

## Auditors' Report to the Members of ACC Limited

1. We have audited the attached Balance Sheet of ACC Limited ('the Company') as at December 31, 2012 and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Without qualifying our opinion, we draw attention to Note 38 (A) (f) of the financial Statements, relating to the order of the Competition Commission of India (CCI), concerning alleged contravention of the provisions of the Competition Act, 2002 and imposing a penalty of ₹ 1,147.59 Crore on the Company. The Company is advised by external legal Counsel that it has a good case for the Competition Appellate Tribunal setting aside the order passed by CCI, and accordingly no provision has been considered necessary by the Company in this regard.
5. Further to our comments above and in the Annexure referred to above, we report that:
  - I. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - II. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- III. The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- IV. In our opinion, the Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- V. On the basis of the written representations received from the directors, as on December 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on December 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- VI. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2012;
  - b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
  - c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**For S.R. BATLIBOI & CO.**

Firm Registration No.: 301003E

*Chartered Accountants*

per Ravi Bansal

*Partner*

Membership No.: 49365

Place: Mumbai

Date: February 07, 2013

## Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

Re: ACC Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (a) to (d) of the Order are not applicable to the Company and hence not commented upon.
- (b) 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) (e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- (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, we have not observed any major weakness or continuing failure to correct major weakness in the internal control system of the company in respect of these areas.
- (v) (a) In our opinion, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(v)(b) of the Order is not applicable to the Company and hence not commented upon.
- (vi) The Company has not accepted any deposits from the public to which the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules, 1975 apply.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 related to the manufacture of Cement, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (ix) (a) According to the records of the Company provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues have generally been regularly deposited during the year with appropriate authorities except ₹ 3.71 Crore at certain locations where we are informed that the Company has applied for exemption from the operation of the Employees' State Insurance Act, 1948.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

## Annexure to the Auditors' Report

- (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:

(₹ Crore)

Name of Statute (Nature of Dues)	Period to which the amount Relates	Forum where dispute is pending				Total Amount
		Commissi- onarate	Appellate authorities & Tribunal	High Court	Supreme Court	
Sales Tax (Tax/Penalty/ Interest)	1984-85 to 2012 -13	32.03	111.05	76.54	6.15	225.77
Central Excise Act (Duty/Penalty/ Interest)	1994-95 to 2012-13	5.51	17.86	0.75	2.34	26.46
Service Tax under Finance Act, 1994 (Tax/ Penalty/ Interest)	2005-06 to 2012-13	-	13.83	-	-	13.83
Cess Matters	2001-02 to 2012-13	6.76	-	5.37	17.25	29.38

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, bank or debenture holders.
- (xii) According to the information and explanation given to us and based on the documents and records produced before us, the company has not granted loans and advances on the basis of security by way of pledge of share, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company has created securities or charge in respect of debentures issued and outstanding at the year end.
- (xx) The Company has not raised any money by the way of public issue during the year. Therefore the provisions of clause (xx) of the said Order are not applicable to the Company.
- (xxi) We have been informed by the management of the Company that there were *certain instances of fraud that it detected and investigations relating to which have been completed, involving a representative of the Company colluding with vendors to receive undue benefits, resulting in a loss to the Company of ₹ 0.57 Crores as estimated by management, and certain instances of misappropriation by employees of sale proceeds estimated by management at ₹ 0.30 Crores.*

**For S.R. BATLIBOI & CO.**

Firm Registration No.: 301003E  
Chartered Accountants

per Ravi Bansal  
Partner  
Membership No.: 49365

Place: Mumbai  
Date: February 07, 2013