	Amount (₹ in Million)	Purpose
Buy	USD	1,399,489 (-)	65.31 (-)	To hedge the import creditors for Raw Material.
Total	USD	1,399,489 (-)	65.31 (-)	

There are no unhedged foreign currency exposure as at year end.

8. Additional information pursuant to the provisions of Part II of Schedule VI to the Companies Act, 1956:

A) Sales of goods traded and produced

Class of Product	Unit of Measurement	Quantity (Unit)		Amount (₹ in Million)	
		2010-11	2009-10	2010-11	2009-10
Refractory	('000 Tonnes)	47.33	-	677.58	-
Total				677.58	-

B) Consumption of raw materials

Class of Product	Unit of Measurement	Quantity (Unit)		Amount (₹ in Million)	
		2010-11	2009-10	2010-11	2009-10
Bauxite	('000 Tonnes)	16.90	-	275.31	-
Others				107.28	-
Total				382.59	-

C) Details of Finished Goods

Class of Product	Unit of Measurement	Quantity (Unit)		Amount (₹ in Million)	
		2010-11	2009-10	2010-11	2009-10
Opening stock*					
Refractory	('000 Tonnes)	5.76	-	86.02	-
Closing stock					
Refractory	('000 Tonnes)	7.85	-	111.78	-

*Stock received as per Scheme of Arrangement as on April 1, 2010.

D) Licensed Capacity, Installed Capacity and Actual Production

Class of Product	Unit	Licensed Capacity		Installed capacity		Actual Production	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Refractory	('000 Tonnes)	N.A	N.A	N.A	N.A	49.41	-

E) CIF Value of Imports

Particulars	(₹ in Million)	
	2010-11	2009-10
Spare parts, coal etc.	136.85	-

9. Expenditure in foreign currency (Accrual basis):

Particulars	(₹ in Million)	
	2010-11	2009-10
Professional Fees, Consultation Fee and Interest	3.33	-
Others	2.89	-
Total	6.22	-

10. Earnings in foreign currency (Accrual basis):

Particulars	(₹ in Million)	
	2010-11	2009-10
Export of goods at FOB value	24.18	-
Total	24.18	-

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

	Imported		Indigenous		Value of total consumption (₹ in Million)
	Value (₹ in Million)	Percentage to Total Consumption	Value (₹ in Million)	Percentage to Total Consumption	
Raw Materials	163.88 (-)	42.83 (-)	218.71 (-)	57.17 (-)	382.59 (-)

12. Gratuity and Other Post Employment Benefit Plans

Gratuity

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

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

Profit and Loss Account

Net employee benefit expense (recognised in Personnel Expenses)

Particulars	(₹ in Million)	
	2010-11	2009-10
Current Service Cost	3.29	-
Net Actuarial (Gain)/ Loss	(0.10)	-
Total Expense	3.19	-
Actual return on planned assets	1.49	-

Balance Sheet

Particulars	(₹ in Million)	
	2010-11	2009-10
Present value of obligation as at year-end	20.22	-
Fair value of plan assets as at year-end	23.50	-
Funded status {(Surplus)/(Deficit)}	3.28	-
Net Asset/(Liability) as at year end	3.28	-

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

Particulars	(₹ in Million)	
	2010-11	2009-10
Opening defined benefit obligation	-	-
Acquisition adjustments	15.54	-
Current service cost	3.29	-
Actuarial (gains)/ losses on obligation	1.39	-
Closing defined benefit obligation	20.22	-

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

Particulars	(₹ in Million)	
	2010-11	2009-10
Opening fair value of plan assets	-	-
Acquisition adjustments	15.54	-
Contribution by employer	6.47	-
Actuarial gains/ (losses) on obligation	1.49	-
Closing fair value of plan assets	23.50	-

The Company expects to contribute ₹4.52 million to gratuity in 2011-12.

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

Particulars	Gratuity (Funded)	
	2010-11	2009-10
Qualifying Insurance Policy	100%	-

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

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

Particulars	Gratuity (Funded)	
	2010-11	2009-10
Discount Rate	8.00%	-
Expected rate of return on assets	9.15%	-
Mortality Table	LIC (1994-96)	-
Salary Escalation	7.00%	-

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

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

Particulars	Gratuity (Funded)	
	2010-11	2009-10
Defined benefit obligation	20.22	-
Plan assets	23.50	-
Surplus/ (deficit)	3.28	-
Experience adjustment on plan assets	1.49	-
Experience adjustment on plan liabilities	(1.39)	-

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

Provident and other funds

Contribution to Defined Contribution Plans:

Particulars	Gratuity (Funded)	
	2010-11	2009-10
Pension Fund/Superannuation funds	13.72	Nil

Provident Fund

The Guidance note issued by Accounting Standard Board (ASB) on implementing AS 15, Employee Benefit (Revised 2005) states that provident funds set up by the employers, which require interest shortfall to be met by the employer, needs to be treated as defined benefit plan. The fund does not have any existing deficit or interest shortfall. In regard to any future obligation arising due to interest shortfall (i.e. government interest to be paid on provident fund scheme exceeds rate of interest earned on investment), pending the issuance of Guidance Note from the actuarial society of India, the Company's actuary has expressed his inability to reliably measure the same.

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

Segment Information

The following table presents segment revenues, results, assets & liabilities in accordance with AS-17 as on March 31, 2011.

(₹ in Million)

Segment Particulars	Refractory	Management Services	Other	Total
Revenue				
Gross Revenue	677.58	668.01	-	1,345.59
	(-)	(-)	(-)	(-)
Results				
Segment result	35.99	124.88	(0.45)	160.42
	(-)	(-)	(1.20)	(1.20)
Less: Interest and Financial Charges				0.88
				(-)
Add: Other unallocable income net of unallocable expenditure				126.45
				(-)
Profit before Tax				285.99
				(1.20)
Tax expense				71.56
				(0.20)
Profit after Tax				214.43
				(1.00)
Assets				
	447.51	1,422.09	3.91	1,873.51
	(-)	(-)	(17.00)	(17.00)
Non Segments Assets				3,418.11
				(-)
Total Assets				5,291.62
				(17.00)
Liabilities				
	139.78	69.13	0.33	209.24
	(-)	(-)	(-)	(-)
Non Segments Liabilities				125.67
				(-)
Total Liabilities				334.91
				(-)
Depreciation				
	-	14.14	0.24	14.38
	(-)	(-)	(-)	(-)
Capital Expenditure				
	-	8.04	-	8.04
	(-)	(-)	(-)	(-)

14. Related Party Disclosure as required by Accounting Standard-18.

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

Subsidiaries of the Company

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

Subsidiaries of Dalmia Cement (Bharat) Limited

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

Step down Subsidiaries of Dalmia Cement Ventures Limited

Golden Hills Resort Private Limited and Rajputana Properties Private Limited

Step down Subsidiaries of Dalmia Minerals & Properties Limited

Cosmos Cements Limited and Sutnga Mines Private Limited

Subsidiary of Dalmia Power Limited

DCB Power Ventures Limited

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

OCL India Limited

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

Khappa Coal Company Private Limited

Key Management Personnel of the Company

Shri J. H. Dalmia, Shri Y. H. Dalmia-Managing Director, Shri Gautam Dalmia, Shri Puneet Yadu Dalmia.

Relatives of Key Management Personnel

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

Enterprises controlled by the Key Management Personnel of the Company

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

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

(₹ in Million)

Nature of Transaction	Holding Company	Subsidiary Companies	Step-down Subsidiary Companies	Associate of Subsidiary	Key Management Personnel/ Director	Relatives of Key Management Personnel	Key Management Personnel controlled enterprises	Total
Sale of goods and services	- (-)	642.67 (-)	6.25 (-)	27.12 (-)	- (-)	- (-)	83.66 (-)	759.70 (-)
Reimbursement of expenses	- (-)	149.41 (-)	1.51 (-)	0.64 (-)	- (-)	- (-)	102.85 (-)	254.41 (-)
Purchase of goods and services	- (-)	57.88 (-)	- (-)	- (-)	- (-)	- (-)	229.43 (-)	287.31 (-)
Rent Receipts	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	0.72 (-)	0.72 (-)
Interest Received	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	17.74 (-)	17.74 (-)
Receipt of fund on their behalf and transfer	- (-)	345.00 (-)	- (-)	- (-)	- (-)	- (-)	208.41 (-)	553.41 (-)
Sale of Equity Shares	- (-)	- (-)	106.29 (-)	- (-)	- (-)	- (-)	- (-)	106.29 (-)
Loans and Advances given	- (-)	65.21 (-)	- (-)	- (-)	- (-)	- (-)	1,892.00 (-)	1,957.21 (-)
Loans and advances received back	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	1,642.00 (-)	1,642.00 (-)
Loan Taken	- (1.10)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (1.10)
Refund of Loan	- (14.43)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (14.43)
Sale of Fixed Assets	- (15.50)	- (-)	- (-)	- (-)	- (-)	- (-)	2.40 (-)	2.40 (15.50)

b. Balances outstanding at year end:

(₹ in Million)

Nature of Transaction	Holding Company	Subsidiary Companies	Step-down Subsidiary Companies	Associate of Subsidiary	Key Management Personnel/ Director	Relatives of Key Management Personnel	Key Management Personnel controlled enterprises	Total
Loans receivable	- (-)	66.66 (-)	- (-)	- (-)	- (-)	- (-)	250.00 (-)	316.66 (-)
Amounts receivable	- (1.06)	91.41 (-)	6.64 (-)	0.36 (-)	- (-)	- (-)	312.10 (-)	410.51 (1.06)
Amounts payable	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	26.76 (-)	26.76 (-)

15. A Scheme of Arrangement between the Company, DBSIL [Dalmia Bharat Sugar and Industries Limited (formerly known as Dalmia Cement (Bharat) Limited)], DPVL [DCB Power Ventures Limited], DCBL [Dalmia Cement (Bharat) Limited (formerly known as Avnija Properties Limited)] and their respective shareholders and creditors under section 391 – 394 of the Companies Act 1956 has been sanctioned by the Hon'ble High Court of Madras on July 29, 2010 and made effective on September 1, 2010. According to the said Scheme, in the first phase the Cement, Captive Thermal Power and the Refractory businesses were demerged and transferred to the Company with effect from the appointed date, i.e., April 1, 2010. Thereafter, in the second phase, the Cement and Captive Thermal Power business were demerged into DCBL and DPVL, respectively, with effect from the same date.

As per the accounting treatment detail in the Scheme, the Company has recorded the transfer of the assets and liabilities of the aforementioned undertakings vested in it, pursuant to the Scheme at the respective values as recorded in the books of DBSIL as on the appointed date. Similarly the assets and liabilities of the businesses transferred and vested in DCBL and DPVL have been transferred to the respective companies at the book values thereof.

The Company has, accordingly, credited the difference between the value of assets and liabilities as reduced by the shares issued pursuant to the Scheme as "Business Restructuring Reserve" which shall constitute free reserves available for all purposes to the company, at its own discretion.

The details of assets and liabilities taken over from Dalmia Bharat Sugar and Industries Limited and transferred to Dalmia Cement (Bharat) Limited and DCB Power Ventures Limited are as under:

	(₹ in Million)
Gross amount of Assets taken over:	
Fixed Assets	21,428.31
Investments	7,895.81
Current Assets Loans & Advances	6,533.31
Subtotal (A)	35,857.43
Less: Liabilities	
Secured Loans	19,909.10
Unsecured Loans	1,102.13
Current Liabilities & Provisions	3,853.73
Deferred Tax liability	2,090.87
Subtotal (B)	26,955.83
Difference of Assets over liabilities taken over (A) - (B) = (C)	8,901.60
Less: Assets transferred to Dalmia Cement (Bharat) Limited and DCB Power Ventures Limited:	
Fixed Assets	21,338.30
Investments	3,818.16
Current Assets Loans & Advances	5,663.98
Subtotal (D)	30,820.44
Less: Liabilities transferred to the said Companies:	
Secured Loans	19,888.91
Unsecured loans	1,102.13
Current Liabilities & Provisions	3,701.37
Deferred Tax liability	2,085.18
Subtotal (E)	26,777.59
Net Assets transferred (D) - (E) = (F)	4,042.85

As per our report of even date

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

per **Arun K. Tulsian**
Partner
Membership No. 89907

Place: New Delhi
Date: May 26, 2011

	(₹ in Million)
Balance Assets remaining with the Company	
Fixed Assets	90.01
Investments	4,077.65
Current Assets Loans & Advances	869.33
Subtotal (G)	5,036.99
Less: Balance Liabilities remaining with the Company	
Secured Loans	20.19
Unsecured Loans	-
Current Liabilities & Provisions	152.36
Deferred Tax liability	5.69
Subtotal (H)	178.24
Net Assets remaining with the Company (G) - (H) = (I)	4,858.75
Represented by	
Share Capital - 80,939,303 Equity Shares of ₹2 each issued to the Shareholders of DBSIL as on the record date, i.e., September 27, 2010 in terms of the Scheme	161.88
Business Restructuring Reserve	4,696.87
New Worth (J)	4,858.75

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

17. Previous Year Comparatives

- Figures of previous year were audited by M/s Indra D. Narayan & Co..
- Figures in brackets pertain to previous year. Previous year's figures have been regrouped where necessary to conform to this year's classification. Previous year figures are not strictly comparable. (Refer note B (15)).

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

Y. H. Dalmia
Managing Director

Nidhi Bisaria
Company Secretary

N. Gopalaswamy
Director

Vipin Agarwal
Executive Director (Finance)

Balance Sheet Abstract and Company's General Business Profile

Information pursuant to Part IV of Schedule VI to the Companies Act 1956:

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details:

Registration No.	18-058818	State Code	18
Balance Sheet Date	31.03.2011		

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

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III. Position of mobilisation and deployment of funds (Amount in ₹ Thousands)

Total Liabilities	4964429	Total Assets	4964429
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Sources of Funds:

Paid up Capital	162376	Reserves and Surplus	4794326
Secured Loans	3176	Unsecured Loans	NIL

Application of Funds:

Net Fixed Assets	77444	Investments	3376094
Net Current Assets (Considering deferred tax liability)	1506340	Miscellaneous Expenditure	NIL
Accumulated Losses	NIL		

IV. Performance of the Company (Amount in ₹ Thousands)

Turnover	1478587	Total Expenditure	1192600
Profit before Tax	285987	Profit after Tax	214430
Earning per Share (₹)	2.64	Dividend Rate (%)	62.50

V. Generic names of three principal products/services of Company (as per monetary terms)

Product	REFRACTORY
Item Code (ITC Code)	690220

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

Y. H. Dalmia
Managing Director

N. Gopalaswamy
Director

Place: New Delhi
Date: May 26, 2011

Nidhi Bisaria
Company Secretary

Vipin Agarwal
Executive Director (Finance)

Cash Flow Statement for the year ended March 31, 2011

(₹ in Million)

2010-11

2009-10

A. Cash Flow from Operating Activities

Net Profit before tax	285.99	1.20
Adjustments		
Depreciation (Net)	14.38	-
Dividend Income	(5.45)	-
Interest (Net)	(34.00)	(0.04)
(Profit)/Loss on sale of Investments	(86.12)	-
(Profit)/Loss on sale of Fixed Assets	-	(2.28)
Assets written off	1.17	-
Operating Profit before working Capital Changes	175.97	(1.12)
Adjustments for Working Capital Changes :		
Inventories	(1.84)	-
Trade and other receivables	(384.06)	(1.06)
Trade Payables	56.87	-
Cash Generated from Operations	(153.06)	(2.18)
Direct Taxes Paid	(114.90)	-
Net Cash from Operating Activities	(267.96)	(2.18)

B Cash Flow from Investing Activities

Purchase of fixed Assets	(8.04)	-
Sale of Fixed Assets	5.06	15.50
(Purchase)/ Sale of investments (Net)	787.68	-
Interest Received	34.88	-
Dividend Received	5.45	0.03
Net Cash from Investing Activities	825.03	15.53

C Cash used in Financing Activities

Proceed from Unsecured Loans	-	(13.34)
Proceed from Secured Loans	(17.01)	-
Interest paid	(0.88)	-
Net cash from/(used in) Financing Activities	(17.89)	(13.34)
Net increase in cash and cash equivalents (A+B+C)	539.18	0.01

Cash Flow Statement for the year ended March 31, 2011

(₹ in Million)

	2010-11	2009-10
Cash and cash equivalents (Opening Balance)	0.62	0.61
Cash additions pursuant to Scheme of Arrangement	42.90	-
Cash and cash equivalents (Closing Balance)	582.70	0.62
Change in cash and cash equivalents	539.18	0.01

Note:

- 1) Cash & cash equivalents components are as per Schedule 9 of the Balance Sheet.
- 2) Previous year figures have been regrouped/ restated wherever necessary.

As per our report of even date

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

per **Arun K. Tulsian**
Partner
Membership No. 89907

Place: New Delhi
Date: May 26, 2011

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

Y. H. Dalmia
Managing Director

Nidhi Bisaria
Company Secretary

N. Gopalaswamy
Director

Vipin Agarwal
Executive Director (Finance)

Auditors' Report

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

The Board of Directors, DALMIA BHARAT ENTERPRISES LIMITED

We have audited the attached consolidated Balance Sheet of **DALMIA BHARAT ENTERPRISES LIMITED** ('the Company') and its subsidiaries, associate and joint venture (collectively referred to as "**the Dalmia Group**") as at March 31, 2011, and also the consolidated Profit and Loss account and the consolidated Cash Flow statement (the consolidated financial statements) for the year ended on that date, annexed thereto. These consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding subsidiaries, joint venture and associate. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We did not audit the financial statements of the joint venture and certain subsidiaries, except three subsidiaries Dalmia Cement (Bharat) Limited, Ishita Properties Limited and DCB Power Ventures Limited, whose financial statements reflect total assets of ₹3756.36 Million (Previous Year Nil) as at 31st March, 2011, total revenues of ₹68.82 Million (Previous Year Nil) and total cash flows amounting to ₹19.37 Million (Previous Year Nil) for the year ended. We also did not audit the financial statements of the associate in which the share of profit of the Dalmia Group is ₹519.34 Million (Previous Year Nil). These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion in so far as it related to amount included in respect of other subsidiary and Joint venture based solely on the report of the other auditors.

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

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

- a) in the case of Consolidated Balance Sheet, of the consolidated state of affairs of the Dalmia Group as at March 31, 2011.
- b) in the case of Consolidated Profit & Loss account, of the consolidated results of operations of the Dalmia group for the year ended on that date; and
- c) in the case of Consolidated Cash Flow Statement, of the consolidated cash flow of the Dalmia group for the year ended on that date.

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

per **Arun K. Tulsian**
Partner
Membership No.: 89907

Place: New Delhi
Date: May 26, 2011

Consolidated Balance Sheet as at March 31, 2011

(₹ in Million)

As at
March 31, 2011

Schedule

SOURCES OF FUNDS		
Shareholders' Funds		
Share Capital	1	162.38
Reserves and Surplus	2	27,614.50
		27,776.88
Preference Capital held by others		7.00
Loan Funds		
Secured Loans	3	18,244.98
Unsecured Loans	4	1,051.04
		19,296.02
Minority Interest		4086.34
Deferred Tax Liability (Net)	5	530.86
Total		51,697.10
APPLICATION OF FUNDS		
Fixed Assets	6	
Gross Block		37,765.24
Less: Accumulated Depreciation		1,846.19
Net Block		35,919.05
Capital Work-in-Progress		1,609.01
		37,528.06
Investments	7	6,592.09
Current Assets, Loans and Advances		
Inventories	8	3,103.59
Sundry Debtors	9	1,008.04
Cash and Bank Balances	10	4,543.20
Loans and Advances	11	2,353.78
	(A)	11,008.61
Less: Current Liabilities and Provisions		
Current Liabilities	12	3,264.05
Provisions	13	167.61
	(B)	3,431.66
Net Current Assets	(A-B)	7,576.95
Total		51,697.10
Notes to Accounts	20	

The Schedules referred to above and the Notes to Accounts form an integral part of the Consolidated Balance Sheet.

As per our report of even date

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

per **Arun K. Tulsian**
Partner
Membership No. 89907

Place: New Delhi
Date: May 26, 2011

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

Y. H. Dalmia
Managing Director

Nidhi Bisaria
Company Secretary

N. Gopalaswamy
Director

Vipin Agarwal
Executive Director (Finance)

Consolidated Profit and Loss Account for the year ended March 31, 2011

(₹ in Million)

For the year ended
March 31, 2011

Schedule

INCOME		
Turnover (Gross)		19,689.97
Less: Excise Duty		2,230.69
Turnover (Net)		17,459.28
Other income	14	541.64
Total		18,000.92
EXPENDITURE		
(Increase)/Decrease in Stocks	15	63.52
Raw Material Consumed		1,948.58
Purchase of Trading Goods		4.41
Personnel Expenses	16	1,067.41
Operating and other Expenses	17	10,727.13
Depreciation / Amortisation	6	1,752.72
Financial Expenses	18	1,723.09
Total		17,286.86
Profit before Tax		714.06
Provision for Taxation		
Current Tax		190.46
Less: MAT Credit Entitlement		109.27
Deferred Tax charge		525.17
Prior year Tax charge		4.52
Total Tax Expenses		610.88
Profit after tax before Share of Profit in Associates		103.18
Add: Share of Profit in Associates		519.34
Less: Share of Minority Interest		124.81
Profit after Tax		497.71
Balance Brought Forward from Previous Year		0.98
Add: Transfer from Debenture Redemption Reserves		100.00
Profit available for appropriation		598.69
Appropriations		
General Reserve		22.00
Reserve Fund		0.28
Debenture Redemption Reserve		97.92
Dividend		
Proposed Dividend		101.49
Dividend Distribution tax thereon		16.46
Balance Carried To Balance Sheet		360.54
Earning Per Share	19	
Basic and Diluted Earnings Per Share (In ₹)		
[Nominal Value of Share ₹2 (₹2) each]		6.13
Notes to Accounts	20	

The Schedules referred to above and the Notes to Accounts form an integral part of the Consolidated Profit and Loss Account.

As per our report of even date

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

per **Arun K. Tulsian**
Partner
Membership No. 89907

Place: New Delhi
Date: May 26, 2011

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

Y. H. Dalmia
Managing Director

Nidhi Bisaria
Company Secretary

N. Gopalaswamy
Director

Vipin Agarwal
Executive Director (Finance)

Schedules to the Consolidated Accounts

(₹ in Million)
As at
March 31, 2011

Schedule 1: Share Capital

Authorised:

10,00,00,000 Equity Shares of ₹2 each	200.00
	200.00

Issued, Subscribed and Paid Up:

8,11,89,303 Equity Shares of ₹2 each fully paid up	162.38
	162.38

Note:

Of the above:

(i) 8,09,39,303 Shares were allotted as fully paid-up pursuant to Scheme of Arrangement between the Company and Dalmia Cement (Bharat) Limited (formerly Avnija Properties Limited), DCB Power Ventures Limited, Dalmia Bharat Sugar and Industries Limited (formerly Dalmia Cement (Bharat) Limited) without payments being received in cash.

Schedule 2: Reserves and Surplus

(₹ in Million)

	Opening Balance	Additions pursuant to Scheme of Arrangement	Additions during the year	Deductions during the year	Transfer to Minority Interest	Closing Balance
Capital Reserve	-	-	112.53	-	-	112.53
Business Restructuring Reserve	-	25,627.02	-	-	-	25,627.02
Share Premium Account	-	-	4,620.81	33.84	-	4,586.97
General Reserve	-	-	22.00	-	-	22.00
Reserve Fund as per RBI	-	-	0.28	-	-	0.28
Debenture Redemption Reserve	-	489.58	97.92	100.00	-	487.50
Surplus in Profit and Loss Account	0.98					360.54
	0.98					31,196.84
Less: Minority Interest						3,582.34
						27,614.50

(₹ in Million)
As at
March 31, 2011

Schedule 3: Secured Loans

A. Redeemable Non-Convertible Debentures	2,800.00
B. Term Loans:	
i. From Banks	12,618.43
ii. From Others	2,562.00
C. Working Capital Loans	264.55
	18,244.98

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

- Series XA & XB ₹800.00 million are secured by a first pari-passu charge on whole of the movable and immovable properties (except book debts) of Cement unit at Dalmiapuram and Jamnagar property & redeemable in three yearly instalments in the ratio of 30:30:40 commencing from December 17, 2012.

- ii) Series XI ₹500.00 million are secured by a first pari-passu charge on all the movable and immovable properties of Cement unit at Dalmiapuram (except stock and book debts) and Jamnagar property & redeemable in three yearly instalments in the ratio of 30:30:40 commencing from May 15, 2013.
 - iii) Series XI A ₹500.00 million are secured by a first pari-passu charge on all the movable and immovable properties of Cement Unit at Dalmiapuram (except stock and book debts) and Jamnagar property & redeemable in three yearly instalments in the ratio of 30:30:40 commencing from October 15, 2013.
 - iv) Series XIII ₹1,000.00 million are secured by a first pari-passu charge on the immovable properties of Cement unit at Dalmiapuram and Jamnagar property & redeemable in three yearly equal instalments commencing from May 08, 2014.
- 2) Term Loans from Banks referred to in B (i) above to the extent of:
- i) ₹10,035.00 million are secured by exclusive first charge on land and building and hypothecation of all the fixed assets of Cement units at Cuddapah and Ariyalur excluding assets charged to working capital lenders and Vertical roller mills & other machineries and equipments for projects at Cuddapah & Ariyalur acquired under foreign currency loan.
 - ii) ₹603.43 million are secured by way of exclusive charge on Vertical roller mills & other machineries and equipments for projects at Cuddapah & Ariyalur acquired through this loan. The Loan has been availed in foreign currency.
 - iii) ₹1,500.00 million is secured by a subservient charge on the assets of Cement Division.
 - iv) ₹480.00 million is secured by first mortgage and charge on all the immoveable properties of Dalmia Cement Ventures Limited both present and future and first charge by way of hypothecation of all the movables of Dalmia Cement Ventures Limited including movable Plant and Machinery, Machinery spares, tools and accessories, fixtures, vehicles, mechanical and electrical equipments, mining machinery and all other movable assets, except book debts, present and future; subject to prior charges created and /or to be created on the stocks of raw materials, semi-finished and finished goods, consumeable stores, book debts/receivables and such other movables as may be agreed to by the Senior Lenders and other current assets for securing the borrowings for working capital requirements, in the ordinary course of business.
- 3) Term Loan from others referred to in B (ii) above are secured by a first pari-passu charge on the movable and immovable properties of Cement unit at Dalmiapuram.
- 4) Working capital loans are secured by hypothecation of inventories and other assets in favour of the participating Banks ranking pari-passu on inter-se-basis.

(₹ in Million)
As at
March 31, 2011

Schedule 4: Unsecured Loans

A: Fixed Deposits *	262.92
B: Other Loans	
From others	788.12
	1,051.04

* Includes from Directors ₹2.55 Million

Schedule 5: Deferred Tax

Deferred Tax assets/ Liabilities are attributable to the following items

Liabilities

Depreciation	714.52
--------------	--------

Assets

Expenses allowable for Tax Purposes	19.24
Unabsorbed Depreciation	164.42
	183.66
Net	530.86

Schedules to the Consolidated Accounts

Schedule 6: Fixed Assets

Description	GROSS BLOCK				DEPRECIATION		NET BLOCK	
	As at March 31, 2010	Addition pursuant to Scheme of Arrangement	Additions	Deductions	As at March 31, 2011	For the year @	Upto March 31, 2011	As at March 31, 2011
Tangible Assets:								
Owned Assets								
Land	-	3,870.29	388.97	61.06	4,198.20	-	-	4,198.20
Land (Leasehold)	-	17.41	-	-	17.41	0.58	11.66	5.75
Buildings	-	2,215.81	333.04	-	2,548.85	73.67	106.50	2,442.35
Plant and Machinery	-	28,662.77	1,841.85	0.95	30,503.67	1,635.67	1,646.43	28,857.24
Railway sidings	-	27.62	-	-	27.62	1.31	1.31	26.31
Vehicles	-	49.24	7.47	18.93	37.78	5.58	9.81	27.97
Furniture and Fixtures	-	53.72	2.89	0.34	56.27	9.86	21.21	35.06
Other Assets	-	96.94	9.33	0.56	105.71	10.35	32.87	72.84
Intangible Assets:								
Software Licenses (Bought out)	-	46.63	2.67	-	49.30	16.07	16.40	32.90
Goodwill on consolidation	-	-	220.43	-	220.43	-	-	220.43
	-	35,040.43	2,806.65	81.84	37,765.24	1,753.09	1,846.19	35,919.05
Capital work-in-progress		3,937.16						1,609.01

Notes:

@ includes depreciation charged to other heads ₹0.37 Million.

(₹ in Million)
As at
March 31, 2011

Schedule 7: Investments

Long Term

Trade

In Associates

Equity Shares

OCL India Limited* (Quoted)	4,498.82
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Non Trade

Equity Shares

Quoted	323.78
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Unquoted	22.45
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Fully paid up shares of Co-operative Societies	0.01
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Units of Mutual Funds (Quoted)

Debt based schemes	1,706.77
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Units of Urban Infrastructure Opportunities Fund (Unquoted)	120.56
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6,672.39

Less: Provision for diminution in value of investments	80.30
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Total@	6,592.09
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Quoted (including Mutual Funds):

Book Value	6,529.37
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Market Value	4,940.49
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Book Value of Unquoted Investments	143.02
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Notes:

There is no investment in companies under the same management.

* The carrying amount of investment includes Goodwill of ₹469.62 million.

Schedule 8: Inventories

(As taken, valued and certified by the Management)

Stores, Spares etc

On hand	1,057.25
In transit	975.50
Project Related	89.99

Raw Materials

On hand	230.60
In transit	2.75
Work in Progress	302.67
Finished Goods	444.83
	3,103.59

Schedule 9: Sundry Debtors

a) Debts over six months

Considered good	
Secured	7.90
Unsecured	41.13
Considered doubtful	138.89
Less: Provision for Bad and Doubtful Debts	138.89
	-

b) Others

Considered good	
Secured	398.80
Unsecured	560.21
	1,008.04

Schedule 10: Cash and Bank Balances

Cash on hand	1.31
Cheques in hand	2.01
Balances with Scheduled Banks:	
On current accounts	2,579.64
On cash credit accounts	250.02
On deposit accounts	1,710.22
	4,543.20

Schedules to the Consolidated Accounts

(₹ in Million)
As at
March 31, 2011

Schedule 11: Loans and Advances (Considered good unless otherwise stated)

Loans	
Secured	
Employees@	0.59
Unsecured	
Employees@	23.44
Others	566.38
Advances recoverable in cash or in kind or for value to be received (Unsecured)	
Others	927.03
Others (Considered doubtful)	1.92
MAT Credit entitlement	109.08
Deposit and Balances with Government Departments and Other Authorities	727.26
Other Authorities	2,355.70
Less: Provision for Doubtful Loan and advances	1.92
	2,353.78

	As at March 31, 2011 Outstanding Balance	2010-11 Maximum Balance
@ includes		
Due from officers of the Company	21.20	38.41

(₹ in Million)
As at
March 31, 2011

Schedule 12: Current Liabilities

Sundry Creditors	
- Micro and Small Enterprises	-
- Others	2,535.24
Advances from customers	167.16
Directors' Commission Payable	2.20
Unclaimed Fixed Deposits and interest thereon	1.99
Other liabilities	497.48
Interest accrued but not due on Loans	59.98
	3,264.05

Schedule 13: Provisions

Proposed Dividend on equity shares	101.49
Pension and other Staff benefits	37.73
Provision for Taxation {net of advance tax ₹219.41 Million}	11.93
Dividend Distribution Tax	16.46
	167.61

Schedule 14: Other Income

Interest

- From Banks {Tax deducted at source ₹5.19 Million}	114.38
- Others {Tax deducted at source ₹0.60 Million}	0.21
Lease Rent Income	22.05
Miscellaneous Receipts	193.10
	329.74

Dividend

- Investments (Non-trade)	5.63
Profit on Sale of Non-trade investments	1,179.07
Less: Loss on Sale of Non-trade investments	972.80
(including provision for diminution)	206.27
	211.90
	541.64

Schedule 15: (Increase) / Decrease in Stocks

Finished Goods	
- Closing stock	444.83
- Opening stock	-
- Addition pursuant to Scheme of Arrangement	284.67
	(160.16)
Work-in-Progress	
- Closing stock	302.67
- Opening stock	-
- Addition pursuant to Scheme of Arrangement	526.35
	223.68
	63.52

Schedule 16: Personnel Expenses

Salaries and Wages	862.87
{after allocating ₹75.03 Million to other accounts}	
Payment under Voluntary Retirement Scheme	-
Contribution to Provident Fund and Other Funds	78.31
Workmen and Staff Welfare expenses	126.23
	1,067.41

Schedules to the Consolidated Accounts

(₹ in Million)
For the year ended
March 31, 2011

Schedule 17: Operating and Other Expenses

Power and Fuel	5,163.02
Processing charges	196.39
Packing Materials	770.00
Consumption of Stores and Spares Parts	30.82
{after allocating ₹74.49 Million to other accounts}	
Excise duty variation on opening/closing stock	52.87
Repairs and Maintenance:	
- Plant & Machinery	474.87
- Buildings	29.77
- Others	7.94
Rent	35.04
Rates and Taxes	30.81
Insurance	27.05
Travelling	59.71
Advertisement and Publicity	79.26
Freight and Forwarding Charges	2,490.04
Selling Expenses	434.59
Commission paid to Other Selling Agents	24.38
Rebates, Discount & Allowances	153.38
Directors' sitting Fees	0.24
Non Executive Directors Commission	2.20
Charity and Donation	27.60
Loss on Sale of Fixed Assets	1.17
Assets written off	31.15
Provision for Doubtful Debts	54.30
Bad Debts written off	23.00
Miscellaneous Expenses	527.53
	10,727.13

Schedule 18: Financial Expenses

Interest	
- On term loans and debentures	1,587.82
- On borrowing from banks	1.77
- Others	101.85
Bank Charges	31.65
	1,723.09

Schedule 19: Earning Per Share

Net Profit for calculation of basic and diluted EPS (₹ in Million)	497.71
Total number of equity shares outstanding at the end of the year	81,189,303
Weighted average number of equity shares in calculating basic and diluted EPS	81,189,303
Basic and Diluted EPS (In ₹)	6.13

Schedule 20

Significant Accounting Policies and Notes to Accounts

A. Significant Accounting Policies

1. Basis of preparation

The Consolidated Financial Statements (CFS) have been prepared to comply in all material respects with the Accounting Standard notified by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which revaluation is carried out. The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year.

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

2. Principles of Consolidation

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

- a) Subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating all significant intra-group balances and intra-group transactions and also unrealised profits or losses, except where cost cannot be recovered.
- b) Minorities' interest in net profit of consolidated subsidiaries for the year is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets is identified and presented in the Consolidated Balance Sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual obligation on the minorities, the same is accounted for by the Holding Company.
- c) Interests in the assets, liabilities, income and expenses of the joint venture are consolidated using proportionate consolidation method. Intra group balances, transactions and unrealised profits/ losses are eliminated to the extent of Company's proportionate share.
- d) The difference of the cost to the Company of its investment in subsidiaries and joint venture over its proportionate share in the equity of the Investee Company as at the date of acquisition of stake is recognised in the financial statements as Goodwill or Capital Reserve, as the case may be.

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

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

- f) Goodwill/capital reserve arising on the acquisition of an associate by an investor is included in the carrying amount of investment in the associate and is disclosed separately.
- g) The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements. Differences in accounting policies have been disclosed separately.
- h) The difference between the proceeds from disposal of investment in subsidiary and the carrying amount of its assets less liabilities as of the date of disposal is recognised in the Consolidated Profit and Loss Account as the profit or loss on disposal of investment in subsidiary.
- i) The accounts of all the Group Companies are drawn up to the same reporting date as the parent entity (i.e. financial year ended March 31, 2011)

3. Use of Estimate

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 period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between the actual result and estimates are recognised in the period in which the results are known/materialised.

4. Fixed Assets

Fixed assets are stated at cost 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.

For asset transferred and vested in the Group pursuant to the Scheme of Arrangement, are being valued at cost/fair market values determined by approved valuers, as per the Scheme of Arrangement.

Intangible assets are recognised on the basis of recognition criteria as set out in the relevant Accounting Standard.

5. Depreciation/Amortisation

Depreciation is provided on fixed assets over the useful lives of the assets estimated by the management, which are equivalent to the rates prescribed in Schedule XIV to the Companies Act, 1956 and useful lives estimated by the approved valuers wherever they are shorter than equivalent to the rates prescribed under Schedule XIV on straight line basis. Computer software are amortised over a period of 3-5 years on a straight line basis.

6. Impairment of Assets

The carrying amount of assets is reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised 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.

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

Previously recognised impairment losses are reversed to the extent the recoverable amount exceeds the carrying amount.

7. Goodwill on Consolidation

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

8. Leases

Where the Group is the lessee

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 and Loss Account on a straight-line basis over the lease term.

Where the Group is the lessor

Assets subject to operating leases are included in fixed assets. Lease income is recognised in the Profit and Loss Account on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Profit and Loss Account. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Profit and Loss Account.

9. Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with. When the grant or subsidy relates to an expense item, it is recognised as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate. Where the grant or subsidy relates to an asset, its value is deducted from the gross value of the asset concerned in arriving at the carrying amount of the related asset.

10. Borrowing Costs

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

11. Segment reporting

Identification of segments

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

Inter segment Transfers

The Group accounts for inter segment sales and transfers as if the sales or transfers were to third parties at current market prices.

Allocation of common costs

Common allocable costs are allocated to each segment on reasonable basis.

Unallocated items

Includes general corporate income and expense items, which are not allocable to any business segment.

Segment Policies

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

12. Employee Benefits

- a. Employee benefits in the form of the Group's contribution to provident fund, pension fund, superannuation fund and ESI are considered as defined contribution plan and 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 contributions payable to the respective funds.
- b. Retirement benefits in the form of gratuity and provident fund contribution to Dalmia Cement Provident Fund Trust are defined benefit plans. Gratuity is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Contributions to Dalmia Cement Provident Fund Trust are charged to the Profit and Loss Account of the year when the contributions to the fund is due. Shortfall in the funds, if any, is adequately provided for by the Group.
- c. Leave encashment including compensated absences are provided for based on actuarial valuation at the year end. The actuarial valuation is done as per projected unit credit method.
- d. Actuarial gains/losses are immediately taken to Profit and Loss Account and are not deferred.
- e. Payments made under the Voluntary Retirement Scheme are charged to the Profit and Loss Account immediately.

13. Inventories

- a. Finished goods are valued at lower of cost or 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.
- b. Work in progress is valued at lower of cost or net realisable value. Cost is determined on a weighted average basis.
- c. Stores, Spares and Raw Materials are valued at lower of cost or net realisable value. However materials & other items of inventories held for use in the production are not written 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.

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.

14. Investments

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

15. Revenue Recognition

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

Sale of goods

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

Services and Others

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

Dividends

Revenue is recognised when the shareholders' right to receive payment is established by the Balance Sheet date.

Insurance Claim

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

16. Foreign Currency Transactions

a. 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.

b. 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.

c. Exchange Differences

Exchange differences arising on a monetary item that, in substance, form part of the Group's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognised as income or as expenses.

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of Group 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.

d. Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the Profit and Loss Account in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

17. Income Taxes

Tax expense comprises of current and deferred. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income tax 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 Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

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

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

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

18. Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split, and reverse share split (consolidation of shares).

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.

19. 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 adjusted to reflect the current best estimates.

Contingent liabilities are shown by way of note in the Notes to Accounts in respect of obligations where based on the evidence available, their existence at the Balance Sheet date is considered not probable. Contingent assets are neither recognised in the accounts nor disclosed.

20. Cash and Cash Equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand.

The Group comprises of the following entities:

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

Name of the Company	Country of Incorporation	Percentage of Ownership held as at March 31, 2011
Subsidiaries		
Dalmia Cement (Bharat) Limited (DCBL) (formerly known as Avnija Properties Limited)	India	85.01%
Kanika Investments Limited (KIL)	India	100%
Dalmia Power Limited (DPL)	India	100%
Subsidiaries of Dalmia Cement (Bharat) Limited		
Ishita Properties Limited (IPL)	India	100%
Hemshila Properties Limited (HPL)	India	100%
Geetee Estates Limited (GEL)	India	100%
D.I. Properties Limited (DIPL)	India	100%
Shri Rangam Properties Limited (SRPL)	India	100%
Shri Radha Krishna Brokers & Holdings Limited (SRKBHL)	India	100%
Arjuna Brokers & Minerals Limited (ABML)	India	100%
Sri Shanmugha Mines & Minerals Limited (SHMML)	India	100%
Sri Swaminatha Mines & Minerals Limited (SWMML)	India	100%
Sri Subramanya Mines & Minerals Limited (SUMML)	India	100%
Sri Trivikrama Mines & Properties Limited (STMPL)	India	100%
Sri Dhandauthapani Mines & Minerals Limited (SDMML)	India	100%
Sri Madhusudana Mines & Properties Limited (MMPL)	India	100%
Dalmia Minerals & Properties Limited (DMPL)	India	100%
Dalmia Cement Ventures Limited (DCVL)	India	100%

Name of the Company	Country of Incorporation	Percentage of Ownership held as at March 31, 2011
Step down subsidiaries of Dalmia Cement (Bharat) Limited		
Golden Hills Resorts Private Limited (GHRPL) (subsidiary of Dalmia Cement Ventures Limited)	India	100%
Rajputana Properties Private Limited (RPPL) (subsidiary of Dalmia Cement Ventures Limited)	India	100%
Cosmos Cements Limited (CCL) (subsidiary of Dalmia Minerals & Properties Limited)	India	100%
Sutnga Mines Private Limited (SMPL) (subsidiary of Dalmia Minerals & Properties Limited)	India	100%
Subsidiary of Dalmia Power Limited		
DCB Power Venture Limited (DCBPVL)#	India	100%
Associate of Dalmia Cement (Bharat) Limited		
OCL India Limited (OCL)	India	45.37%
Joint Venture of Dalmia Cement (Bharat) Limited		
Khappa Coal Company Private Limited (KCCPL)	India	36.73%

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

Notes to Accounts

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

Parent Company

Particulars	(₹ in Million) 2010-11
a) Claims against the Company not acknowledged as debts	4.53

Subsidiaries

Particulars	(₹ in Million) 2010-11
a) Claims against the Company not acknowledged as debts	620.49
b) Guarantees/Counter Guarantees given to banks on account of loans given by the banks to Bodies Corporate	14.70
c) Demand raised by custom, excise, entry tax, service tax and sales tax authorities in dispute	959.01

Joint Venture

Particulars	(₹ in Million) 2010-11
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a) Bank Guarantee issued to Ministry of Coal	14.32
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Based on favourable decisions in similar cases, legal opinion taken by the Group, discussions with the solicitors etc, the Group believes that there is a fair chance of favourable decisions in respect of the items listed above and hence no provision is considered necessary against the same.

(b) Capital Commitment

Particulars	(₹ in Million) 2010-11
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Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)

In respect of Parent	3.77
In respect of Subsidiaries	1,105.60

2. Loans falling due for repayment within one year:

Particulars	(₹ in Million) 2010-11
Secured	843.30
Unsecured	156.18

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

Particulars	(₹ in Million) 2010-11
a) Statutory Auditor	
i) Audit Fee	2.66
ii) Certification Fees	0.23
iii) For Other services	0.81
iv) For Expenses	0.46
b) as an advisor	
i) Management Services	0.38
b) Cost Auditor	
i) Audit Fee	0.10
ii) For Expenses	0.02

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

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

Particulars	(₹ in Million) 2010-11
Subsidiaries	
Golden Hills Resorts Private Limited	39.57
Rajputana Properties Private Limited	2.41
Ishita Properties Limited	4.73
Arjuna Brokers & Minerals Limited	0.07
Sri Shanamugha Mines & Minerals Limited	0.07
Dalmia Minerals & Properties Limited	1.00
Dalmia Cement Ventures Limited	0.78
Dalmia Power Limited	0.85
DCB Power Venture Limited	170.95
Total	220.43

6. Operating Lease

Assets given on lease

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

Contingent rent recognized in the Profit & Loss Account for the year is ₹ Nil (₹ Nil).

Particulars	(₹ in Million) 2010-11
Future minimum lease Receipts	
Not later than one year	22.05
Later than one year and not later than five years	65.23
Later than five years	-
Total	87.28

7. A Scheme of Arrangement between Dalmia Bharat Enterprises Limited, DBSIL (Dalmia Bharat Sugar and Industries Limited (formerly known as Dalmia Cement (Bharat) Limited), DPVL (DCB Power Venture Limited), DCBL (Dalmia Cement (Bharat) Limited (formerly known as Avniya Properties Limited) and their respective shareholders and creditors under section 391-394 of the Companies Act, 1956 has been sanctioned by the Hon'ble High Court of Madras on July 29, 2010 and made effective on September 01, 2010. According to the said Scheme, the cement, Captive Thermal Power and the Refractory business were demerged from DBSIL and transferred to & vested in the respective companies with effect from the appointed date i.e. April 01, 2010. The Accounting treatment as prescribed in the Scheme has been carried out in the respective companies including that for 'Business Restructuring Reserve'.

8. Particulars of Forward Contracts and Unhedged Foreign Currency Exposure as at the Balance Sheet date:

Forward contract outstanding as at Balance Sheet date:

Particulars	Currency	Amount in Foreign Currency	Amount (₹ in Million)	Purpose
Buy	Euro	739,961	46.45	To hedge the import creditors for Spare Parts & Filter Bags Purchased
Total	Euro	739,961	46.45	
Buy	USD	10,926,210	495.96	To hedge the import creditors for Coal, Spare Parts.
Buy	USD	1,212,678	56.35	To hedge the repayment of principal and interest foreign currency loans.
Buy	USD	1,399,489	65.31	To hedge the import creditors for raw material.
Total	USD	13,538,377	617.62	

Particulars of unhedged foreign currency exposure:

Particulars	Amount in Foreign Currency	Amount (₹ in Million)
Foreign currency loans	USD 12,427,915 (Closing rate 1 USD = ₹44.77)	556.40
Purchase of spare parts	Euro 636,000 (Closing rate 1 Euro = ₹63.1077)	40.14
Purchase of Coal, Spare Parts.	USD 4,098,000 (Closing rate 1 USD = ₹44.77) (-)	183.47

9. Gratuity and Other Post Employment Benefit Plans

Gratuity

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

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

Profit and Loss Account

Net employee benefit expense (recognised in Personnel expenses)

(₹ in Million)	
Particulars	Gratuity (Funded)
	2010-11
Current Service Cost	13.43
Net Actuarial (Gain)/ Loss	(10.10)
Total Expense	3.33
Actual return on planned assets	9.62

Balance Sheet

(₹ in Million)	
Particulars	Gratuity (Funded)
	2010-11
Present value of obligation as at year-end	115.09
Fair value of plan assets as at year-end	137.76
Funded status {(Surplus)/(Deficit)}	22.67
Net Asset/(Liability) as at year end	22.67

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

(₹ in Million)	
Particulars	Gratuity (Funded)
	2010-11
Opening defined benefit obligation	-
Acquisition adjustments	102.49
Current service cost	13.43
Benefits paid out of funds	(0.36)
Actuarial (gains)/ losses on obligation	(0.47)
Closing defined benefit obligation	115.09

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

(₹ in Million)	
Particulars	Gratuity (Funded)
	2010-11
Opening fair value of plan assets	-
Expected return	102.49
Contribution by employer	26.01
Benefits paid	(0.36)
Actuarial gains/ (losses) on obligation	9.62
Closing fair value of plan assets	137.76

The Group expects to contribute ₹12.99 million to gratuity in 2011-12.

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

Particulars	Gratuity (Funded)
	2010-11
Qualifying Insurance Policy	100%

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

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

Particulars	Gratuity (Funded)
	2010-11
Discount Rate	8.00%
Expected rate of return on assets	9.15%
Mortality Table	LIC (1994-96)
Salary Escalation	7.00%

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

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

(₹ in Million)	
Particulars	Gratuity (Funded)
	2010-11
Defined benefit obligation	115.09
Plan assets	137.76
Surplus/ (deficit)	22.67
Experience adjustment on plan assets	3.36
Experience adjustment on plan liabilities	6.74

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

Provident and other funds

Contribution to Defined Contribution Plans:

	(₹ in Million)
Particulars	2010-11
Pension Fund/Superannuation funds	52.64

Provident Fund

The Guidance note issued by Accounting Standard Board (ASB) on implementing AS 15, Employee Benefit (Revised 2005) states that provident funds set up by the employers, which require interest shortfall to be met by the employer, needs to be treated as defined benefit plan. The fund does not have any existing deficit or interest shortfall. In regard to any future obligation arising due to interest shortfall (i.e. government interest to be paid on provident fund scheme exceeds rate of interest earned on investment), pending the issuance of Guidance Note from the actuarial society of India, the Group's actuary has expressed his inability to reliably measure the same.

10. Segment Information

Primary Segment: Business Segment

The Group's operating businesses are organised and managed separately according to the nature of products manufactured and services provided. The identified reportable segments are Own Manufactured Cement, Refractory, Management Services and Others.

The "Own Manufactured Cement Segment" includes manufacture and marketing of Cement.

The "Refractory Segment" includes marketing of Refractory products.

The Group caters mainly to the needs of the domestic market. The export turnover is not significant in the context of total turnover. As such there are no reportable Geographical Segments.

Segment Information

The following table presents segment revenues, results, assets & liabilities in accordance with AS-17 as on March 31, 2011.

	(₹ in Million)				
Particulars	Cement	Refractory	Management Services	Others	Total
Revenue					
Gross Revenue	18,987.58	677.58	668.01	412.05	20,745.22
Less: Inter/ Intra Segment Revenue	1.68	55.58	585.94	412.05	1055.25
Less: Excise Duty	2,230.69	-	-	-	2,230.69
Total Revenue	16,755.21	622.00	82.07	-	17,459.28
Results					
Segment result	1,832.99	35.99	124.88	116.80	2,110.66
Less: Interest and Financial charges					1,723.09
Add: Other unallocable income net of unallocable Expenditure					326.49
Profit before Tax					714.06
Tax Expense					610.88
Share of Profit in Associate					519.34
Less: Minority Interest					124.81
Profit after Tax					497.71
Assets	41,348.34	447.51	1,324.03	3,592.02	46,711.90
Non Segments Assets					8,416.86
Total Assets					55,128.76
Liabilities	2,844.93	139.78	69.13	365.74	3,419.58
Non Segments Liabilities					23,932.30
Total Liabilities					27,351.88
Depreciation	1,539.91	-	14.15	198.66	1,752.72
Capital Expenditure	1,196.00	-	8.03	1,602.52	2,806.55

11. During the year, the Group has incurred some expenditure related to acquisition/construction of fixed assets and therefore accounted for the same under Capital work in progress. Details of the expenses capitalised and carried forward as capital work in progress are given below:

Subsidiaries

(₹ in Million)

Particulars	2010-11
Brought forward to current year as part of Capital Work in Progress	512.51
Expenditure incurred during the year	
Personnel Expenses	
Salaries and Wages	6.00
Operating and other Expenses	
Repair and maintenance	-
Others	-
Rent	1.14
Rates and Taxes	0.20
Insurance	0.02
Travelling	0.15
Miscellaneous Expenses	98.32
Financial Expenses	
Interest	
On Borrowing from Banks	57.82
Bank Charges	1.20
Income on fixed deposits reversed	55.23
Income on sale of investments reversed	4.76
Depreciation /Amortisation	0.38
Total Expenditure during the year	225.22
Grand Total	737.73
Capitalised in fixed assets	-
Carried forward as part of Capital Work in Progress	737.73

Joint Venture

Brought forward to current year as part of Capital Work in Progress	46.96
Personnel Expenses	
Salaries and Wages	0.25
Workmen and Staff Welfare expenses	0.28
Operating and other Expenses	
Travelling	0.73
Miscellaneous Expenses	0.01
Total Expenditure during the year	1.27
Carried forward as part of Capital Work in Progress	48.23

12. Related Party Disclosure as required by Accounting Standard-18.

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

Associate of the Group

OCL India Limited (w.e.f. April 1, 2010)

Key Management Personnel of the Group

Shri J. H. Dalmia, Shri Y. H. Dalmia - Managing Director, Shri Gautam Dalmia, Shri Puneet Yadu Dalmia.

Relatives of Key Management Personnel

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

Enterprises controlled by the Key Management Personnel of the Group

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

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

(₹ in Million)

Nature of Transaction	Associate	Key Management Personnel	Relatives of Key Management Personnel	Key Management Personnel controlled enterprises	Total
Sale of goods and services	293.87	-	-	87.75	381.62
Reimbursement of expenses	0.65	-	-	115.99	116.64
Purchase of goods and services	277.66	-	-	542.25	819.91
Rent Receipt (including Lease Rent)	-	-	-	22.80	22.80
Interest Received	-	-	-	17.74	17.74
Fixed Deposit received	-	-	45.90	-	45.90
Refund of Security deposit	-	-	-	66.60	66.60
Receipt of fund on their behalf and transfer	-	-	-	2,488.27	2,488.27
Loans and advances given	-	-	-	1,892.00	1,892.00
Loans and advances received back	-	-	-	1642.00	1642.00
Loans and advances repayment	-	-	-	7.50	7.50
Purchase of Investments	-	-	-	-	-
Purchase of Fixed Assets	-	-	-	13.42	13.42
Sale of Fixed Assets	4.16	-	-	2.40	6.56
Interest paid on Fixed Deposit	-	-	21.69	-	21.69

c) Balances outstanding at year end:

(₹ in Million)

Nature of Transaction	Associate	Key Management Personnel	Relatives of Key Management Personnel	Key Management Personnel controlled enterprises	Total
Security deposit received	-	-	-	-	-
Unsecured Loan	-	-	170.90	-	170.90
Loan Receivable	-	-	-	250.00	250.00
Amounts receivable	4.15	-	-	312.00	316.15
Amounts payable	-	-	-	329.97	329.97

13. Details of the Group's share in Joint Ventures included in the Consolidated Financial Statement are as follows:

(₹ in Million)

Particulars	2010-11
SOURCES OF FUNDS	
Shareholders Fund	-
Reserves & Surplus (Post Acquisition)	-
Loan Funds	
Secured Loans	-
Unsecured Loans	-
Total	-
APPLICATION OF ASSETS	
Fixed Assets	
Gross Block	0.15
Less: Accumulated Depreciation	0.01
Net block	0.14
Capital Work in Progress (including capital advance)	48.24
Current Assets, Loans & Advances	
Inventories	-
Sundry Debtors	-
Cash & Bank Balances	9.48
Loans & Advances	0.61
Less: Current liabilities & Provisions	
Current Liabilities	0.06
Net Current Assets	10.03
Profit and Loss Account	0.37
Total	58.78

14. Details of loans and advances to associates, parties in which Directors are interested and Investments by the Loanee in the shares of the Group (as required by clause 32 of listing agreement)

(₹ in Million)

Particulars	Outstanding amount as at 2010-11	Maximum amount outstanding during financial year 2010-11
Loans and Advances to Associates		
- OCL India Limited	86.94	86.94

15. As this is the first year of adoption of Accounting Standard (AS 21) – Consolidated Financial Statements, previous year's figures have not been presented.

As per our report of even date

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

per **Arun K. Tulsian**
Partner
Membership No. 89907

Place: New Delhi
Date: May 26, 2011

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

Y. H. Dalmia
Managing Director

Nidhi Bisaria
Company Secretary

N. Gopalaswamy
Director

Vipin Agarwal
Executive Director (Finance)

Consolidated Cash Flow Statement for the year ended March 31, 2011

(₹ in Million)

2010-11

A. Cash Flow from Operating Activities

Net Profit before tax	714.06
Adjustments	
Share of Profit in Associates	519.34
Depreciation (Net)	1,753.09
Provision for doubtful debts	54.30
Bad Debts / Advances written off	23.00
Dividend Income	(5.63)
Interest (Net)	1,576.85
(Profit)/Loss on sale of Investments	(206.27)
(Profit)/Loss on sale of fixed assets	-
Assets written off	31.15
Operating Profit before working Capital Changes	4,459.89
Adjustments for Working Capital Changes :	
Inventories	(1,000.94)
Trade and other receivables	(95.99)
Trade Payables	(884.24)
Cash Generated from Operations	2,478.72
Direct Taxes Paid	(182.86)
Net Cash from Operating Activities	2,295.86

B Cash Flow from Investing Activities

Purchase of fixed Assets	(216.06)
Sale of Fixed Assets	36.92
(Purchase)/ Sale of investments (Net)	203.58
Interest Received	114.59
Dividend Received	5.63
Net Cash from Investing Activities	144.66

C Cash used from Financing Activities

Proceed from Secured Loans	(2,114.12)
Proceed from Unsecured Loans	(58.59)
Proceeds from issue of shares (net of expenses)	4,966.16
Interest paid	(1,631.46)
Net cash from/(used in) Financing Activities	1,161.99
Net increase in cash and cash equivalents (A+B+C)	3,602.51
Cash and cash equivalents (Opening Balance)	0.62
Cash additions pursuant to Scheme of Arrangement	940.07
Cash and cash equivalents (Closing Balance)	4,543.20
Change in Cash & Cash Equivalents	3,602.51

Note:

- 1) Cash & cash equivalents components are as per Schedule 10 of the Balance Sheet.
- 2) Previous year figures have been regrouped/ restated wherever necessary.

As per our report of even date

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

per **Arun K. Tulsian**
Partner
Membership No. 89907

Place: New Delhi
Date: May 26, 2011

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

Y. H. Dalmia
Managing Director

Nidhi Bisaria
Company Secretary

N. Gopalaswamy
Director

Vipin Agarwal
Executive Director (Finance)

Statement Attached to Balance Sheet

As at 31st March, 2011 Pursuant to section 212 of the Companies Act, 1956

Subsidiary Companies	Dalmia Cement (Bharat) Limited (Formerly Avnija Properties Limited)	Kanika Investment Limited	Dalmia Power Limited	D.I. Properties Limited	Shri Rangam Properties Limited	Arjuna Brokers & Minerals Limited	Dalmia Minerals & Properties Limited	Shri Radha Krishna Brokers & Holdings Limited	Shanmugha Mines & Minerals Limited	Sri Subramanya Mines & Minerals Limited	Ishita Properties Limited	Hemshila Properties Limited
1. Financial year ending	31-03-2011	31-03-2011	31-03-2011	31-03-2011	31-03-2011	31-03-2011	31-03-2011	31-03-2011	31-03-2011	31-03-2011	31-03-2011	31-03-2011
2. Date from which it became a subsidiary	01-04-2010	01-04-2010	01-04-2010	01-04-2010	01-04-2010	01-04-2010	01-04-2010	01-04-2010	01-04-2010	01-04-2010	01-04-2010	01-04-2010
3. Holding Company's interest in the share capital	85%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
4. The net aggregate amount of the subsidiary's profits less losses, so far as it concerns the members of the Holding Company and is not dealt with in the Holding Company's accounts:												
(a) For the year ended 31-3-2011 (₹)	(-) 3,62,07,879	13,73,159	(-) 1,89,233	(-) 17,586	(-) 20,464	(-) 3,075	(-) 16,225	(-) 18,400	1,96,795	(-) 15,353	(-) 4,24,97,188	(-) 16,322
(b) For the previous financial years since it became Company's Subsidiary (₹)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
5. The net aggregate amount of the subsidiary's profits less losses, so far these profits are dealt with in the Holding Company's accounts:												
(a) For the year ended 31-3-2011 (₹)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b) For the previous financial years since it became Company's Subsidiary (₹)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Subsidiary Companies	Geetee Estates Limited	Sri Swaminatha Mines & Minerals Limited	Sri Trivikrama Mines and Properties Limited	Sri Madhusudana Mines and Properties Limited	Sri Dhandauthapani Mines and Minerals Limited	Dalmia Cement Ventures Limited	Golden Hills Resort Private Limited	Rajputana Properties Private Limited	DCB Power Ventures Limited	Sutnga Mines Private Limited	Cosmos Cements Limited
1. Financial year ending	31-03-2011	31-03-2011	31-03-2011	31-03-2011	31-03-2011	31-03-2011	31-03-2011	31-03-2011	31-03-2011	31-03-2011	31-03-2011
2. Date from which it became a subsidiary	01-04-2010	01-04-2010	01-04-2010	01-04-2010	01-04-2010	01-04-2010	01-04-2010	01-04-2010	01-04-2010	01-04-2010	01-04-2010
3. Holding Company's interest in the share capital	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
4. The net aggregate amount of the subsidiary's profits less losses, so far as it concerns the members of the Holding Company and is not dealt with in the Holding Company's accounts:											
(a) For the year ended 31-3-2011 (₹)	(-) 33,805	(-) 14,453	(-) 11,025	(-) 37,250	(-) 6,271	4,24,874	Nil	Nil	69,541,672	13,294	(-) 60,318
(b) For the previous financial years since it became Company's Subsidiary (₹)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
5. The net aggregate amount of the subsidiary's profits less losses, so far these profits are dealt with in the Holding Company's accounts:											
(a) For the year ended 31-3-2011 (₹)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b) For the previous financial years since it became Company's Subsidiary (₹)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Statement Attached to Balance Sheet

As at 31st March, 2011 Pursuant to section 212 of the Companies Act, 1956

Details of Subsidiary Companies

Details of Subsidiary Companies												(₹ in Lakhs)
Name of Subsidiary Company	Dalmia Cement (Bharat) Limited (Formerly Avnija Properties Limited)	Kanika Investment Limited	Dalmia Power Limited	D.I. Properties Limited	Shri Rangam Properties Limited	Arjuna Brokers & Minerals Limited	Dalmia Minerals & Properties Limited	Shri Radha Krishna Brokers & Holdings Limited	Sri Shanmugha Mines & Minerals Limited	Sri Subramanya Mines & Minerals Limited	Ishita Properties Limited	Hemshila Properties Limited
Name of Subsidiary Company												
Capital	25,291.90	42.00	50.00	25.00	25.00	5.00	5.00	5.00	5.00	5.00	5.00	25.00
Reserves	234,178.50	407.96	(10.42)	29.98	49.94	(0.72)	(1.00)	3.33	1.27	3.21	(347.34)	29.77
Total Assets	479,743.80	477.10	708.36	60.49	84.38	4.78	4,438.17	9.28	6.87	10.19	100.96	60.11
Total Liabilities	220,273.40	27.14	668.78	5.51	9.45	0.50	4,434.17	0.95	0.60	1.98	443.30	5.34
Investments	67,219.60	284.24	37.00	-	50.56	-	1,250.18	-	-	-	49.50	42.29
Turnover/ Total Income	172,080.20	24.78	0.26	0.09	-	0.51	-	-	2.61	-	5.76	-
Profit/ (Loss) Before Taxation	3,903.60	20.14	(1.89)	(0.06)	(0.14)	(0.03)	(0.16)	(0.16)	2.46	(0.14)	(424.43)	(0.14)
Provision for Taxation	4,265.60	6.41	0.01	0.12	0.06	-	-	0.02	0.49	0.01	0.54	0.02
Profit/ (Loss) After Taxation	(362.00)	13.73	(1.90)	(0.18)	(0.20)	(0.03)	(0.16)	(0.18)	1.97	(0.15)	(424.97)	(0.16)
Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-

		Geetee Estates Limited	Swaminatha Mines & Minerals Limited	Sri Trivikrama Mines & Properties Limited	Sri Madhusudana Mines and Properties Limited	Sri Dhandauthapani Mines and Minerals Limited	Dalmia Cement Ventures Limited	Golden Hills Resort Private Limited	Rajputana Properties Private Limited	DCB Power Ventures Limited	Sutnga Mines Private Limited	Cosmos Cements Limited
Name of Subsidiary Company												
Capital		5.00	5.00	5.00	5.00	5.00	21,843.99	94.00	1.00	50.00	200.00	1,400.00
Reserves		35.75	15.45	11.59	22.34	8.74	76.24	6.91	(0.14)	34,108.90	0.82	(21.82)
Total Assets		48.24	24.02	41.50	35.64	18.49	28,647.69	127.10	53.20	38,877.60	212.04	4,643.48
Total Liabilities		7.49	3.57	24.91	8.30	4.75	6,727.46	26.19	52.34	4,718.70	11.22	3,265.30
Investments		-	-	-	-	-	6,695.12	-	-	1,824.10	-	-
Turnover/ Total Income		0.04	0.26	0.27	-	0.26	649.81	-	-	4,466.60	9.34	0.00
Profit/ (Loss) Before Taxation		(0.08)	(0.03)	0.08	(0.11)	0.07	55.48	-	-	1,762.50	0.19	(0.60)
Provision for Taxation		0.26	0.11	0.19	0.26	0.13	51.23	-	-	1,067.60	0.06	-
Profit/ (Loss) After Taxation		(0.34)	(0.14)	(0.11)	(0.37)	(0.06)	4.25	-	-	694.90	0.13	(0.60)
Proposed Dividend		-	-	-	-	-	-	-	-	-	-	-

Dalmia Cement (Bharat) Limited
(formerly known as Avnija Properties Limited)
Subsidiary Company

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Directors' Report for the year ended March 31, 2011

The Directors have pleasure in submitting the Fifteenth Annual Report and Audited Statements of Account of the Company for the year ended March 31, 2011.

FINANCIAL RESULTS

	(₹ in Million)	
	FY - 11	FY - 10
Net Sales Turnover	16,757	-
Profit before interest, depreciation and tax (EBITDA)	3,620	(2)
Less: Interest	1,690	-
Profit before depreciation and tax (PBDT)	1,930	(2)
Less: Depreciation	1,540	-
Profit before tax (PBT)	390	(2)
Provision for current tax	7	1
Provision for deferred tax	419	-
Profit/(Loss) after tax (PAT)	(36)	(3)
Add: (i) Surplus brought forward	42	45
(ii) Transfer from Debenture Redemption Reserve	100	-
Profit available for appropriation	106	42
APPROPRIATIONS:		
General Reserve	-	-
Debenture Redemption Reserve (net)	98	-
Interim/Proposed Dividend	-	-
Dividend Distribution tax thereon	-	-
Balance carried forward	8	42
	106	42

The results for the year under review are not comparable with that of the earlier previous year on account of the implementation of the Scheme of Arrangement, detailed herein below.

DIVIDEND

Your Directors do not recommend any dividend for the year under review in view of the losses.

SCHEME OF ARRANGEMENT AND HOLDING COMPANY

Pursuant to the Scheme of Arrangement between Dalmia Bharat Sugar and Industries Limited (formerly known as Dalmia Cement (Bharat) Limited, Dalmia Bharat Enterprises Limited, the Company and DCB Power Ventures Limited, which was approved by the Madras High Court by its Order dated July 29, 2010 was made effective on September 01, 2010, the entire issue, subscribed and paid up capital being held by Dalmia Bharat Sugar and Industries Limited stood transferred and vested in Dalmia Bharat Enterprises Limited making the Company a Subsidiary of Dalmia Bharat Enterprises Limited. Further, in terms of the said Scheme, the Cement business carried out in the name and style of Dalmia

Cement also stood transferred and vested in the Company with effect from the appointed date, viz., April 01, 2010. The results for the year ended March 31, 2011 are, therefore, not comparable with that of the immediately preceding year.

CHANGE IN NAME

In terms of Special Resolution passed by the Members at the Extra Ordinary General Meeting of the Company held on December 29, 2010 and Central Government approval dated December 31, 2010, the name of the Company was changed from Avniya Properties Limited to Dalmia Cement (Bharat) Limited.

ISSUE OF FRESH CAPITAL, AMENDMENT/SUBSTITUTION OF ARTICLES OF ASSOCIATION OF THE COMPANY, ETC.

During the year under review a Share Subscription Agreement and Shareholders Agreement was entered into between the Company and Dalmia Bharat Enterprises Limited and KKR Mauritius Cement Investment Ltd. Accordingly, in terms of the Resolution passed by the Members at the Extra Ordinary General Meeting of the Company held on 1st September, 2010 the Articles of Association of the Company was amended/substituted in order to incorporate the relevant provisions of the Shareholders Agreement.

During the year, the Company issued 37,919,005 fully paid up equity shares of ₹10 each to KKR Mauritius Cement Investment Ltd at a price of ₹131.86 per equity share in terms of the aforesaid agreement representing about 15% of the issued, subscribed and paid up capital of the Company.

BUSINESS PERFORMANCE

The Indian economy had a robust growth of 8.5% in FY-11, though there are signs of growth rate slowing down, with Q4 growth of only 7.8%. Inflation at about 9% for FY-11, continues to be a matter of concern, particularly with food inflation also high, necessitating tightening of monetary policy by RBI and resulting in increase in interest rates. However, with expected normal monsoons, the Government expects inflation to be moderate in the coming months. Fiscal deficit figures for FY-11, have been somewhat better than originally budgeted, and the Government expects to keep the same at 4.6% of GDP in FY-12. The Government appears to be trying to strike a delicate balance between growth and controlling inflation, with tilt towards the latter. Slowing of the growth rate could adversely impact the Government revenues, thus impacting the fiscal deficit. Oil & energy prices continue to rise globally, which could further impact fiscal deficit, with increased subsidy burden. Though world economy is gradually coming out of the downturn, the situation in developed countries, continues to be fluid. Further, the Chinese economy, faced with inflation, is also slowing down, with growth rate sliding to single digit level. These factors could possibly impact commodity prices globally. Despite the above challenges, it is expected that, Indian economy would continue to grow at about 8.5%.

During FY-11, the all India domestic consumption of cement grew by about 6% reaching 210 Mn.T, as against 5 years CAGR of 9%. Empirically, there is evidence of correlation between the GDP growth rate and the cement consumption growth of 1.2x. During

the year, about 25 Mn.T of new capacity were added. With this addition to capacity, the aggregate addition of cement manufacturing capacity over the last 3 years is about 105 Mn.T, which when compared with the increase in consumption of cement by 45 Mn.T, has resulted in a significant demand/supply mismatch. The exports of clinker/cement declined by about 10% to 5 Mn.T.

During FY-11 total consumption in South (including Maharashtra) grew, just by 2% reaching 83 Mn.T as compared to 5 years CAGR of 10%. While TN & Kerala, which are our main markets, grew by 3%, AP had a negative growth of 15%. During the year about 15 Mn.T of new capacity were added in South. Thus during last 3 years about 54 Mn.T of new capacity were created, against consumption increase of only about 12 Mn.T. Though in short term demand / supply mismatch poses challenges, in our opinion long term outlook for the industry should be good. Robust GDP growth, expected high infrastructure spending, should result in good demand for cement, driven by housing & commercial spaceneeds.

The investment in infrastructure in India has increased from 5% of the gross domestic product (GDP) in 2002-03 to 6% last fiscal. It is expected to touch 10% of GDP in the 12th Five Year Plan (2012-2017). There is a considerable hike in Government focus on investment in infrastructure which is visible through announcement of following Government initiatives:

- Opening up a number of infrastructure sectors to private players
- Promoting investment in the sector by private players by permitting FDI
- Huge spending on projects like the National Highway Development Project
- National Maritime Development Programme
- Metro in urban areas through PPP
- Adding 1,00,000 MW in Power sector

The Indian cement industry should be prepared to participate in such growth opportunity. What may appear overcapacity today, is actually a solid foundation for tomorrow. One needs to also factor in the surplus disposable money reaching the urban employed class. Its impact on housing sector will be significant.

The operational statistics are given hereunder:

	FY-11	FY-10*	FY-09*
CEMENT DIVISION ('000 MT)			
Clinker Production	3533	3335	2577
Cement Production	4666	4074	3384
Cement Sales and Self Consumption	4617	4064	3381

*Figures for FY-10 and FY-09 relate to the operations of the cement division of Dalmia Bharat Sugar and Industries Limited which was demerged into the Company.

The sales volume increased by 14% during the year, when most key players operating in our market had flat or negative growth in volumes. Total sales value was ₹16760 Mn (excluding E. Duty) and EBITDA ₹3358 Mn giving an operating EBITDA margin of 20%.

The average cost of fuel increased by over 25% during the year, which is the main element of variable cost, including the fuel requirements of the captive power plants. The increase in diesel prices, has impacted logistics costs. The work on the Railway siding at our Kadapa unit is progressing and is expected to be completed by Dec'11. This should help in serving long distant markets from this unit more economically, and also relieve pressure on truck requirements.

During the year the Company was able to sell the surplus power, to the tune of 154 MU, generated from the captive power plants to the Tamil Nadu Electricity Board, making a profit of ₹200 Mn, on marginal cost basis. It, however, appears that, this opportunity may not be available in FY-12 in a significant way.

The Company is planning one more Greenfield investment of 2.5 Mn.T capacity through an SPV, and it is hoped that, demand supply mismatch period would get covered by construction time, and this capacity would go on stream in time for the next good cycle.

INDUSTRIAL RELATIONS

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

EMPLOYEES' PARTICULARS

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

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE TRANSACTIONS

A statement giving details of Conservation of Energy, Technology Absorption and Foreign Exchange transactions, in accordance with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988, forms a part of this report as Annexure – B.

SUBSIDIARIES

During the year under review pursuant to the Scheme of Arrangement between Dalmia Bharat Sugar and Industries Limited (Formerly: Dalmia Cement (Bharat) Limited), Dalmia Bharat Enterprises Limited, the Company and DCB Power Ventures Limited which had been sanctioned by the Madras High Court vide its Order dated July 29, 2010 and effective from

September 01, 2010, upon filing of the said order of the High Court with the Registrar of Companies by the respective Companies, the entire share capital of certain companies, whose names are mentioned in the subsequent paragraphs, have become wholly owned Subsidiaries of this Company.

The Central Government vide Notification No. 5/12/2007 – CL III, dated February 08, 2011 has exempted all Companies in terms of Section 212(8) of the Companies Act, 1956 from attaching the Annual Reports of its Subsidiaries. Accordingly, the Directors' Report and audited accounts of the Company's Subsidiaries, Ishita Properties Limited, Shri Rangam Properties Limited, Geetee Estates Limited, D. I. Properties Limited, Hemshila Properties Limited, Arjuna Brokers & Minerals Limited, Shri Radha Krishna Brokers & Holdings Limited, Dalmia Minerals & Properties Limited, Sri Subramanya Mines & Minerals Limited, Sri Swaminatha Mines & Minerals Limited, Sri Shanmugha Mines & Minerals Limited, Sri Dhandaauthapani Mines and Minerals Limited, Sri Trivikrama Mines and Properties Limited, Sri Madhusudhana Mines and Properties Limited, Dalmia Cement Ventures Limited and its ultimate Subsidiaries Cosmos Cements Limited, Sutnga Mines Private Limited, Rajputana Properties Private Limited and Golden Hills Resort Private Limited for the year ended March 31, 2011 are not being enclosed with this Annual Report. Any Member desiring to inspect the detailed Annual Reports of any of the aforementioned subsidiaries may inspect the same at the Head Office of the Company and that of the subsidiaries concerned. In event a Member desires to obtain a copy of the Annual Report of any of the aforementioned subsidiaries, he may write to the Registered Office of the Company specifying the name of the subsidiary whose Annual Report is required. The Company shall supply a copy of such Annual Report to such Member. The Annual Report of the aforementioned Subsidiaries are available at the Holding Company's website www.dalmiabharat.com.

FIXED DEPOSITS

The total amount of deposits remaining due for payment and not claimed by the depositors as on March 31, 2011 was ₹1.2 Million in respect of 17 depositors. None of the depositors have approached the Company for renewal/repayment of deposits till date.

DIRECTORS

Mr. T. Venkatesan, Mr. Sanjay Nayar, Mr. Jai Hari Dalmia and Mr. Asanka Rodrigo were co-opted as Additional Directors of the Company in the Meeting held on September 01, 2010, September 03, 2010, November 15, 2010 and May 20, 2011, respectively.

The Board in its meeting held on November 15, 2010 appointed Mr. T. Venkatesan as Whole-time Director of the Company w.e.f November 01, 2010. Mr. T. Venkatesan ceased to be a Whole-time Director of the Company w.e.f February 10, 2011 and has continued as an Ordinary Director since then.

Mr. Yadu Hari Dalmia, Mr. Gautam Dalmia, Mr. Puneet Yadu Dalmia, Mr. G. N. Bajpai and Mr. N. Gopalaswamy were co-opted as Additional Directors on the Board of Directors of the Company in the Meeting held on February 09, 2011. The appointment of

Mr. Gautam Dalmia and Mr. Puneet Yadu Dalmia as Managing Directors of the Company with effect from the said date were also approved by the Board in the said Meeting.

Mr. K. V. Mohan, Mr. Sanjay Mittra and Mr. Narendra Mantri, Directors, ceased to hold office on February 22, 2011, owing to their resignations. The Board places on record its appreciation for the valuable contribution made by them during their tenure on the Board.

All the Directors have been appointed as Additional Directors and as such will cease to hold office at the conclusion of the forthcoming Annual General Meeting

The Company has received Notices from a Shareholder together with requisite deposit as required under the provisions of section 257 of the Companies Act, 1956 to the effect that he intends to propose the name of the said persons for being appointed as a Director of the Company.

DIRECTORS RESPONSIBILITY STATEMENT

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

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

AUDITORS

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

For and on behalf of the Board

Place: New Delhi
Dated: May 20, 2011

G. N. Bajpai
Chairman

Annexure - B

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

A. CONSERVATION OF ENERGY

- (a) Energy Conservation measures taken:
- Time delay interlock for Reverse Air Bag House rotary air locks feeders with intermittent operation and hence reduce run hours and power consumption.
 - Running of Mill fans on Slip Power Recovery System mode during start up.
 - Medium Voltage Variable speed drives installed for Pre-heater & Raw Mill bag house fans.
 - Static Fluidisation Cross Bar cooler for better heat recuperation.
- (b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:
- Alternate Fuel firing system to reduce the coal consumption
- (c) Impact of measures taken already and proposed vide (a) and (b) above are aimed at:
- Enabling the Company to save electrical energy and thermal energy as compared to previous levels.
- (d) Total energy consumption and consumption per unit of production as per Form "A" attached.

B. TECHNOLOGY ABSORPTION

Efforts made in technology absorption as per Form "B" attached.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- (a) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services, and export plans:
- Cement was exported during the year.
- (b) Total foreign exchange used and earned during the year:
- (i) Used: ₹4322.94 Million (ii) Earned: ₹97.31 Million

FORM 'A'

(Form of Disclosure of Particulars with respect to Conservation of Energy)

2010 - 11 2009 - 10

A POWER AND FUEL CONSUMPTION

1. ELECTRICITY:

a) Purchased:		
Units (KWH in Million)	350.65	NA
Total Amount (₹ Million)	1836.50	NA
Rate/Unit (₹)	5.24	NA
b) Own Generation:		
i) Through Diesel Generator:		
Units (KWH in Million)	1.86	NA
KWH per Litre of HSD/FO	3.56	NA
Rate/Unit (₹)	7.80	NA

2. COAL-SLACK/STEAM – GRADES B TO E, LIGNITE AND COKE BREEZE

Quantity ('000 Mn.T)	534	NA
Total Cost (₹ Million)	3238.11	NA
Average Rate (₹ / Mn.T)	6,068.00	NA

3. FURNACE OIL INCLUDING (LSHS & HSD)

Quantity (KL)	2799	NA
Total Amount (₹ Million)	94.10	NA
Average Rate (₹ / KL)	33618	NA

B CONSUMPTION PER UNIT OF PRODUCTION:

PRODUCT	CEMENT		
	Standard If any	Current Year	Previous Year
Electricity (Units/MT)		76	NA
Furnace Oil (including LSHS) (Litres/MT)		0.46	NA
Coal (Kgs. / MT)		102	NA

Note: There are no previous year's figures as the cement undertakings have vested in the company effective April 01, 2010 pursuant to the Scheme of Arrangement sanctioned by the Hon'ble High Court of Delhi by its Order dated July 29, 2010.

FORM 'B'

(Form of Disclosure of Particulars with respect to Absorption)

RESEARCH AND DEVELOPMENT (R&D)**1. Specific areas in which R&D is carried out by the Company:**

- (a) Manufacturing of Special clinker like OWC & SRPC in KHD kiln as well as FLS kiln.
- (b) Development of low cost masonry cement.
- (c) Conversion of VRM 1 as Fly Ash drier.

2. Benefits derived as a result of the above R&D:

Special cement production capability increased from 75 KMT to 900 KMT per year.

Compensated shortfall of dry fly ash to maintain PPC production.

3. Future plans of action:

- (a) Increased usage of alternate fuels.

4. Expenditure on R&D:

	(₹ Million)
(a) Capital	Nil
(b) Recurring	0.03
(c) Contribution/Expenditure on Research and Development	-
(d) Total	0.03
(e) Total R&D Expenditure as a percentage of turnover	Negligible
Above excludes material and other costs.	

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**1. Efforts in brief, made towards technology absorption, adaptation and innovation:**

NONE

2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc.:

NIL

3. No technology has been imported for the last five years.

Auditors' Report

S.R.Batliboi & Co.

Chartered Accountants

Golf View Corporate Tower B
Sector 42, Sector Road,
Gurgaon-122 002, Haryana.

S.S. Kothari Mehta & Co.

Chartered Accountants

146-149, Tribhuvan Complex,
Ishwar Nagar, N. Delhi-110065

To

**The Members of Dalmia Cement (Bharat) Limited
(formerly known as Avniya Properties Limited)**

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

For S.R. Batliboi & Co.

Firm Registration No.: 301003E

Chartered Accountants

per **Manoj Gupta**

Partner

Membership No.: 83906

Place: Gurgaon

Date: May 20, 2011

For S.S. Kothari Mehta & Co.

Firm Registration No.: 000756N

Chartered Accountants

per **Arun K. Tulsian**

Partner

Membership No.: 89907

Place: New Delhi

Date: May 20, 2011

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

Re: Dalmia Cements (Bharat) Limited ('the Company')
(formerly known as Avnija Properties Limited)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification as compared to books of account.
- (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year, except stocks lying with third parties and in transit which have been verified with reference to correspondence of third parties or subsequent receipt of goods. In our opinion, the frequency of such verification is reasonable.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to books of account were not material and have been properly dealt with in the books of account.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon.
- (e) The Company has taken unsecured loans in the form of fixed deposits from two persons who became directors during the year and got covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year-end balance of such loans is ₹2.55 million.
- (f) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.
- (g) In respect of loans taken, repayment of the principal amount is as stipulated and payment of interest has been regular.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the

Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit carried out in accordance with the generally accepted auditing practices in India, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.

- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs in respect of each party have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In respect of deposits accepted, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956, and the Rules framed there under, to the extent applicable, have been complied with. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size 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) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess have generally been regularly deposited during the year with the appropriate authorities *though there has been a slight delay in a few cases.*

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.

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

Name of the statute	Nature of dues	Amount (₹ Million)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Disallowance of credit taken on Inputs, capital goods and services	759.37	Aug '07 to Sept '09	CESTAT, Delhi
Central Excise Act, 1944	Disallowance of Cenvat credit on cement, TMT bar etc used in construction of factory	152.03	July '08 - Mar '10	CESTAT, Delhi
Central Excise Act, 1944	Cenvat credit on material used for construction	1.33	2007-08	Commissioner, LTU Delhi
Central Excise Act, 1944	Cenvat reversal on obsolete stores and spares	2.27	1994-2004	Commissioner of Central Excise
Central Excise Act, 1944	Demand of excise duty on the clinker content of the cement removed to SEZ without payment of duty	60.39	Nov '07 to Mar '10	CESTAT, Delhi
Finance Act, 1994	Demand of service tax on renting of immovable property	2.27	April '09 to March '10	Commissioner of Central Excise (Appeals)
Finance Act, 1994	Short payment of Service tax	0.30	April, 06 to Sept, 06	Commissioner of Central Excise (Appeals)
Finance Act, 1994	Service Tax on Outward Freight	0.60	Jan. 05 to Oct.,08 and Mar, 09 to Aug, 10	Commissioner of Central Excise (Appeals)
Finance Act, 1994	Service tax credit on Outdoor catering	3.02	Apr., 06 to July, 09	Commissioner of Central Excise (Appeals)
Finance Act, 1994	Service tax on Consulting Engineer Services	10.09	2006	CESTAT, Chennai
Andhra Pradesh VAT Act, 2005	Disallowance of Vat credit on project related purchases	1.76	May '07 to May '08	Sales Tax Appellate Tribunal
Kerala Sales Tax Act	Penalty for filing incorrect returns	9.11	May, 2005 to December, 2005	Sales Tax Appellate Tribunal
Tamil Nadu sales Tax Act	Entry tax on TMT bars and packing bags	1.96	April, 2005 to March, 2006	Hon'ble Supreme Court
Tamil Nadu sales Tax Act	Disallowance of Sales tax on certain items	1.62	1997-98, 1998-99	Assistant Commissioner of sales tax, Tiruchirapalli
Coal Mines (Conservation & Development) Act 1974	Cess Charges	1.28	April, 2005	Deputy Commissioner Customs

- (x) The Company has no accumulated losses as at the end of the financial year and it has not incurred cash loss in the current year. In the immediately preceding financial year the Company had incurred cash loss.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, banks or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) In respect of dealing/trading in shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the Company in its own name.
- (xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof in our opinion are not, prima-facie, prejudicial to the interest of the Company.
- (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, where such end use has been stipulated by the lender(s).
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) Based on the books and records produced to us by the management, securities have been created in respect of debentures issued, wherever required.
- (xx) During the period covered by our audit report, the Company has not raised any money by way of public issue.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S.R. Batliboi & Co.
Firm Registration No.: 301003E
Chartered Accountants

per **Manoj Gupta**
 Partner
 Membership No.: 83906

Place: Gurgaon
 Date: May 20, 2011

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

per **Arun K. Tulsian**
 Partner
 Membership No.: 89907

Place: New Delhi
 Date: May 20, 2011

Balance Sheet as at March 31, 2011

(₹ in Million)

	Schedule	As at March 31, 2011	As at March 31, 2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	2,529.19	2,150.00
Reserves and Surplus	2	23,417.85	42.42
		25,947.04	2,192.42
Loan Funds			
Secured Loans	3	17,761.81	-
Unsecured Loans	4	1,051.04	7.50
		18,812.85	7.50
Deferred Tax Liability (Net)	5	419.60	-
Total		45,179.49	2,199.92
APPLICATION OF FUNDS			
Fixed Assets			
	6		
Gross Block		32,479.16	-
Less: Accumulated Depreciation		1,539.86	-
Net Block		30,939.30	-
Capital work-in-progress		341.95	-
		31,281.25	-
Investments	7	6,721.96	1,631.09
Current Assets, Loans and Advances			
Inventories	8	2,669.34	-
Sundry Debtors	9	904.33	-
Cash and Bank balances	10	3,762.15	2.12
Loans and Advances	11	2,635.35	567.36
	(A)	9,971.17	569.48
Less: Current Liabilities and Provisions			
Current Liabilities	12	2,704.78	0.01
Provisions	13	90.11	0.64
	(B)	2,794.89	0.65
Net Current Assets	(A-B)	7,176.28	568.83
Total		45,179.49	2,199.92
Notes to Accounts			
	20		

The Schedules referred to above and the Notes to Accounts form an integral part of the Balance Sheet.

As per our report of even date

For S. R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants

per **Manoj Gupta**
Partner
Membership No. 83906

Place: Gurgaon
Date: May 20, 2011

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

per **Arun K. Tulsian**
Partner
Membership No. 89907

Place: New Delhi
Date: May 20, 2011

For and on behalf of Board of Directors of
Dalmia Cement (Bharat) Limited

Gautam Dalmia
Managing Director

Vipin Agarwal
Executive Director (Finance)

G. N. Bajpai
Director

Sanjay Nayar
Director

Shatrughan Singh
Company Secretary

Profit and Loss Account for the year ended March 31, 2011

(₹ in Million)

	Schedule	For the year ended March 31, 2011	For the year ended March 31, 2010
INCOME			
Turnover (Gross)		18,987.58	-
Less: Excise Duty		2,230.69	-
Turnover (Net)		16,756.89	-
Other Income	14	451.13	6.05
Total		17,208.02	6.05
EXPENDITURE			
(Increase)/Decrease in Stocks	15	83.31	-
Raw Materials consumed		1,565.99	-
Personnel Expenses	16	755.42	-
Operating and other Expenses	17	11,165.57	7.57
Depreciation / Amortisation	6	1,539.86	-
Financial Expenses	18	1,707.51	-
Total		16,817.66	7.57
Profit before Tax		390.36	(1.52)
Provision for Taxation			
Current Tax		79.74	1.28
Less: MAT Credit Entitlement		72.80	6.94
Deferred Tax charge		419.60	-
Prior year Tax charge		0.02	-
Total Tax Expenses		426.56	1.28
Profit after Tax		(36.20)	(2.80)
Transfer from Debenture Redemption Reserve		100.00	-
Balance Brought Forward from Previous Year		42.42	45.22
Profit available for appropriation		106.22	42.42
Appropriations			
Debenture Redemption Reserve		97.92	-
Balance Carried to Balance Sheet		8.30	42.42
Earning per Share	19		
Basic & Diluted Earnings Per Share (In ₹)			
[Nominal Value of Share ₹10 (₹10) each]		(0.15)	(0.02)
Notes to Accounts	20		

The Schedules referred to above and the Notes to Accounts form an integral part of the Profit and Loss Account.

As per our report of even date

For S. R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants

per **Manoj Gupta**
Partner
Membership No. 83906

Place: Gurgaon
Date: May 20, 2011

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

per **Arun K. Tulsian**
Partner
Membership No. 89907

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For and on behalf of Board of Directors of
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Gautam Dalmia
Managing Director

Vipin Agarwal
Executive Director (Finance)

G. N. Bajpai
Director

Sanjay Nayar
Director

Shatrughan Singh
Company Secretary

Schedule to the Accounts

(₹ in Million)

As at
March 31, 2011

As at
March 31, 2010

Schedule 1: Share Capital

Authorised:

300,000,000 (300,000,000) Equity Shares of ₹10/- each	3,000.00	3,000.00
	3,000.00	3,000.00

Issued, Subscribed and Paid Up:

252,919,005 (215,000,000) Equity Shares of ₹10/- each fully paid up	2,529.19	2,150.00
	2,529.19	2,150.00

(Out of above 215,000,000 of ₹10/- each are held by Dalmia Bharat Enterprises Limited, the holding Company and its nominees)

Schedule 2: Reserves and Surplus

(₹ in Million)

	Opening Balance	Additions pursuant to Scheme of Arrangement	Additions during the year	Deductions during the year	Closing Balance
Business Restructuring Reserve*	- (-)	18,335.08 (-)	- (-)	- (-)	18,335.08 (-)
Securities Premium Account	- (-)	- (-)	4,620.81 (-)	33.84 (-)	4,586.97 (-)
Debenture Redemption Reserve*	- (-)	489.58 (-)	97.92 (-)	100.00 (-)	487.50 (-)
Surplus in Profit and Loss Account	42.42 (45.22)	- (-)	63.80 (-)	97.92 (2.80)	8.30 (42.42)
	42.42 (45.22)	18,824.66 (-)	4,782.53 (-)	231.76 (2.80)	23,417.85 (42.42)

*Refer note B (19) of schedule 20

(₹ in Million)

As at
March 31, 2011

As at
March 31, 2010

Schedule 3: Secured Loans

(Refer note B (3) of schedule 20)

A. Redeemable Non-Convertible Debentures	2,800.00	-
B. Term Loans:		
i. From Banks	12,138.43	-
ii. From Others	2,562.00	-
C. Working Capital Loans	261.38	-
	17,761.81	-

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

- i) Series XA & XB ₹800.00 Million (-) are secured by a first pari-passu charge on whole of the movable and immovable properties (except book debts) of Cement unit at Dalmiapuram & redeemable in three yearly instalments in the ratio of 30:30:40 commencing from December 17, 2012.

- ii) Series XI ₹500.00 Million (-) are secured by a first pari-passu charge on all the movable and immovable properties of Cement unit at Dalmiapuram (except stock and book debts) & redeemable in three yearly instalments in the ratio of 30:30:40 commencing from May 15, 2013.
- iii) Series XI A ₹500.00 million (-) are secured by a first pari-passu charge on all the movable and immovable properties of Cement unit at Dalmiapuram (except stock and book debts) & redeemable in three yearly instalments in the ratio of 30:30:40 commencing from October 15, 2013.
- iv) Series XIII ₹1,000.00 million (-) are secured by a first pari-passu charge on the immovable properties of Cement unit at Dalmiapuram & redeemable in three yearly equal instalments commencing from May 08, 2014.
- 2) Term Loans from Banks referred to in B (i) above to the extent of:
- i) ₹10,035.00 Million (-) are secured by exclusive first charge on land and building and hypothecation of all the fixed assets of Cement unit at Cuddapah and Ariyalur excluding assets charged to working capital lenders and Vertical roller mills & other machineries and equipments for projects at Cuddapah & Ariyalur acquired under foreign currency loan.
- ii) ₹603.43 Million (-) are secured by way of exclusive charge on Vertical roller mills & other machineries and equipments for projects at Cuddapah & Ariyalur acquired through this loan. The Loan has been availed in foreign currency.
- iii) ₹1,500.00 Million (-) is secured by a subservient charge on the assets of Cement division.
- 3) Term Loan from others referred to in B (ii) above are secured by a first pari-passu charge on the movable and immovable properties of Cement unit at Dalmiapuram.
- 4) Working capital loans are secured by hypothecation of inventories and other assets in favour of the participating Banks ranking pari-pasu on inter-se-basis.

	As at March 31, 2011	(₹ in Million) As at March 31, 2010
Schedule 4: Unsecured Loans		
(Refer note B (3) on schedule 20)		
A: Fixed Deposits*	262.91	-
B: Other Loans		
From others	788.13	7.50
	1,051.04	7.50

*Includes from Directors ₹2.55 Million (-)

Schedule 5: Deferred Tax

Deferred Tax assets/liabilities are attributable to the following items

Liabilities

Depreciation	486.13	-
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Assets

Unabsorbed depreciation	47.29	-
Expenses allowable for tax purpose when paid	19.24	-
	66.53	-
Net	419.60	-

Schedule to the Accounts

Schedule 6: Fixed Assets

(₹ in Million)									
Description	GROSS BLOCK					DEPRECIATION		NET BLOCK	
	As at March 31, 2010	Net Addition pursuant to Scheme of Arrangement*	Additions	Deductions	As at March 31, 2011	For the year	Upto March 31, 2011	As at March 31, 2011	As at March 31, 2010
Tangible Assets:									
Owned Assets									
Land	-	2,566.42	206.00	-	2,772.42	-	-	2,772.42	-
Buildings	-	2,026.83	330.29	-	2,357.12	67.78	67.78	2,289.34	-
Plant and Machinery	-	26,691.98	462.08	0.62	27,153.44	1,439.91	1,439.91	25,713.53	-
Railway Sidings	-	27.62	-	-	27.62	1.31	1.31	26.31	-
Vehicles	-	18.33	4.80	-	23.13	2.15	2.15	20.98	-
Furniture and Fixtures	-	32.06	2.39	0.16	34.29	8.14	8.14	26.15	-
Other Assets	-	59.22	7.01	-	66.23	5.60	5.60	60.63	-
Intangible Assets:									
Software Licenses(Bought out)	-	44.91	-	-	44.91	14.97	14.97	29.94	-
	-	31,467.37	1,012.57	0.78	32,479.16	1,539.86	1,539.86	30,939.30	-
Previous year	8.08	-	-	8.08	-	-	-	-	-
Capital Work-in-Progress								341.95	-

Notes:*Refer note B (19) of schedule 20

(₹ in Million)		
	As at March 31, 2011	As at March 31, 2010
Schedule 7: Investments		
Long Term		
Trade		
Investment in Associates		
Equity Shares		
Quoted		
25,814,904 (-) Shares of ₹2/- each fully paid up in OCL India Limited.	4082.75	-
Unquoted		
130,000 (-) Shares of ₹10/- each fully paid up in DCB Power Ventures Limited.	910.75	-
Investment in Joint Venture		
Equity Shares		
Unquoted		
1,836,500 (-) Shares of ₹10/- each fully paid up in Khappa Coal Company Private Limited.	18.37	-

(₹ in Million)

As at
March 31, 2011As at
March 31, 2010**Schedule 7: Investments Contd.****Investments in Subsidiaries****Equity Shares****Unquoted**

50,000 (-) Shares of ₹10/- each fully paid up in Arjuna Brokers & Minerals Limited.	0.50	-
161,711,000 (161,711,000) Shares of ₹10/- each fully paid up in Dalmia Cement Ventures Limited.	1624.59	1624.59
250,000 (-) Shares of ₹10/- each fully paid up in D.I Properties Limited.	2.50	-
50,000 (-) Shares of ₹10/- each fully paid up in Dalmia Minerals & Properties Limited.	0.50	-
50,000 (-) Shares of ₹10/- each fully paid up in Geetee Estates Limited.	0.50	-
250,000 (-) Shares of ₹10/- each fully paid up in Hemshila Properties Limited.	2.50	-
50,000 (-) Shares of ₹10/- each fully paid up in Ishita Properties Limited.	13.00	-
50,000 (-) Shares of ₹10/- each fully paid up in Shri Radha Krishna Brokers & Holdings Limited.	0.50	-
250,000 (-) Shares of ₹10/- each fully paid up in Shri Rangam Properties Limited.	2.50	-
50,000 (-) Shares of ₹10/- each fully paid up in Sri Dhandauthapani Mines & Minerals Limited.	0.50	-
50,000 (-) Shares of ₹10/- each fully paid up in Sri Madhusudana Mines & Properties Limited.	0.50	-
50,000 (-) Shares of ₹10/- each fully paid up in Sri Shanmugha Mines & Minerals Limited.	0.50	-
50,000 (-) Shares of ₹10/- each fully paid up in Sri Subramanya Mines & Minerals Limited.	0.50	-
50,000 (-) Shares of ₹10/- each fully paid up in Sri Swaminatha Mines & Minerals Limited.	0.50	-
50,000 (-) Shares of ₹10/- each fully paid up in Sri Trivikrama Mines & Properties Limited.	0.50	1,650.09

Current Investments**Units of Mutual Funds (Quoted)**

Debt based schemes	60.00	6.50
Total@	6,721.96	1,631.09

Quoted (including Mutual Funds):

Book Value	4,142.75	6.50
Market Value	2,902.24	6.50
Book Value of Unquoted Investments	2,579.21	1,624.59

Notes:

There is no investment in companies under the same management.

@ Includes purchases during the year – Face value ₹20,576.77 Million, Cost ₹30,011.03 Million, and net of sales during the year – Face value ₹20,543.95 Million, Cost ₹29,957.53 Million. Investments for ₹5,037.37 Million received pursuant to Scheme of Arrangement.

Schedule to the Accounts

	As at March 31, 2011	(₹ in Million) As at March 31, 2010
Schedule 8: Inventories		
Stores, Spares etc		
On hand	1,010.30	-
In transit	975.50	-
Raw Materials		
On hand	51.34	-
Work in Progress	299.15	-
Finished Goods	333.05	-
	2,669.34	-
Schedule 9: Sundry Debtors		
a) Debts over six months		
Considered good		
Secured	7.90	-
Unsecured	31.11	-
Considered doubtful	138.89	
Less: Provision for Bad and Doubtful Debts	138.89	-
b) Others		
Considered good		
Secured	398.80	-
Unsecured	466.52	-
	904.33	-
Schedule 10: Cash and Bank Balances		
Cash on hand	0.86	-
Cheques in hand	0.19	-
Balances with Scheduled Banks:		
- On current accounts	1,979.01	0.37
- On cash credit accounts	249.82	-
- On deposit accounts	1,532.27	1.75
	3,762.15	2.12

(₹ in Million)

As at
March 31, 2011As at
March 31, 2010**Schedule 11: Loans and Advances****(Considered good and unsecured unless otherwise stated)**

Loans		
Secured		
Employees@	0.59	-
Unsecured		
Employees@	21.38	-
Subsidiary Companies@@	489.59	-
Others@@@	40.40	-
Advances recoverable in cash or in kind or for value to be received		
Others		
Advance for warrants	774.66	0.07
	567.29	567.29
Others (Considered doubtful)	1.92	-
MAT Credit entitlement	72.80	-
Deposit and Balances with Government Departments and Other Authorities	668.64	-
	2,637.27	567.36
Less: Provision for Doubtful Loans and advances	1.92	-
	2,635.35	567.36

	As at March 31, 2011	As at March 31, 2010	2010-11 Outstanding Balance	2009-10 Maximum Balance
@ includes				
Due from officers of the Company	19.32	-	21.72	-
@@ Due from Subsidiaries:				
Dalmia Minerals & Properties Limited.	443.41	-	443.41	-
Ishita Properties Limited.	44.31	-	48.49	-
Sri Trivikrama Mines & Properties Limited.	1.87	-	1.87	-
@@@Khappa Coal Company Private Limited (Joint Venture)	40.40	-	40.40	-

(₹ in Million)

As at
March 31, 2011As at
March 31, 2010**Schedule 12: Current Liabilities**

Sundry Creditors:		
- Micro and Small Enterprises	-	-
- Others	2,078.18	0.01
Advances from customers	146.27	-
Director's Commission Payable	1.20	-
Unclaimed Fixed Deposits and interest thereon	1.99	-
Other liabilities	417.16	-
Interest accrued but not due on Loans	59.98	-
	2,704.78	0.01

Schedule to the Accounts

	As at March 31, 2011	(₹ in Million) As at March 31, 2010
Schedule 13: Provisions		
Pension and other Staff benefits	28.94	-
Provision for Income Tax {net of advance tax ₹44.72 Million (₹25.48 Million)}	61.17	0.64
	90.11	0.64

	For the year ended March 31, 2011	(₹ in Million) For the year ended March 31, 2010
Schedule 14: Other Income		
Dividend from Long Term Investments	103.26	-
Interest		
- Bank deposits {Tax deducted at source ₹1.69 Million (₹0.01 Million)}	16.00	-
- Others {Tax deducted at source ₹0.60 Million (-)}	7.15	23.15
		0.10
Profit on Sale of current Investments	138.48	-
Miscellaneous Receipts	186.24	5.95
	451.13	6.05

Schedule 15: (Increase) / Decrease in Stocks

Finished Goods		
- Closing stock	333.05	-
- Opening stock	-	-
- Addition pursuant to Scheme of Arrangement	198.66	198.66
	(134.39)	-
Work-in-Progress		
- Closing stock	299.15	-
- Opening stock	-	-
- Addition pursuant to Scheme of Arrangement	516.85	516.85
	217.70	-
	83.31	-

Schedule 16: Personnel Expenses

Salaries, Wages & Bonus (after allocating ₹75.03 Million to other accounts)	604.17	-
Contribution to Provident Fund and Other Funds	39.06	-
Workmen and Staff Welfare expenses	112.19	-
	755.42	-

(₹ in Million)

For the year ended
March 31, 2011For the year ended
March 31, 2010**Schedule 17: Operating and Other Expenses**

Power and Fuel	5,527.07	-
Packing Materials	770.00	-
Consumption of Stores and Spare Parts (after allocating ₹74.49 Million to other accounts)	30.82	-
Excise duty variation on opening/ closing stock	52.87	-
Repairs and Maintenance:		-
- Plant & Machinery	530.37	-
- Buildings	24.63	-
- Others	7.75	-
Rent (after allocating ₹387.00 Million to other accounts)	16.80	-
Rates and Taxes	28.30	7.54
Insurance (after allocating ₹1.09 Million to other accounts)	23.54	-
Travelling	25.60	-
Advertisement and Publicity	76.58	-
Freight and Forwarding Charges	2,480.02	-
Brand Fee	100.00	-
Management Service Charges	485.94	-
Selling Expenses	434.59	-
Commission paid to Other Selling Agents	12.83	-
Rebates, Discount & Allowances	152.07	-
Directors' Sitting Fees	0.08	-
Non Executive Director's Commission	1.20	-
Charity and Donation	4.07	-
Assets written off	0.18	-
Provision for doubtful debts	54.30	-
Bad Debts written off	6.31	-
Miscellaneous Expenses	319.65	0.03
	11,165.57	7.57

Schedule 18: Financial Expenses

Interest		
- On term loans and debentures	1,587.82	-
- On borrowing from banks	0.45	-
- Others	101.84	-
Bank Charges	17.40	-
	1707.51	-

Schedule 19: Earning Per Share

Net Profit for calculation of basic and diluted EPS (₹ in Million)	(36.20)	(2.80)
Total number of equity shares outstanding at the end of the year	252,919,005	215,000,000
Weighted average number of equity shares in calculating basic and diluted EPS	236,816,414	152,671,233
Basic and Diluted EPS (In ₹)	(0.15)	(0.02)

Schedule to the Accounts

Schedule 20

Significant Accounting Policies and Notes to Accounts

A. Significant Accounting Policies

1. Basis of preparation

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

2. 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 period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between the actual results and estimates are recognised in the period in which the results are known/materialised.

3. Fixed assets

Fixed assets are stated at cost 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.

For asset transferred and vested in the company pursuant to the Scheme of Arrangement, being are valued at fair market values determined by approved valuers.

Intangible assets are recognised on the basis of recognition criteria as set out in the relevant Accounting Standard.

4. Depreciation/amortisation

Depreciation is provided on fixed assets over the useful lives of the assets estimated by the management, which are equivalent to the rates prescribed in Schedule XIV to the Companies Act, 1956 and useful lives estimated by the approved valuers wherever they are shorter than equivalent to the rates prescribed under Schedule XIV on straight line basis. Computer software are amortised over a period of 3-5 years on a straight line basis.

5. Impairment of assets

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 recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflect current

market assessments of the time value of money and risks specific to the asset

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

Previously recognised impairment losses are reversed to the extent the recoverable amount exceeds the carrying amount.

6. Leases

Where the Company is the lessee

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 and Loss Account on a straight-line basis over the lease term.

Where the Company is the lessor

Assets subject to operating leases are included in fixed assets. Lease income is recognised in the Profit and Loss Account on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Profit and Loss Account. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Profit and Loss Account.

7. Government grants and subsidies

Grants and subsidies from the government are recognised when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expense item, it is recognised as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

Where the grant or subsidy relates to an asset, its value is deducted from the gross value of the asset concerned in arriving at the carrying amount of the related asset.

8. Borrowing costs

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

9. Segment reporting

Identification of segments

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

Inter segment Transfers

The Company accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices.

Allocation of common costs

Common allocable costs are allocated to each segment on reasonable basis.

Unallocated items

Includes general corporate income and expense items which are not allocable to any business segment.

Segment policies

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

10. Employee benefits

- a. Employee benefits in the form of the Company's contribution to provident fund, pension fund, superannuation fund and ESI are considered as defined contribution plan and 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 contributions payable to the respective funds.
- b. Retirement benefits in the form of gratuity and provident fund contribution to Dalmia Cement Provident Fund Trust are defined benefit plans. Gratuity is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Contributions to Dalmia Cement Provident Fund Trust are charged to the Profit and Loss Account of the year when the contributions to the fund is due. Shortfall in the funds, if any, is adequately provided for by the Company.
- c. Leave encashment including compensated absences are classified as long term employee benefits and are provided for on actuarial valuation at the year end. The actuarial valuation is done as per projected unit credit method.
- d. Actuarial gains/losses are immediately taken to Profit and Loss Account and are not deferred.
- e. Payments made under the Voluntary Retirement Scheme are charged to the Profit and Loss Account in the year in which the same are incurred.

11. Inventories

- a. Finished goods are valued at lower of cost or 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.
- b. Work in progress is valued at lower of cost or net realisable value. Cost is determined on a weighted average basis.
- c. Stores, Spares and Raw Materials are valued at lower of cost or net realisable value. However materials & other items of inventories held for use in the production are not written 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.

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.

12. Investments

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

13. Revenue recognition

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

Sale of goods

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

Dividends

Revenue is recognised when the shareholders' right to receive payment is established by the Balance Sheet date.

Insurance Claim

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

14. Foreign currency transactions**a. 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.

b. 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.

c. Exchange differences

Exchange differences arising on a monetary item that, in substance, form part of the company's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognised as income or as expense.

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of company 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 expense in the year in which they arise.

d. Forward exchange contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of Profit and Loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

15. Income taxes

Tax expense comprises of current and deferred. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income tax 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 recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

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

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognised as an asset in accordance with the

recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Profit and Loss Account and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

16. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split, and reverse share split (consolidation of shares).

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.

17. 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 adjusted to reflect the current best estimates.

Contingent liabilities are shown by way of note in the Notes to Accounts in respect of obligations where based on the evidence available, their existence at the Balance Sheet date is considered not probable. Contingent assets are neither recognised in the accounts nor disclosed.

18. Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand.

B. Notes to Accounts

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

	(₹ in Million)	
Particulars	2010-11	2009-10
a) Claims against the Company not acknowledged as debts	620.49	-
b) Guarantees/Counter Guarantees given to banks on account of loans given by the banks to Bodies Corporate	14.70	-
c) Demand raised by custom, excise, entry tax, service tax and sales tax authorities in dispute	959.01	-

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

2. Capital commitment

(₹ in Million)		
Particulars	2010-11	2009-10
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	46.22	-

3. Loans falling due for repayment within one year:

(₹ in Million)		
Particulars	2010-11	2009-10
Secured	843.40	-
Unsecured	156.18	-

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

(₹ in Million)		
Particulars	2010-11	2009-10
Statutory auditors		
a) as an auditor		
i) Audit Fee	2.10	0.01
ii) Certification Fees	0.23	0.00
iii) Other services	0.70	-
iv) For Expenses	0.26	-
b) as an advisor		
i) Management Services	0.38	-
Cost Auditor		
a) Audit Fee	0.10	-
b) For Expenses	0.02	-

5. Computation of net profit in accordance with Section 349 of the Companies Act, 1956 for calculation of commission payable to Directors:

a) Executive and Non-Executive Directors

(₹ in Million)		
Particulars	2010-11	2009-10
Profit before tax as per Profit and Loss Account	390.36	-
Add: Directors' Sitting Fees	0.08	-
Provision for Bad and doubtful debts	54.30	-
(Profit)/ Loss on Sale of Investments/Assets (net)	(138.30)	-
Net profit for calculating Directors' Commission	306.44	-

(₹ in Million)

Particulars	2010-11	2009-10
-------------	---------	---------

Maximum Commission payable to (calculated on proportionate basis) :

Non-Executive Directors @ 1% on ₹306.44 Million (-)	1.79	-
Executive Directors @ 3% on ₹306.44 Million (-)	1.54	-

Commission paid to:

a. Non-Executive Directors	1.20	-
b. Managing Directors	-	-

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

7. Details of dues to Micro and Small Enterprises as per MSMED Act, 2006

(₹ in Million)

Particulars	2010-11	2009-10
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	-	-
The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	-	-
Total	-	-

8. Operating Lease

Assets taken on lease

The company has taken power plants post effecting the Scheme of Arrangement duly approved by the Hon'ble High Court of Madras on operating lease for a period of 1 year and the lease is renewable yearly.

(₹ in Million)

Particulars	2010-11	2009-10
Lease payments for the year	354.00	-
Total	354.00	-

9. Particulars of forward contracts and Unhedged Foreign Currency Exposure as at the Balance Sheet date:

Forward contract outstanding as at Balance Sheet date:

Particulars	Currency	Amount in Foreign Currency	Amount (₹ in Million)	Purpose
Buy	Euro	739,961 (-)	46.45 (-)	To hedge the import creditors for Spare Parts & Filter Bags Purchased
Total	Euro	739,961 (-)	46.45 (-)	
Buy	USD	10,926,210 (-)	495.96 (-)	To hedge the import creditors for Coal, Spare Parts.
Buy	USD	1,212,678 (-)	56.35 (-)	To hedge the repayment of principal and interest foreign currency loans.
Total	USD	12,138,888 (-)	552.31 (-)	

Particulars of unhedged foreign currency exposure:

Particulars	Amount in Foreign Currency	Amount (₹ in Million)
Foreign currency loans	USD 12,427,915 (-) (Closing rate 1 USD = ₹44.77)	556.40 (-)
Purchase of spare parts	Euro 636,000 (-) (Closing rate 1 Euro = ₹63.1077)	40.14 (-)
Purchase of Coal, Spare Parts	USD 4,098,000 (-) (Closing rate 1 USD = ₹44.77)	183.47 (-)

10. During the year, the Company has recognised power and sales tax incentives at its at Kadappa unit, Andhra Pradesh under the Industrial Investment Promotion policy 2005-2010 issued by Government of Andhra Pradesh. Under the policy, the Company is entitled to a fixed power cost reimbursement upto ₹0.75 per unit of power consumed and 25% of Central Sales Tax and Value Added Tax paid in Andhra Pradesh. The Company has recognised the same as revenue grant as per Accounting Standard -12 which is shown under the head Other Income in Profit and Loss Account. The amounts recognised in Profit and Loss Account as given below:-

(₹ in Million)

Particulars	2010-11	2009-10
Power incentive	30.66	-
Sales tax incentive	63.04	-
Total	93.70	-

11. Additional information pursuant to the provisions of Part II of Schedule VI to the Companies Act, 1956:

A) Sales of goods traded and produced

Class of Product	Unit of Measurement	Quantity (Unit)		Amount (₹ in Million)	
		2010-11	2009-10	2010-11	2009-10
Cement	('000 Tonnes)	4,616.63	-	18,119.63	-
Others				867.95	-
Total				18,987.58	-

B) Consumption of raw materials

Class of Product	Unit of Measurement	Quantity (Unit)		Amount (₹ in Million)	
		2010-11	2009-10	2010-11	2009-10
Limestone	('000 Tonnes)	5,378.28	-	823.66	-
Gypsum	('000 Tonnes)	194.94	-	259.97	-
Fly Ash	('000 Tonnes)	773.22	-	406.61	-
Others				75.75	-
Total				1,565.99	-

C) Details of Finished Goods

Class of Product	Unit of Measurement	Quantity (Unit)		Amount (₹ in Million)	
		2010-11	2009-10	2010-11	2009-10
Opening stock*					
Cement	('000 Tonnes)	78.17	-	198.66	-
Closing stock					
Cement	('000 Tonnes)	117.59	-	333.05	-

*Stock received as per Scheme of Arrangement as on April 01, 2010.

D) Licensed Capacity, Installed Capacity and Actual Production

Class of Product	Unit	Licensed Capacity		Installed capacity*		Actual Production	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Cement	('000 Tonnes)	N.A	N.A	8,200.00	-	4,666.57	-

*As certified by the management

E) CIF Value of Imports

Particulars	(₹ in Million)	
	2010-11	2009-10
Spare parts, coal etc.	4,245.00	-

12. Expenditure in foreign currency (Accrual basis):

Particulars	(₹ in Million)	
	2010-11	2009-10
Professional Fees, Consultation Fee and Interest	36.03	-
Others	41.91	-
Total	77.94	-

13. Earnings in foreign currency (Accrual basis):

(₹ in Million)

Particulars	2010-11	2009-10
Export of goods at FOB value	97.31	-
Total	97.31	-

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

	Imported		Indigenous		Value of total consumption
	Value (₹ in Million)	Percentage to Total Consumption	Value (₹ in Million)	Percentage to Total Consumption	(₹ in Million)
Raw Materials	- (-)	- (-)	1,565.99 (-)	100.00 (-)	1,565.99 (-)
Spares Parts etc.	20.99 (-)	19.93 (-)	84.32 (-)	80.07 (-)	105.31 (-)

15. Gratuity and Other Post Employment Benefit Plans

Gratuity

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

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

Profit and Loss Account

Net employee benefit expense (recognised in Personnel Expenses)

(₹ in Million)

Particulars	Gratuity (Funded)	
	2010-11	2009-10
Current Service Cost	10.14	-
Net Actuarial (Gain)/ Loss	(10.00)	-
Total Expense	0.14	-
Actual return on planned assets	8.13	-

Balance Sheet

(₹ in Million)

Particulars	Gratuity (Funded)	
	2010-11	2009-10
Present value of obligation as at year-end	94.87	-
Fair value of plan assets as at year-end	114.26	-
Funded status {(Surplus)/(Deficit)}	19.39	-
Net Asset/(Liability) as at year end	19.39	-

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

(₹ in Million)

Particulars	Gratuity (Funded)	
	2010-11	2009-10
Opening defined benefit obligation	-	-
Acquisition adjustments	86.95	-
Current service cost	10.14	-
Benefits paid out of funds	(0.36)	-
Actuarial (gains)/ losses on obligation	(1.86)	-
Closing defined benefit obligation	94.87	-

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

(₹ in Million)

Particulars	Gratuity (Funded)	
	2010-11	2009-10
Opening fair value of plan assets	-	-
Acquisition adjustments	86.95	-
Contribution by employer	19.54	-
Benefits paid	(0.36)	-
Actuarial gains/ (losses) on obligation	8.13	-
Closing fair value of plan assets	114.26	-

The Company expects to contribute ₹8.47 million to gratuity in 2011-12.

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

Particulars	Gratuity (Funded)	
	2010-11	2009-10
Qualifying Insurance Policy	100%	-

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

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

Particulars	Gratuity (Funded)	
	2010-11	2009-10
Discount Rate	8.00%	-
Expected rate of return on assets	9.15%	-
Mortality Table	LIC (1994-96) duly modified	-
Salary Escalation	7.00%	-

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

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

Particulars	Gratuity (Funded)	
	2010-11	2009-10
Defined benefit obligation	94.87	-
Plan assets	114.26	-
Surplus/ (deficit)	19.39	-
Experience adjustment on plan assets	1.87	-
Experience adjustment on plan liabilities	8.13	-

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

Provident and other funds

Contribution to Defined Contribution Plans:

Particulars	Gratuity (Funded)	
	2010-11	2009-10
Pension Fund/Superannuation funds	38.92	Nil

Provident Fund

The Guidance note issued by Accounting Standard Board (ASB) on implementing AS 15, Employee Benefit (Revised 2005) states that provident funds set up by the employers, which require interest shortfall to be met by the employer, needs to be treated as defined benefit plan. The fund does not have any existing deficit or interest shortfall. In regard to any future obligation arising due to interest shortfall (i.e. government interest to be paid on provident fund scheme exceeds rate of interest earned on investment), pending the issuance of Guidance Note from the actuarial society of India, the Company's actuary has expressed his inability to reliably measure the same.

16. The company is operating in single segment 'Cement' which is the primary business segment. As the export turnover is insignificant in comparison to total turnover, there are no reportable geographical segment.

17. Related Party Disclosure as required by Accounting Standard-18.

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

Holding Company

Dalmia Bharat Enterprises Limited

Fellow subsidiaries

Dalmia Power Limited, Kanika Investment Limited,

Subsidiaries of the Company

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

Step down Subsidiaries of Dalmia Cement Ventures Limited

Golden Hills Resort Private Limited and Rajputana Properties Private Limited

Step down Subsidiaries of Dalmia Minerals & Properties Limited

Cosmos Cements Limited and Sutnga Mines Private Limited

Associate of the Company

OCL India Limited, DCB Power Ventures Limited

Joint Ventures

Khappa Coal Company Private Limited

Key Management Personnel of the Company

Shri J. H. Dalmia-Director, Shri Y. H. Dalmia-Director, Shri Gautam Dalmia - Managing Director, Shri Puneet Yadu Dalmia - Managing Director.

Relatives of Key Management Personnel

Shri V. H. Dalmia (Brother of Director), J. H. Dalmia (HUF), Smt. Kavita Dalmia (Wife of Director), Y. H. Dalmia (HUF), Smt. Bela Dalmia (Wife of Director), Shri Gautam Dalmia (Son of Director), Gautam Dalmia (HUF), Smt. Anupama Dalmia (Wife of Managing Director), Shri Puneet Yadu Dalmia (Son of Director), Smt. Avantika Dalmia (Wife of Managing Director), Kumari Shrutipriya Dalmia (Daughter of Director), Kumari Sukeshi Dalmia (Daughter of Managing Director), Kumari Vaidehi Dalmia (Daughter of Managing Director), Kumari Sumana Dalmia (Daughter of Managing Director), Kumari Avanees Dalmia (Daughter of Managing Director), Mst. Priyang Dalmia (Son of Managing Director) Shri M. H. Dalmia, (Brother

of Director), Smt. Abha Dalmia (Wife of Brother of Director) ,
Shri R.H.Dalmia (Brother of Director).

Enterprises controlled by the Key Management Personnel of the Company

Rama Investment Company Private Limited, Puneet Trading & Investment Company Private Limited, Kavita Trading & Investment Company Private Limited, Sita Investment Company Limited, Mayuka Investment Limited, Ankita Pratisthan Limited, Himgiri Commercial Limited, Valley Agro

Industries Limited, Shri Nataraj Ceramic and Chemical Industries Limited, Shri Chamundeswari Minerals Limited, Shree Nirman Limited, Keshav Power Private Limited, Avanee and Ashni Securities Private Limited, ZipAhead.Com Limited, Alirox Abrasives Limited, Sukeshi Trust, Vaidehi Trust, Sumana Trust, Shrutipriya Dalmia Trust, Priyang Trust, Avanee Trust, Raghu Hari Dalmia Parivar Trust, Dalmia Sugar Ventures Limited, Himshikhar Investment Limited, Dalmia Solar Power Limited, Dalmia Bharat Sugar and Industries Limited, New Habitat Housing Finance and Development Limited.

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

(₹ in Million)

Nature of Transaction	Holding Company	Fellow Subsidiaries	Subsidiary Companies	Associate	Key Management Personnel/ Director	Relatives of Key Management Personnel	Key Management Personnel controlled enterprises	Total
Sale of goods and services	57.88 (-)	- (-)	- (-)	266.75 (-)	- (-)	- (-)	4.09 (-)	328.72 (-)
Reimbursement of expenses	149.41 (0.01)	- (-)	- (-)	0.01 (-)	- (-)	- (-)	13.14 (-)	162.56 (0.01)
Purchase of goods and services	642.66 (-)	- (-)	- (-)	277.66 (-)	- (-)	- (-)	312.82 (-)	1,233.14 (-)
Rent payment	- (-)	- (-)	0.29 (-)	354.00 (-)	- (-)	- (-)	- (-)	354.29 (-)
Fixed Deposit received	- (-)	- (-)	- (-)	- (-)	- (-)	45.90 (-)	- (-)	45.90 (-)
Receipt of fund on their behalf and transfer	345.00 (-)	- (-)	- (-)	- (-)	- (-)	- (-)	2,279.86 (-)	2,624.86 (-)
Loans and Advances taken	- (676.00)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (676.00)
Loans and advances repayment	- (668.50)	- (-)	3.00 (-)	- (-)	- (-)	- (-)	7.50 (-)	10.50 (668.50)
Loans and Advances given	- (-)	- (-)	154.80 (-)	- (-)	- (-)	- (-)	- (-)	154.80 (-)
Loans and advances received back	- (-)	- (-)	4.18 (-)	- (-)	- (-)	- (-)	- (-)	4.18 (-)
Purchase of Fixed Assets	- (-)	- (-)	4.14 (-)	- (-)	- (-)	- (-)	13.42 (-)	17.56 (-)
Subscription of share capital/warrant	- (650.00)	- (-)	- (567.29)	- (-)	- (-)	- (-)	- (-)	- (1,217.29)
Dividend Income	- (-)	- (-)	- (-)	103.26 (-)	- (-)	- (-)	- (-)	103.26 (-)
Interest paid on Fixed Deposit	- (-)	- (-)	- (-)	- (-)	- (-)	21.69 (-)	- (-)	21.69 (-)

b. Balances outstanding at year end:

(₹ in Million)

Nature of Transaction	Holding Company	Fellow Subsidiaries	Subsidiary Companies	Associate	Key Management Personnel/ Director	Relatives of Key Management Personnel	Key Management Personnel controlled enterprises	Total
Loans receivable	- (-)	- (-)	489.59 (-)	- (-)	- (-)	- (-)	- (-)	489.59 (-)
Amounts receivable	- (-)	- (-)	- (-)	4.54 (-)	40.40 (-)	- (-)	- (-)	44.94 (-)
Unsecured Loan	- (-)	- (-)	- (-)	- (-)	- (-)	170.90 (-)	- (-)	170.90 (-)
Amounts payable	91.41 (7.50)	16.86 (-)	17.40 (-)	80.59 (-)	- (-)	- (-)	36.21 (-)	242.47 (7.50)

Note: Investment with related parties are disclosed in schedule 7.

18. Information in respect of Joint venture – Khappa Coal Company Private Limited

(₹ in Million)

Particulars	2010-11	2009-10
Proportion of Ownership Interest	36.73%	-
Country of Incorporation or Registration	India	-
Accounting Period ended	31.03.2011	-
Assets (including capital work in progress)	58.58	-
Liabilities	40.59	-
Income	-	-
Expenses	-	-
Contingent Liabilities	14.32	-
Capital Commitments	-	-

Note: The above details represent Company's 36.73% share in the Joint Venture.

19. A Scheme of Arrangement between the Company, Dalmia Bharat Sugar and Industries Limited [formerly known as Dalmia Cement (Bharat) Limited], Dalmia Bharat Enterprises Limited, DCB Power Ventures Limited and their respective shareholders and creditors under section 391-394 of Companies Act, 1956, has been sanctioned by Hon'ble High Court of Madras on July 29, 2010 and made effective on September 01, 2010. Consequently, in terms of aforesaid scheme, the Cement Business has been transferred to the Company effective from April 01, 2010. In view of this, figures for previous year are strictly not comparable.

As per the accounting treatment detailed in the scheme, the Company has recorded the under mentioned assets and liabilities of Cement Undertaking vested in it, pursuant to the Scheme, at their respective fair values as on the Appointed Date, i.e., April 1, 2010. The Company has credited an amount equal to the difference between fair values of assets and liabilities of the Cement Undertaking as 'Business Restructuring Reserve', which shall constitute free reserves available for all purposes to the Company, at its own discretion.

Assets taken over at fair values	Amount (₹ in million)
Fixed Assets (including Capital work in progress ₹987.27 million)	32,454.65
Investments	5,037.37
Current Assets Loans & Advances	5,601.49
Total (A)	43,093.51
Liabilities taken over at fair values	
Debenture Redemption Reserve	489.58
Secured Loan	19,888.91
Unsecured Loan	1,102.13
Current Liabilities & Provisions*	3,277.81
Total (B)	24,758.43
Business Restructuring Reserve (A-B)	18,335.08

*After adjusting ₹27.36 Million on account of liquidated damages settled during the year.

20. The company has changed its name from Avnija Properties Limited to Dalmia Cement (Bharat) Limited and a 'Fresh Certificate of Incorporation Consequent upon Change of Name' dated December 31, 2010 has been issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana in this regard.
21. The Company along with Dalmia Bharat Sugar and Industries Limited (formerly known as Dalmia Cement (Bharat) Limited) and Dalmia Bharat Enterprise Limited, the holding company, has entered into definitive agreements, namely, Share Subscription Agreement and Shareholders Agreement on May 7, 2010 with KKR Mauritius Cement Investments Limited ("KKR"). As per the definitive agreements, KKR will make fresh equity subscription in the Company to the extent of ₹7,500 Million in multiple tranches and KKR shall be entitled to get equity stake up to 21% of the Company post investments. The Company has received ₹5,000 Million and issued 37,919,005 fully paid up shares of ₹10 each at ₹131.86 per share constituting 14.99% of post issue capital on September 3, 2010.
22. Previous Year Comparatives
- Figures of previous year were audited by Batra Kapur and Associates.
 - Figures in brackets pertain to previous year. Previous year's figures have been regrouped where necessary to conform to this year's classification. Previous year figures are not strictly comparable. (Refer note B (19)).

As per our report of even date

For S. R. Batliboi & Co.

Firm Registration No. 301003E
Chartered Accountants

per **Manoj Gupta**

Partner

Membership No. 83906

Place: Gurgaon

Date: May 20, 2011

For S. S. Kothari Metha & Co.

Firm Registration No. 000756N
Chartered Accountants

per **Arun K. Tulsian**

Partner

Membership No. 89907

Place: New Delhi

Date: May 20, 2011

For and on behalf of Board of Directors of

Dalmia Cement (Bharat) Limited

Gautam Dalmia

Managing Director

G. N. Bajpai

Director

Sanjay Nayar

Director

Vipin Agarwal

Executive Director (Finance)

Shatrughan Singh

Company Secretary

Balance Sheet Abstract and Company's General Business Profile

Information pursuant to Part IV of Schedule VI to the Companies Act 1956:

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details:

Registration No.	18-35963	State Code	18
Balance Sheet Date	31.03.2011		

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

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	379190

III. Position of mobilisation and deployment of funds (Amount in ₹ Thousands)

Total Liabilities	45179481	Total Assets	45179481
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Sources of Funds:

Paid up Capital	2529190	Reserves and Surplus	23417846
Secured Loans	17761807	Unsecured Loans	1051037

Application of Funds:

Net Fixed Assets	31281251	Investments	6721958
Net Current Assets (Considering deferred tax liability)	6756671	Miscellaneous Expenditure	Nil
Accumulated Losses	Nil		

IV. Performance of the Company (Amount in ₹ Thousands)

Turnover	16756888	Total Expenditure	16366528
Profit before tax	390360	Profit after tax	(-)36204
Earning per Share (₹)	(-)0.15	Dividend Rate	Nil

V. Generic names of three principal products/services of Company (as per monetary terms)

Product	CEMENT
Item Code (ITC Code)	252329

For and on behalf of Board of Directors of
Dalmia Cement (Bharat) Limited

Gautam Dalmia
Managing Director

G. N. Bajpai
Director

Sanjay Nayar
Director

Place: New Delhi
Date: May 20, 2011

Vipin Agarwal
Executive Director (Finance)

Shatrughan Singh
Company Secretary

Cash Flow Statement for the year ended March 31, 2011

(₹ in Million)

	2010-11	2009-10
A. Cash Flow from Operating Activities		
Net Profit before tax	390.36	(1.52)
Adjustments		
Depreciation (Net)	1,539.86	-
Provision for doubtful debts	54.30	-
Bad Debts written off	6.31	-
Dividend Income	(103.26)	-
Interest (Net)	1,666.96	(0.09)
(Profit)/Loss on sale of Investments	(138.48)	-
Assets Written off	0.18	(3.95)
Operating Profit before working Capital Changes	3,416.23	(5.56)
Adjustments for Working Capital Changes :		
Inventories	(871.74)	-
Trade and other receivables	47.11	(567.36)
Trade Payables	(541.23)	-
Cash Generated from Operations	2,050.37	(572.92)
Direct Taxes Paid	(19.23)	(0.64)
Net Cash from Operating Activities	2,031.14	(573.56)
B. Cash Flow from Investing Activities		
Purchase of fixed Assets	(367.24)	-
Sale of Fixed Assets	0.60	12.03
Investment in Subsidiaries	-	(89.25)
(Purchase)/ Sale of Investments (net)	84.98	(6.50)
Interest Received	9.63	0.09
Dividend Received	103.26	-
Net Cash used in Investing Activities	(168.77)	(83.63)
C. Cash used from Financing Activities		
Proceed from Secured Loans	(2,127.10)	-
Proceed from Unsecured Loans	(16.61)	7.50
Fixed Deposits from Public	(41.98)	-
Proceeds from issue of shares	5,000.00	650.00
Share Issue Expenses	(33.84)	-
Interest paid	(1,692.98)	-
Net cash from/(used in) Financing Activities	1,087.49	657.50
Net increase in cash and cash equivalents (A+B+C)	2,949.86	0.31
Cash and cash equivalents (Opening Balance)	2.12	1.81
Cash additions pursuant to scheme of arrangement	810.17	-
Cash and cash equivalents (Closing Balance)	3,762.15	2.12
Change in Cash & Cash Equivalents	2,949.86	0.31

Note:

- 1) Cash & cash equivalents components are as per Schedule 10 of the Balance Sheet.
- 2) Previous year figures have been regrouped/ restated wherever necessary.

As per our report of even date

For S. R. Batliboi & Co.

Firm Registration No. 301003E
Chartered Accountants

per **Manoj Gupta**

Partner

Membership No. 83906

Place: Gurgaon

Date: May 20, 2011

For S. S. Kothari Metha & Co.

Firm Registration No. 000756N
Chartered Accountants

per **Arun K. Tulsian**

Partner

Membership No. 89907

Place: New Delhi

Date: May 20, 2011

For and on behalf of Board of Directors of
Dalmia Cement (Bharat) Limited

Gautam Dalmia
Managing Director

G. N. Bajpai
Director

Sanjay Nayar
Director

Vipin Agarwal
Executive Director (Finance)

Shatrughan Singh
Company Secretary

BOARD OF DIRECTORS

Pradip Kumar Khaitan

Chairman and Independent
Non - Executive Director

Jai Hari Dalmia

Managing Director

Yadu Hari Dalmia

Managing Director

Gautam Dalmia

Director

Puneet Yadu Dalmia

Director

Donald Peck

Independent Non - Executive Director

N. Gopalaswamy

Independent Non - Executive Director

Bharat Anand

Independent Non - Executive Director

The Hongkong and Shanghai
Banking Corporation Limited

ICICI Bank Limited

IDBI Bank Limited

Indian Bank

Landesbank Baden
- Wurttemberg

The Lakshmi Vilas Bank Limited

Oriental Bank of Commerce

Punjab National Bank

State Bank of India

State Bank of Mysore

State Bank of Travancore

Union Bank of India

United Bank of India

Vijaya Bank

Yes Bank Limited

*corporate
information*

BANKERS

Axis Bank Limited

Bank of Baroda

Bank of India

BNP Paribas

Canara Bank

Central Bank of India

Corporation Bank

DBS Bank Limited

HDFC Bank Limited

AUDITORS

Statutory Auditors

S. S. Kothari Mehta & Co.

Internal Auditors

KPMG

Head Office

11th & 12th Floor,
Hansalaya Building
15, Barakhamba Road
New Delhi - 110 001

Registered Office

Dalmiapuram - 621 651
District Tiruchirapalli
Tamil Nadu



Dalmia Bharat Enterprises Limited

Corporate Office

11th and 12th Floor, Hansalaya Building
15, Barakhamba Road, New Delhi - 110 011

Registered Office

Dalmiapuram - 621 651
District Tiruchirapalli, Tamil Nadu