

चाराल्लभते ह्यायुः
आचारादीप्सिताः प्रजाः ।
आचाराद्धनमक्षय्यम्
आचारो हन्त्यलक्षणम् ॥

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Corporate Information

Board of Directors	Bankers	Auditors
Pradip Kumar Khaitan Chairman and Non Executive Director	Axis Bank Limited	Statutory S.S. Kothari Mehta & Co.
Jai Hari Dalmia Vice Chairman	BNP Paribas	Internal KPMG
Yadu Hari Dalmia Vice Chairman	Canara Bank	Axis Risk Consulting Services Pvt. Ltd.
Puneet Dalmia Managing Director	Central Bank of India	T. R. Chadha & Co.
Gautam Dalmia Joint Managing Director	Corporation Bank	
Mridu Hari Dalmia Non Executive Director	ICICI Bank Limited	
J. S. Baijal Independent Non Executive Director	Indian Bank	Head Office 11th & 12th Floors, Hansalaya Building 15, Barakhamba Road New Delhi 110 001
M. Raghupathy Independent Non Executive Director	LBBW Landesbank Baden-Wuerttemberg	Registered Office Dalmiapuram 621 651 District Tiruchirapalli Tamil Nadu
Donald Peck Independent Non Executive Director	Laxmi Vilas Bank	
G. N. Bajpai Independent Non Executive Director	Oriental Bank of Commerce	
N. Gopalaswamy Non Executive Director	Punjab National Bank	
T. Venkatesan Whole Time Director	State Bank of India	
	State Bank of Travancore	
	Union Bank of India	
	United Bank of India	
	Vijaya Bank	
	Yes Bank limited	

Values outlast time

2009 is a landmark year for Dalmia Cement. In the 70th year of its business journey, Dalmia Cement is more than doubling its cement production capacity and taking it to 9 million tons per annum.

Cherished values and fair conduct have differentiated Dalmia Cement for long. It has revisited and recast its governing values. Summed up in a simple acronym - LeTS Excel - its recently adopted values of Learning, Teamwork, Speed and Excellence will work as four pillars of its future growth foundations.

Dedicating this Annual Report to VALUES, Dalmia Cement has chosen 'Subhashitams' - inspirational and wisdom sayings from the rich heritage of Sanskrit literature to depict its commitment to values based growth.

The Subhashit on the cover highlights the virtues of good conduct and defines it as the source that prolongs life, inculcates demeanour in the progeny, generates ever-lasting wealth; and helps overcome one's shortcomings.

Values that transcend generations

Message from Vice Chairmen

Dear Shareholders,

It is a matter of extreme privilege to address you in the 70th year of our enterprise. Having commenced with a mini Polysius Kiln at Dalmiapuram in Tamil Nadu, our enterprise has transformed into a diversified multi-location, multi-commodity manufacturing Company with significant scale in cement and sugar and an annual turnover of about Rs. 20 billion.

The calendar year 2009 will be a year of great significance for your company, as it will see your installed capacity in cement more than double. The year will witness your company's two Greenfield cement plants commence operations in Southern India, at Kadapa in Andhra Pradesh and Ariyalur in Tamil Nadu.

A legacy of 70 years in itself is a great asset for an organisation. What makes your company special is its drive to chart aggressive growth in the ensuing years. And to see that very drive, competence and resolve in the management of your company is heartening.

Success and profit are obvious objectives of any business. Maintaining profitability for several decades and still being contemporary for today and tomorrow, needs much more. It needs the deep rooted values that govern the conduct of the company and a philanthropic philosophy of inclusive and sustainable growth. From the very beginning of this enterprise, we have been driven by the inclusive and sustainable growth objectives of our founders, Shri Ramkrishna Dalmia and Shri Jaidayal Dalmia.

To us, the most significant development in your company during the year was the development and institutionalisation of its values. As we

readied ourselves to take your company on the aggressive growth path, the promoter family and the professional managers alike were of the opinion that our goodwill and inclusive growth philosophy have been our biggest strengths and we must build tomorrow's Dalmia Cement on these robust growth foundations. A series of internal debates across the rank and file of your company were conducted to identify, delve upon, evolve and adopt the governing values. Values that would act as lighthouses in the growth journey.

We are happy to share with you the meaning and objective of these new values and how they translate into day-to-day functioning of your company. Our Values Logo is inspired by Akshay Patra – the vessel of plenty. Mythology suggests that this vessel could go on producing limitless food for innumerable time period - never ending in meeting its purpose. We believe that our company too can continue creating unlimited value for stakeholders and it can go on doing it for times to come.

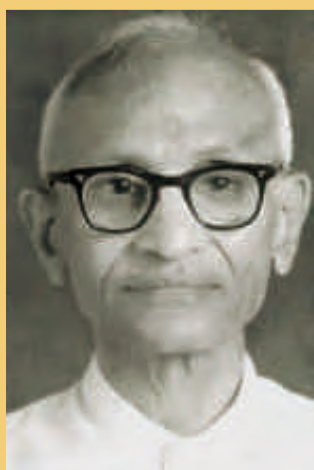
These values have been adopted across your company and all the executives are enthused by these. It gives us pleasure

in observing the unifying and motivating power of our values. We have been successful in making our vast human resource pool adopt them as their values and view them as enablers not only in their professional conduct but also in their personal lives. A beautifully coined acronym – LeTS Excel – Learning, Teamwork, Speed and Excellence is working as a great reminder to all of us. By consistently practicing these values in day-to-day functioning, each employee will

strengthen these values to become an integral part of the company's culture.



Shri Ramkrishna Dalmia



Shri J Dalmia



“While we are transiting through one of the most exciting times of our business journey, we are glad to have you on board. Your efforts and contributions made in the last year are laudable.”

FY09 proved to be a truly testing year for global economies, one of the severest in the post globalisation times of last decade. The underlying and accumulating financial crisis of developed world came to light coinciding with the saturation of their economic growth. This dual blow has impacted their economies almost instantly and the consequent impact on emerging economies like ours have also felt the tremors, though with a time lag.

Your company has been a big believer in India story and the extent of insulation witnessed in the last financial year testifies our belief. Our economy draws strength from being domestic consumption led and regulated banking & financial system. Basis these very strengths, growth is the only way forward for our economy.

In the near term, following months will be challenging for Indian Cement Industry, as there is significant new capacity in the pipeline, at different stages of implementation. Commencement of these capacities will create over capacity situation, causing pressure on pricing and utilisations due to demand supply mismatch. To meet this challenge, we have entered new markets with aggressive marketing plans and at the same time consolidated our position in our core markets. le and newer markets shall drive better growth and profitability, going forward. Global diversion of sugarcane towards energy sector is likely to keep sugar as a profitable business of your company, in both import and export situations for the country. Both these factors will favourably aid to value creation by your company.

Increased capacities in cement operations will bring the economy of scale and newer markets shall drive better growth and profitability, going forward. Global diversion of sugarcane towards energy sector is likely to keep sugar as a profitable business of your company, in both import and export situations for the country. Both these factors will favourably aid to value creation by your company.

In conclusion, we will like to express our gratitude to our founders and their vision and rededicate ourselves to keep the vibrancy of your company in ensuing years. We will like to congratulate your company's management on institutionalising a strong set of values and weaving the company executives' thought process around them. We appreciate the projects team for successful commissioning of Kadapa plant while wishing them luck for the soon to commission Ariyalur Plant. To all the employees of Dalmia Cement, we have this message “While we are transiting through one of the most exciting times of our business journey, we are glad to have you on board. Your efforts and contributions made in the last year are laudable.”

We sincerely appreciate all our stakeholders for their continued support and patronage and look forward to the same as we move ahead to scale greater heights in coming years.



Jai Hari Dalmia



Yadu Hari Dalmia

Financial Highlights

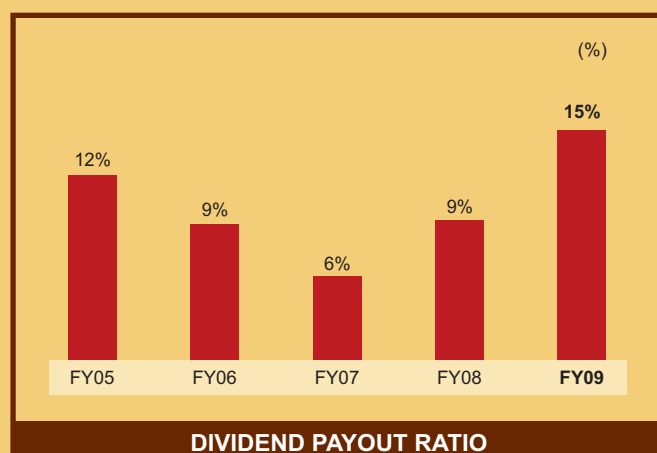
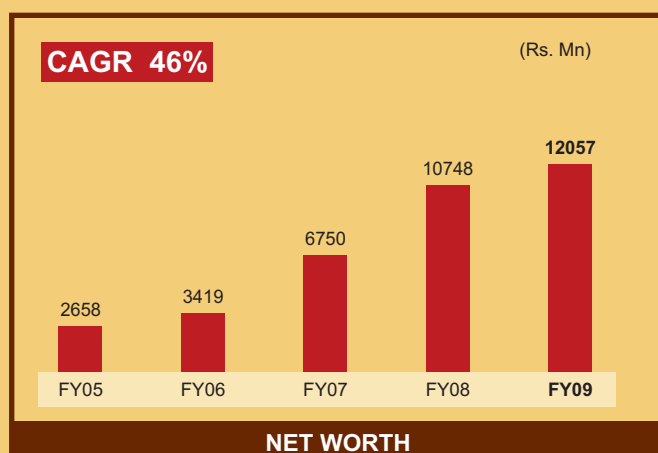
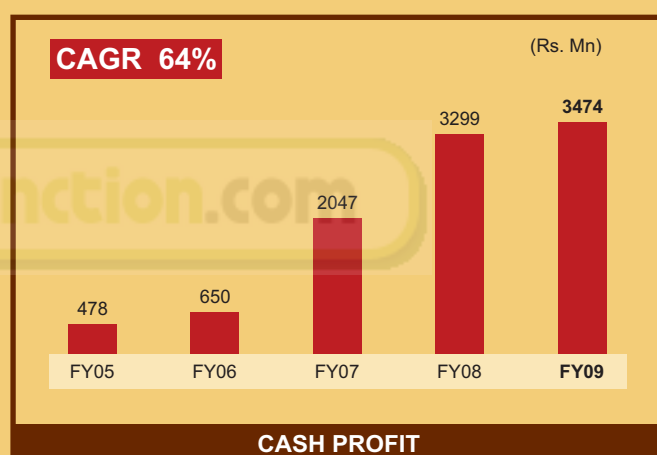
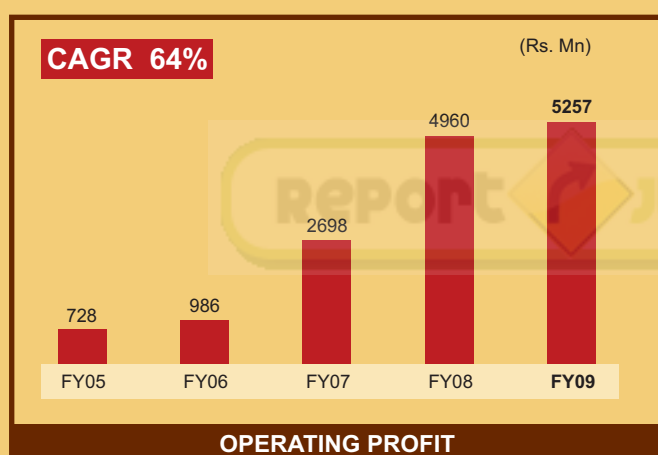
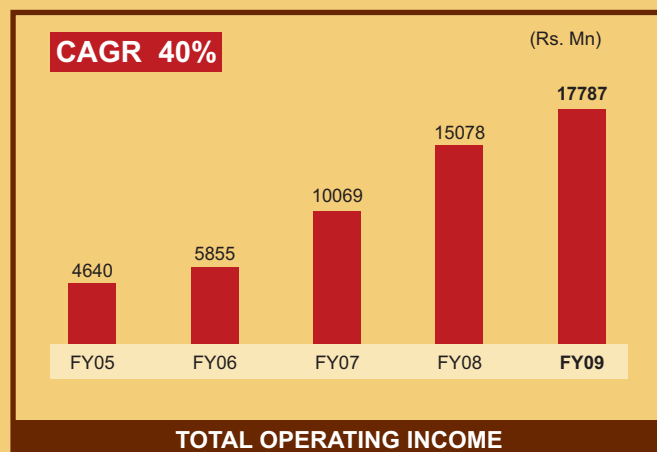
Particulars		FY05	FY06	FY07	FY08	FY09
Total Operating Income	Rs. Mn	4,640	5,855	10,069	15,078	17,787
EBITDA from Operations	Rs. Mn	728	986	2,698	4,960	5,257
Cash Profits from Operations	Rs. Mn	478	650	2,047	3,299	3,474
Profits before Tax	Rs. Mn	357	1,089	2,964	4,341	2,599
Profit after Tax	Rs. Mn	309	848	2,289	3,472	1,586
Share Capital	Rs. Mn	77	77	85	162	162
Reserves & Surplus	Rs. Mn	3,507	4,199	7,449	11,310	12,520
Loan Funds	Rs. Mn	4,988	6,832	10,146	15,833	23,383
Net Block*	Rs. Mn	6,159	7,886	13,436	18,260	26,666
Net Current Assets	Rs. Mn	2,130	2,199	1,752	4,536	5,010
Operating Profit Margin	%	16%	17%	27%	33%	30%
Net Profit Margin	%	7%	13%	20%	21%	9%
Return on Average Net Worth	%	12%	28%	45%	40%	14%
EPS (fully diluted)	Rs.	4.91	11.78	29.18	42.87#	19.61
Cash EPS (fully diluted)	Rs.	8.52	17.60	43.40	57.70#	38.50
Debt Equity Ratio	x	1.39	1.60	1.35	1.38	1.84
Interest coverage	x	2.59	5.64	6.49	4.84	2.82
Current Ratio	x	2.66	2.02	1.34	1.83	1.78
Dividend Rate^	%	50%	100%	150%	200%	150%
Dividend Payout Ratio	%	12%	9%	6%	9%	15%
Share Price (as on March 31)	Rs.	392	264	361	285	78
Market Capitalization	Rs. Mn	2,999	10,119	15,438	23,020	6,338

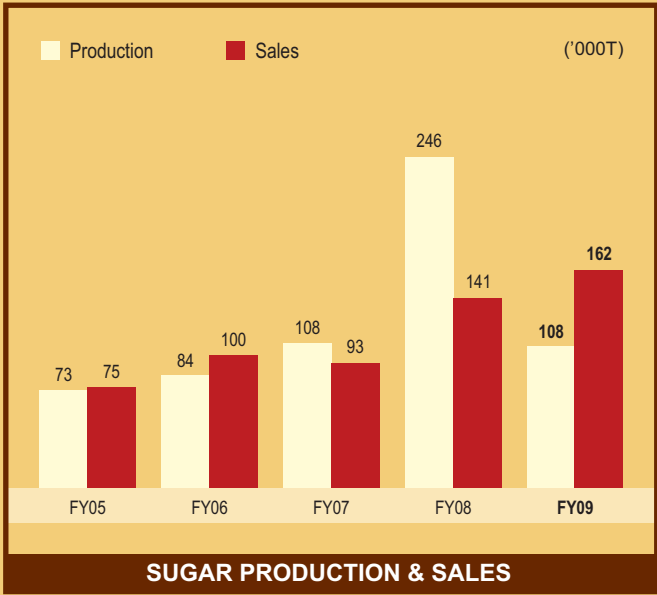
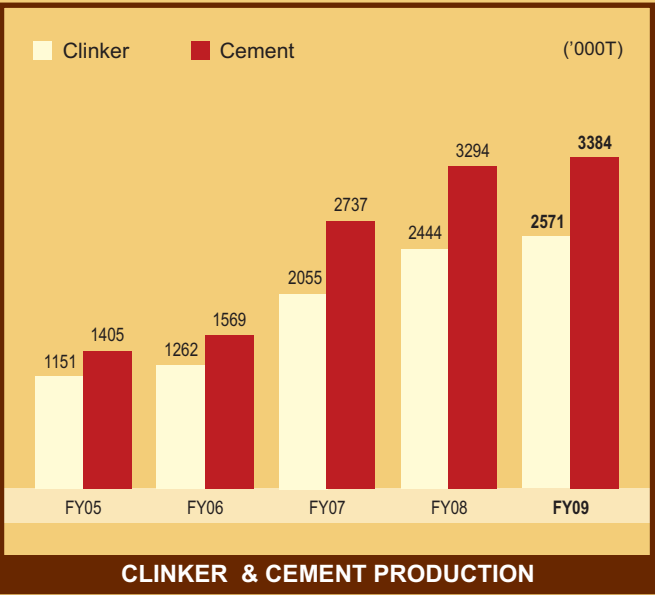
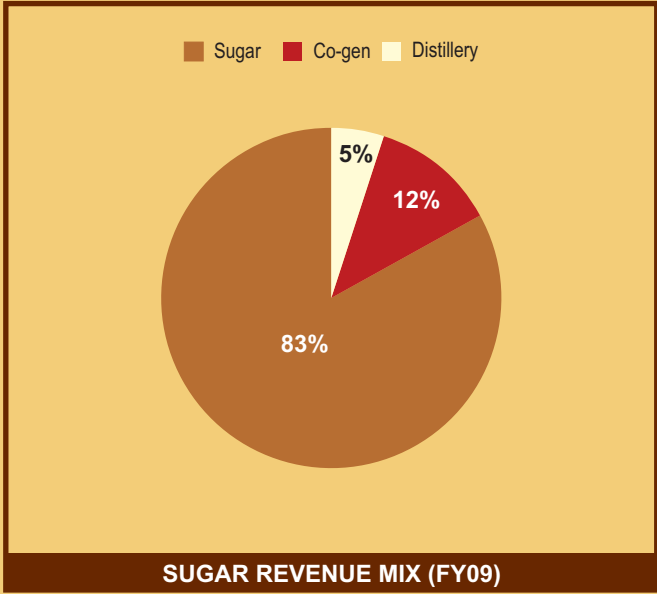
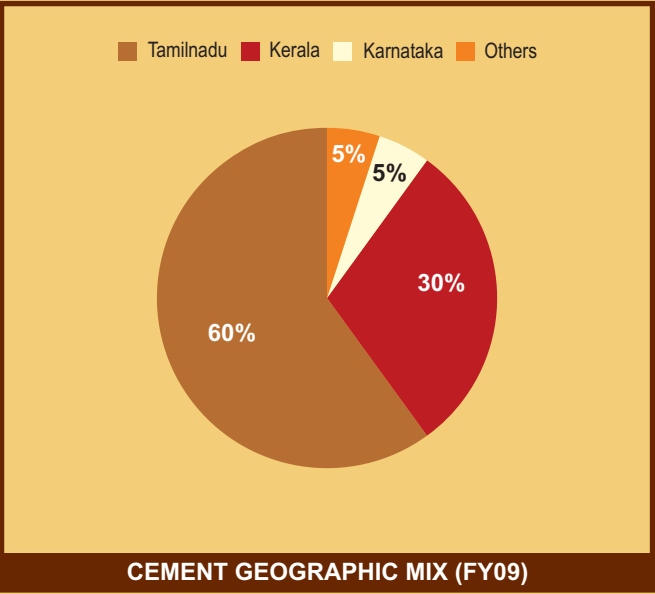
Previous year figures have been regrouped/rearranged wherever necessary for comparison with current year numbers

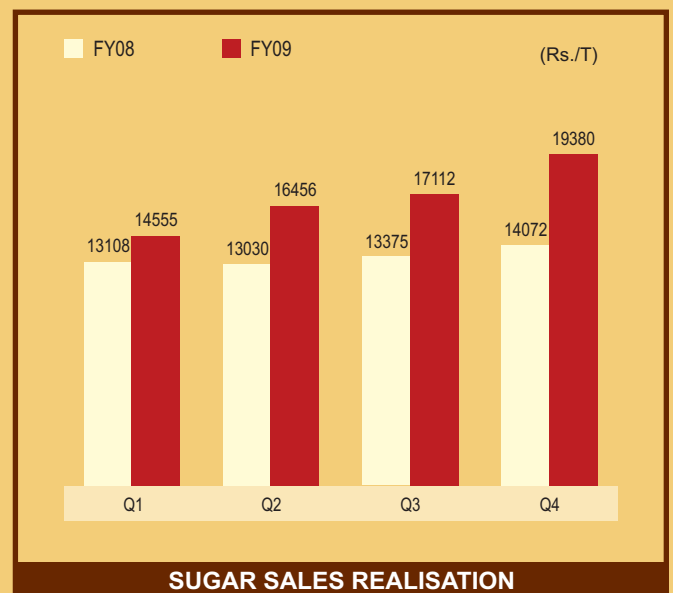
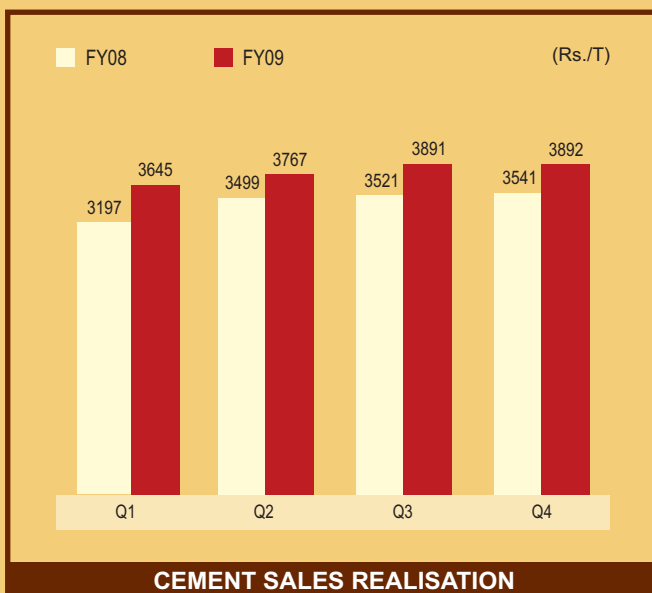
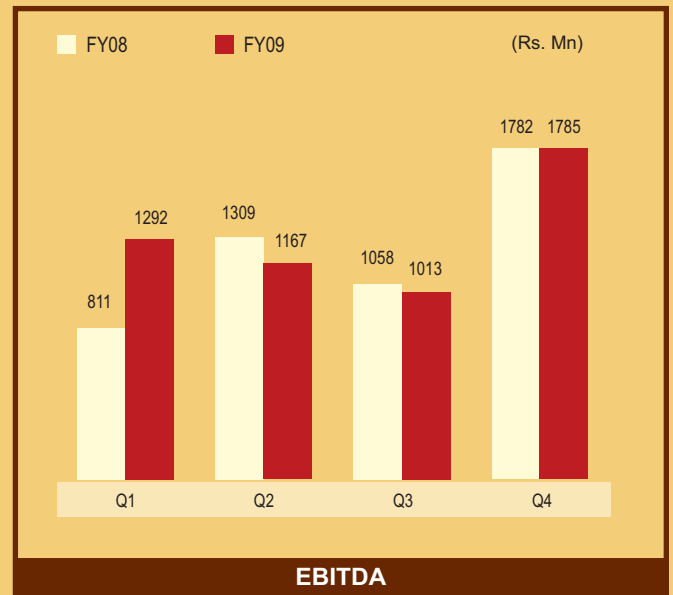
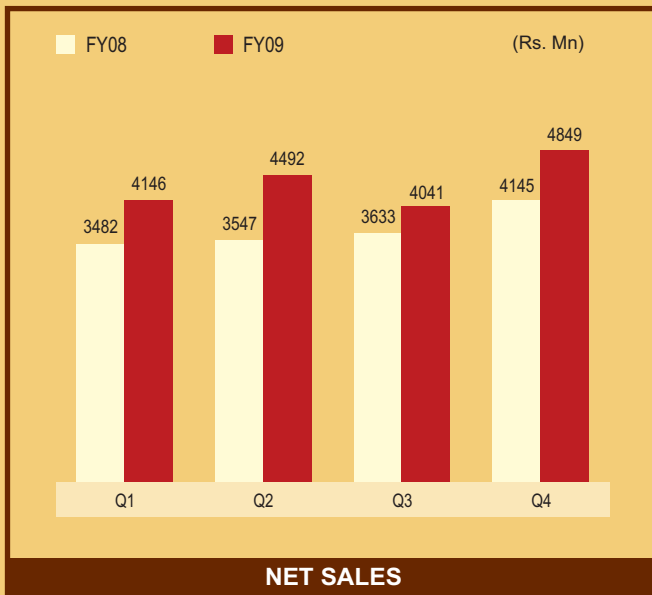
^ Face Value Rs 10 per share, split to Rs 2 per share in FY06

Based on shares outstanding at year end

* Includes Capital Work In Progress







Values that drive us into future

Session with the Managing Director

Since becoming the Managing Director in 2007, **Puneet Dalmia** has been spearheading the aggressive growth strategy of Dalmia Cement. An IIT and IIM alumnus, Puneet features amongst the youngest MD's of India Inc. Known for his passion for perfection, he has been the catalyst in transformation of HR Culture of the company. He speaks on a host of issues facing the company.

How do you view the company's performance in FY09?

FY09 was a year of multiple challenges for the company. We tackled simultaneous Capex and Opex pressures during the year and achieved encouraging results on both fronts of capacity expansion and meticulous operations.

Our gross sales at Rs. 19,715 million were up 17% from Rs. 16,908 million last year. Despite the rising input cost and cost pressure on our products prevalent through most part of the year, our operating EBITDA grew by 6% to reach Rs. 5,257 million. Cement gross revenues were up by 13% at Rs. 14,807 million and gross revenues from integrated sugar business improved by 29% to Rs. 3,776 million. Sugar EBITDA saw a marked improvement at Rs. 601 million, up 154% on a small base while Cement business had a 4% fall in operating profits at Rs. 4,402 million.

Our Greenfield projects progressed at rapid pace through the year, weathering the storm of economic slowdown and liquidity crunch. Kadapa plant of your company got commissioned in March 2009 and is currently under ramping up stage. Strategically, we have started grinding operations at Ariyalur plant ahead of the clinker kiln commissioning, which incidentally is expected to be commissioned in the second quarter of current financial year. I am glad to inform you that your company achieved a rare feat of commissioning the Kadapa plant within 24 months from placing orders for major plant and machinery. Considered against industry average of 30-36 months, the projects team has achieved a tremendous feat and the time saved shall cover up for the ramp up time.

What challenges did the cement business face and how satisfied are you with its performance in FY09?

Cement is the single largest revenue contributor in our diversified business and accounted for 74% of the total net sales of the Company in FY09. During the year, cement net sales grew by 14% to reach Rs. 12,927 million. Cement sales volumes at 3.4 million tons depicted single digit growth of just about 4%.

In my opinion, FY09 was a 'difficult year traversed well' for the entire cement industry. The industry witnessed volatility of all hues; across regions, players and quarters. Exports ban, influx of imported cement, escalating input cost, production constraints, softening of demand, reversal of exports ban – Indian cement industry weathered all – to emerge amongst the leading contributors to the National GDP growth of 6.7%.

The challenges and achievements of your company were no different than those of the industry on operational fronts. The company adapted to the changing environment while speedily readying the new capacities at one hand and tackling the escalating operating costs - which could not have been passed through fully. Despite these, the company delivered growth at both top line and operating EBITDA levels. In my view, FY09 has tested the Company's ability to survive and grow in challenging times through collaboration and innovation. These set of values are expected to hold us in good stead in the near term, where the industry is likely to face challenges on account of demand-supply mismatches.