24th
ANNUAL REPORT
2010-2011

TRINETRA CEMENT LIMITED

24th Annual General Meeting

Date : 30th November 2011

Time : 11.00 A.M.

Venue : 'Coromandel Towers',
93, Santhome High Road,
Karpagam Avenue,
R.A.Puram,
Chennai 600028.

A REQUEST

Shareholders are requested to bring their copy of the Annual Report to the meeting.

CONTENTS

NOTE

Shareholders are requested to note that the Registered Office of the Company stands shifted from Mumbai to Chennai and the same is situated at **'Dhun Building', 827, Anna Salai, Chennai - 600 002** with effect from 17th October, 2011.

TRINETRA CEMENT LIMITED

BOARD OF DIRECTORS :	**Sri N.Srinivasan, Chairman** **Dr. B.S.Adityan** **Sri Arun Datta** **Sri R.K.Das** **Sri N.R.Krishnan** **Sri A.Sankarakrishnan** **Sri L.Sabaretnam** **Sri T.S.Raghupathy** **Sri PL.Subramanian** **Sri R.Srinivasan** **Sri V.M.Mohan**
AUDITORS :	M/s. Chaturvedi SK & Fellows, Chartered Accountants, 410, Dev Plaza, SV Road, Andheri West, Mumbai - 400 058. (New address effective from 01.10.2011).
REGISTERED OFFICE :	'Dhun Building', 827, Anna Salai, Chennai - 600 002.
CORPORATE OFFICE :	'Coromandel Towers', 93, Santhome High Road, Karpagam Avenue, R.A.Puram, Chennai - 600028.
CEMENT PLANT :	Nokhla Village, Wajwana Post, Banswara District, Rajasthan.

DIRECTORS' REPORT

Your Directors have pleasure in presenting their Twentyfourth Annual Report together with the audited accounts for the year ended 31st March 2011.

FINANCIAL RESULTS

	(Rs. in Lakhs) For the year ended 31st March	
	2011	2010
Profit/(Loss) before Interest & Depreciation	**92.60**	75.12
Less: Depreciation	**513.53**	7.37
Less: Interest	**879.07**	0.00
Profit/(Loss) before tax	**(1300.00)**	67.75
Provision for Tax	**0.00**	10.31
Profit/(Loss) after tax	**(1300.00)**	57.44

DIVIDEND

In view of the loss incurred, your Directors do not recommend any dividend for the year 2010-11.

CHANGE OF NAME OF THE COMPANY

The name of the Company stands changed from Indo Zinc Limited to Trinetra Cement Limited with effect from 18th March 2011, as per the "Fresh Certificate of Incorporation Consequent upon Change of Name" issued by the Deputy Registrar of Companies, Maharashtra, Mumbai.

SHARE CAPITAL

During the year, the Authorised Share Capital of the Company was increased from Rs.35 Crores to Rs.350 Crores. The Company has allotted 10,00,000 - 9% Non-Convertible Cumulative Redeemable Preference Shares of Rs.100/- each amounting to Rs.10,00,00,000/- in favour of The India Cements Limited, the holding company in March 2011.

FORFEITURE OF SHARES

The Board of Directors at its meeting held on 10th February 2011, in exercise of the power conferred by the Articles of Association of the Company, approved the forfeiture of 24,400 equity shares of Rs.10/- each for non-payment of allotment money amounting to Rs.1,22,000/-.

RIGHTS ISSUE

The shareholders of the Company have passed the requisite special resolution for offering equity shares and/or preference shares and/or other securities aggregating to Rs.300 crores on Rights basis or otherwise through postal ballot on 21.02.2011.

The Company has filed the draft Letter of Offer with Securities and Exchange Board of India (SEBI) on 30.03.2011 for offering the following securities amounting to Rs.289.79 crores on Rights Basis to the shareholders of the Company:

- 4,92,31,600 Equity Shares of Rs.10/- each at a price of Rs.22.50 (including share premium of Rs.12.50) per fully paid equity share aggregating to Rs.110.77 Crores on Rights basis in the ratio of 11 Equity Shares for every Equity Share held; and
- 1,79,02,400 Optionally Convertible Redeemable Preference Shares (OCRPS) of Rs.100/- each at a price of Rs.100/- per share aggregating to Rs.179.02 Crores on Rights basis in the ratio of 4 OCRPS for every Equity Share held.

The Company will proceed with the Rights Issue once the clearance is received from SEBI.

The Company has already received advance towards share application money amounting to Rs.177.41 crores from the promoter companies towards their share of the subscription for the proposed rights issue.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors make the following statement in terms of Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' responsibility.

"We confirm

1. That in the preparation of the accounts for the year ended 31st March 2011, the applicable Accounting Standards have been followed.
2. That such Accounting Policies have been selected and applied 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 as at 31st March 2011 and of the loss of the Company for the year ended on that date.
3. That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. That the annual accounts for the year ended 31st March, 2011 have been prepared on a going concern basis."

OPERATIONS

The performance of the Company has been discussed in detail in the "Management Discussion and Analysis" section.

PROJECT

The Company has commissioned a 1.5 million tonnes cement plant in Banswara District, Rajasthan and has commenced the commercial production in end January 2011. The Company has capitalized Rs.528.70 crores for the cement plant as of 31st March 2011, including preoperative expenses and trial period costs.

The Company is in an advanced stage of completing a 20 MW captive power plant which is expected to be commissioned by September 2011. In addition to this, the Company is also in the process of enhancing the capacity of Limestone Stacker Reclaimer and the commissioning of Fly ash Handling System at Wanakbori Thermal Power Station. These proposals are also expected to be completed in the next six months.

The Company is also on the look out for expanding the capacity and in this connection, is in the process of acquiring mining leases and lands in various locations, which will enable the Company to plan expansions without any uncertainties.

MANAGEMENT DISCUSSION AND ANALYSIS

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

CORPORATE GOVERNANCE

Pursuant to clause 49 of the Listing Agreement with Stock Exchanges, a report on Corporate Governance along with Auditors' Certificate of its compliance is included as part of the Annual Report of the Company.

FINANCIAL POSITION

The Company was discharged from the purview of SICA/BIFR by the Board for Industrial and Financial Reconstruction (BIFR), vide its order No.277/98 dated 17th March 2009. However, as per the audited annual accounts as on 31st March 2010, the Company had become a potentially sick company in terms of Section 23 of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) and the prescribed form was filed with BIFR on 11th October 2010. Even at the time of discharge of the Company from the purview of SICA, the accumulated losses were more than 50% of the peak net worth and the status has been continuing since then. In order to improve the financial position, the Company is planning to raise Rs.289.79 crores by way of rights issue and a draft Letter of Offer has already been filed with Securities and Exchange Board of India in this connection. On successful completion of the proposed Rights issue of securities, the net worth of the Company will turn positive thereby freeing the Company from 'potentially sick' category. In fact, the Company has already received advance towards share application money amounting to Rs.177.41 crores from the promoter companies towards their share of the subscription for the proposed rights issue. If this advance is reckoned as share capital, the net worth of the Company will significantly increase.

PUBLIC DEPOSITS

During the year under review, the Company has neither accepted nor invited any public deposits within the meaning of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975. Also there are no outstanding public deposits at the beginning or end of the year.

CONSERVATION OF ENERGY ETC.

The prescribed details, as required under Section 217(1)(e) of the Companies Act, 1956 are set out in the Annexure.

PERSONNEL

The Company has no employee drawing a salary of Rs.5,00,000/- per month or above or which in aggregate was not less than Rs.60 lakhs during the year.

DIRECTORS

Sri N.Srinivasan, Dr.B.S.Adityan, Sri Arun Datta and Sri R.K.Das retire by rotation at the ensuing Annual General Meeting of the Company and are eligible for reappointment.

Brief particulars on Directors eligible for reappointment in terms of Clause 49 of Listing Agreement are annexed to the Notice convening the 24th Annual General Meeting.

REGISTERED OFFICE

The shareholders of the Company have passed the requisite resolution for shifting the Registered Office of the Company from Mumbai in the State of Maharashtra to Chennai in the State of Tamil Nadu on 21.02.2011 through postal ballot. The Company has filed the requisite petition with the Hon'ble Company Law Board, Western Region Bench, Mumbai, seeking its confirmation for the same.

AUDITORS

M/s.Chaturvedi SK & Fellows, Chartered Accountants, Mumbai, Auditors of the Company, retire at the ensuing Annual General Meeting and are eligible for re-appointment.

Mr.S.A.Murali Prasad, Cost Accountant, Chennai, has been appointed as Cost Auditor for the year 2011-12 subject to approval by the Government of India.

M/s.Brahmayya & Co., Chartered Accountants, Chennai, have been appointed as Internal Auditors for the year 2011-12.

ACKNOWLEDGEMENT

The Directors are thankful to the Bankers for their continued support. The Directors also thank the Central Government and the State Governments for their support. The continued dedication and sense of commitment shown by the employees at all levels during the year deserve special mention.

for and on behalf of the Board

Place : Chennai — N. SRINIVASAN
Date : 30th May, 2011 — Chairman

ANNEXURE TO DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2011

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988.

A. Conservation of Energy:

(a) Energy conservation measures undertaken:

During the month of January, 2011 the plant has commenced its commercial production and the company is in the process of implementing the Energy conservation measures.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

i. Installation of HT & LT Capacitors for improving the power factor.

ii. Installation of Cross Belt Analyzer (CBA) for optimizing raw mix to balance the effect of high silica experienced in the run of mine lime stone, to effect improvement in Kiln operations resulting in savings in Energy.

iii. Use of alternate fuel (waste sludge).

iv. Use of Grinding Aid to enhance production rate by 3% to 5%.

(c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on cost of production of goods:

The measures that are proposed to be taken / under implementation are expected to reduce the power consumption by nearly 4 to 5 units/Tn of cement and overall heat consumption by around 10-15 k.cals per kg. of Clinker.

(d) Total energy consumption and energy consumption per unit of production:

Given in Form'A' annexed.

B. Technology Absorption:

Efforts made in technology absorption:

Particulars given in Form 'B' annexed.

C. Foreign exchange earnings and outgo:

(a) Activities relating to exports, initiatives taken to increase exports, development of new export market for products and services and export plans:

There were no export sales during the year under review.

(b) Total foreign exchange used and earned:

	Current Year	Previous Year
Used Rs.lakhs	**–**	–
Earned Rs.lakhs	**–**	–

FORM A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

		Current Year	Previous Year
A. POWER & FUEL CONSUMPTION			
1. Electricity			
(a) Purchased			
Units - KWH - Lakhs		**188.42**	NA
Total amount - Rs. Lakhs		**852.37**	NA
Rate per unit - Rs.		**4.52**	NA
(b) Own Generation			
(1) Through Diesel/Furnace Oil Genset			
Units - KWH - Lakhs		**Nil**	NA
Unit per Litre of Diesel/Furnace Oil-KWH		**Nil**	NA
Cost per unit - Rs.		**Nil**	NA
(2) Through Steam Turbine/Genset			
Units - KWH - Lakhs		**Nil**	NA
Unit per Litre of Furnace Oil/Gas-KWH		**Nil**	NA
Cost per unit - Rs.		**Nil**	NA
2. Coal for Kilns (various grades incl. Lignite)			
Quantity	Tonnes	**16690**	NA
Total Cost	Rs.Lakhs	**1304.69**	NA
Average Rate	Rs./Tonne	**7817**	NA
3. HSD/Furnace Oil for Kilns			
Quantity	K.Litres	**28.00**	NA
Total Cost	Rs.Lakhs	**10.58**	NA
Average Rate	Rs./K.Litre	**37786**	NA
4. Consumption per unit of Production	Standards (if any)		
Electricity (KWH/Tn of Cement)	110	**131.09**	NA
Coal Consumption Per Tn of Clinker (Depending on Quality of Coal)	20-25	**14.27**	NA
Diesel Oil/Furnace Oil per Tn of Cement (Litres)		**Nil**	NA

FORM B

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION

Research and Development (R & D) :

1. Specific areas in which R&D carried out by the Company	:	Nil
2. Benefits derived as a result of above R & D	:	
3. Future plan of action	:	

4. Expenditure on R & D:		
(a) Capital	:	Nil
(b) Recurring	:	
(c) Total	:	
(d) Total R&D expenditure as a percentage of total turnover	:	

Technology absorption, adaptation and innovation:

1. Efforts, in brief, made towards technology absorption, adaptation and innovation.	:	Not Applicable
2. Benefits derived as a result of above efforts e.g. product improvement, cost reduction, product development, import substitution etc.	:	
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished	:	
(a) Technology imported		
(b) Year of Import		
(c) Has technology been fully absorbed		
(d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action.		

MANAGEMENT DISCUSSION AND ANALYSIS

Economy - An Overview

The Indian Economy expanded at a better than expected pace of 8.9% in the second quarter of the current fiscal, prompting economic analysts and experts to project GDP Growth at 9% in 2010-11.

The growth rate of 8.9% in the second quarter depicts India as the second fastest growing large economy after China which recorded a growth of 9.6% in the quarter ended September 2010. The impressive performance of the Indian Economy in Q2 was propelled mainly by robust agricultural growth and the strong showing by the services sector.

The output of the six core infrastructure industries grew by 6.6% in December 2010 as against an expansion of 6.2% in December 2009 - driven by the good performance of the crude oil and petroleum refinery sectors.

Inflation

Inflation surged further during the year particularly more influenced by the food inflation and reached the double digits in several months during the year. However, it was back in single digit at over 9% over the week ended March 19, 2011 and this development was made possible by the fall in prices of pulses, though fruits and vegetables stayed dear during that week.

Industry Scenario

The cement industry which registered spectacular growth in double digits over the last few years entered a phase of deceleration with the demand slackening during the year under review. The industry's demand growth during the year was a meagre 4.7% according to information furnished by Cement Manufacturers' Association, which is the lowest in the last ten years. This aberration in the growth according to experts is due to the general slow down in the infrastructure and real estate sectors due to the rising cost of finance. The Reserve Bank of India had hiked the key rates - Repo and Reverse Repo almost 6 times in the year 2010 with a further dosage during the current year resulting in lending rates across all loans becoming costlier leading to a fall in demand.

While on the one hand, the growth in demand dropped steeply, on the other hand, in anticipation of all-round growth, the industry had ploughed in substantial money to create additional capacities of around 115 million tonnes in the last 3 years and with the slackening of this demand, the prices started declining due to fierce competition in the market and reached unremunerative levels during the second quarter of the year under review. This resulted in the reduced capacity utilization of the industry which fell to 76% in FY 2011 from 85% in FY 2010. However, during the second half of the financial year the industry was able to recover some portion of the lost ground with more remunerative prices enabling the industry to survive these troubled times.

An analysis of growth in demand regionwise indicate that the Western region and Eastern region continued with a double digit growth at 11.7% and 10.3% respectively; the North registered a growth of 3% and the Central 9.7%. The primary markets of your company are in parts of West, Central and North which have shown significant growth, which augur well for the company.

Company Performance

The unit was commissioned in phases with clinkerisation unit and the cement grinding operations and after initial teething troubles the commercial production of your company has started from end January 2011. The overall production, (including trial production) of clinker was 2.79 Lakh Ts while cement grinding was 3.24 Lakh Ts and the sales was at 3.16 Lakh Ts. (excluding trade sales of 0.60 Lakh Ts). The quality of cement from this unit has been acclaimed and well received by the markets. Besides the above, the unit also achieved 0.02 Lakh Ts of inland sale of clinker. The operating efficiencies of power and fuel were affected in the initial months due to stabilization period and are slightly coming down to normalcy towards the end of the year.

Opportunities, Threats, Risks and Concerns

The industry has been passing through a difficult phase which allows only a reduced capacity utilization. However, the utilization in the Central and North were better than the national average of 76% as primarily the lower utilization was caused by the units operating in the South. It may be seen that despite the slow down, the economy has clocked a growth of over 8% and with the thrust being given to development of infrastructure sector, the industry can expect a reasonable growth in the medium term. With the growth taking place in the markets served by your company, it is reasonably expected that the demand supply would balance, which would enable the unit to operate at higher levels of capacity than the units situated in the South. In order to overcome the constraints in the availability of power, your company is installing a 20 MW power plant to take care of its power requirements which is likely to go on stream by the 3rd quarter of the current fiscal. Your company is also exploring the possibility of using low cost alternate fuels including high moisture coal, which would help in mitigating ever increasing cost of fuel. The availability of trucks at such a remote place also posed lot of concerns, which has been overcome with deployment of dedicated trucks.

Outlook

The advance estimate of GDP growth for 2010-11 released by CSO recently envisages the economy to grow by 8.6% in the current fiscal. Agriculture along with forestry and fishing is expected to record a sharp rise in growth from 0.40% just a year ago to 5.40% in 2010-11.

Manufacturing is set to expand at 8.8% on par with the growth in the last fiscal while the services sector is expected to post a 9.6% growth.

The agricultural sector has clearly benefitted from a normal monsoon and if sustained, will have a positive impact on rural employment and domestic consumption.

All these factors augur well for the normal growth and demand for cement at 8% to 9% which is the long term cumulative growth rate of the industry.

Value Enhancing Strategies

Your company has put up a plant at a strategic location to take care of the ever growing markets of North, Central and West which have also recorded a reasonable growth even during the previous year. To ensure uninterrupted operation of plant, the supply of power which is currently met through grid power is proposed to be replaced with a power plant. Steps are also taken to rationalize the cost of coal through securing long term linkages and also through usage of alternate low cost high moisture coal. To meet the fly ash requirement for production of PPC cement at this plant, the Company is in the process of installing a collecting system at Gujarat State Electricity Board's plant at Wanakbori in Gujarat. This will ensure adequate availability of fly ash for utilization at the Company's cement plant. Your company has applied to the Government of Rajasthan for customized package of incentives for the plant, which is under process.

Your company has got minimum number of manpower across units and imparting multitasking skills for workers has been given top priority.

Human Resources & Industrial Relations

Industrial relations remained cordial throughout the year.

Internal Control Systems & their Adequacy

Your company has a well defined internal control system to support efficient business operations and statutory compliance. A strong in-house internal audit function which carries out concurrent audit of the plant and offices adds to the stability of the internal control systems. Suitable internal checks have been built-in to cover all monetary transactions with proper delineation of authority, which provides for checks and balances at every stage. The company has a strong system of budgetary control which covers all aspects of operations, finance, capital expenditure at a macro level on a monthly basis reporting directly to top management. All the physical performances and efficiency parameters are monitored on a daily basis and actions are taken then and there. The company has an Audit Committee of Directors to review financial statements to shareholders. The role and terms of reference of the Audit Committee cover the areas mentioned under Clause 49 of the Listing Agreement with Stock Exchanges and Sec.292A of the Companies Act, 1956 besides other terms as may be referred to by the Board of Directors from time to time.