



PRISM CEMENT LIMITED

Annual Report 2006-07





PRISM CEMENT LIMITED

BOARD OF DIRECTORS

Mr. Rajan B. Raheja

Chairman

Mr. Manoj Chhabra

Managing Director

Mr. Aziz H. Parpia

Mr. Rajesh G. Kapadia

Mr. Satish B. Raheja

Mr. Vijay Aggarwal

Alternate to Mr. Satish Raheja

Mr. Akshay R. Raheja

Mr. K. Swaminathan

Nominee of ICICI Bank Ltd.

(Upto August 2, 2006)

Mr. Ramen Raymandal

Nominee of ICICI Bank Ltd.

(August 2, 2006 - December 14, 2006)

COMPANY SECRETARY

Mrs. Aneeta S. Kulkarni

REGISTRAR & TRANSFER AGENT

Karvy Computershare Private Ltd.,
Plot No. 17 to 24, Near Image Hospital,
Vittalrao Nagar, Madhapur,
Hyderabad - 500 034.

BANKERS

State Bank of India
Vijaya Bank
Bank of Baroda

AUDITORS

N. M. Raiji & Co., Mumbai

INTERNAL AUDITORS

Borkar & Muzumdar, Mumbai

COST AUDITORS

N. I. Mehta & Co., Mumbai

SOLICITORS

Wadia Ghandy & Co., Mumbai

CORPORATE OFFICE

'Rahejas', Main Avenue, V. P. Road,
Santacruz (W), Mumbai - 400 054.

REGISTERED OFFICE

305, Laxmi Niwas Apartments,
Ameerpet, Hyderabad - 500 016.

PLANT

Village Mankahari, Tehsil Rampur Baghelan,
Dist: Satna - 485 111, M. P.

MARKETING OFFICE

16/1/6A, Tagore Town, J. N. Road,
Allahabad - 211 002, U. P.

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PRISM CEMENT LIMITED

NOTICE

NOTICE IS HEREBY GIVEN that the Fifteenth Annual General Meeting of the Company will be held on Tuesday, August 7, 2007, at 11.00 a.m. at Taj Mahal Hotel, 4-1-999, Abids Road, Hyderabad - 500 001, to transact the following business:

Ordinary Business :

1. To receive and adopt the Directors' Report and the audited Profit and Loss Account for the year ended June 30, 2007 and the Balance Sheet as at that date and the report of the Auditors thereon.
2. To declare a dividend on equity shares.
3. To appoint a Director in place of Mr. Rajesh G. Kapadia, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Satish B. Raheja, who retires by rotation and being eligible, offers himself for re-appointment.
5. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :

"RESOLVED THAT the retiring Auditors, Messrs N. M. Raiji & Co., who being eligible, have offered themselves for re-appointment, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting at a remuneration to be mutually agreed between the Board of Directors of the Company and the Auditors, in addition to reimbursement of out-of-pocket expenses in connection with the audit of the Company."

Special Business :

6. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :

"RESOLVED THAT Mr. Akshay R. Raheja who was appointed as Additional Director of the Company with effect from October 30, 2006 and who holds office upto the date of this Annual General Meeting as per Section 260 of the Companies Act, 1956 ("the Act") and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Act, proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

NOTES :

1. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the Special Business mentioned under Item No. 6 above, is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES, IN ORDER TO BE VALID, MUST BE RECEIVED BY THE COMPANY AT THE REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING.
3. The Register of Members and Transfer Books of the Company will remain closed from Tuesday, July 31, 2007 to Tuesday, August 7, 2007 (both days inclusive). If the final dividend as recommended by the Board of Directors is approved at the meeting, payment of such dividend will be made on or after August 13, 2007 as under :
 - i. To all beneficial owners in respect of shares held in electronic form as per the data as may be made available by the National Securities Depository Limited and the Central Depository Services (I) Limited as of the close of business hours on July 30, 2007.
 - ii. To all shareholders in respect of shares held in physical form after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before the close of business hours on July 30, 2007.

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4. Shareholders holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of the dividend. The Company or its Registrars cannot act on any request received directly from the shareholders holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the shareholders.
5. In order to avail the facility of Electronic Clearing System (ECS) for receiving direct credit of dividend to his / their respective account with the Bank(s), the members holding shares in physical form are requested to provide their Bank Account details in the ECS Form attached to the Annual Report, to the Company's Registrar & Transfer Agent - Karvy Computershare Private Ltd.
6. Members are requested to send all communication relating to shares to the Company's Registrar & Transfer Agent - Karvy Computershare Private Ltd., Unit: Prism Cement Limited, Plot No.17 - 24, Near Image Hospital, Vittalrao Nagar, Madhapur, Hyderabad - 500 081. Members holding shares in electronic mode should address all their correspondence to their respective Depository Participants (DPs).
7. Nomination facility for shares is available for Members. The prescribed format, in this regard, can be obtained from the Company's Registrar and Transfer Agent.
8. The Company's equity shares are listed on The Stock Exchange, Mumbai and the National Stock Exchange of India Limited. The listing fees for the year 2007-2008 have been paid to the aforesaid Stock Exchanges.
9. Pursuant to Sections 205C of the Companies Act, 1956, the Company has transferred unclaimed interest on non-convertible debentures in respect of 10th and 11th Interest Accounts during the year to the Investor Education & Protection Fund.

By Order of the Board of Directors

Place : Mumbai
Date : July 3, 2007

Aneeta S. Kulkarni
Company Secretary



EXPLANATORY STATEMENT

As required by Section 173 (2) of the Companies Act, 1956, the following Explanatory Statement sets out the material facts relating to Item No. 6 mentioned in the accompanying Notice dated July 3, 2007.

Item No. 6

Mr. Akshay R. Raheja was appointed as Additional Director on the Board of the Company with effect from October 30, 2006. Mr. Raheja is a Commerce Graduate and holds an MBA from Columbia Business School, N. Y., USA. He is a Director on the Boards of Asianet Satellite Communications Limited, H & R Johnson (India) Limited and Foodworld Supermarkets Limited. Mr. Raheja holds 55,50,000 equity shares of the Company.

Pursuant to Section 260 of the Companies Act, 1956, Mr. Raheja holds office upto the date of the ensuing meeting and is eligible for appointment as Director of the Company. The Company has received a notice from a shareholder under Section 257 of the Companies Act, 1956, proposing his name for appointment as Director of the Company.

The Board is of the view that Mr. Akshay Raheja's knowledge will be of immense benefit and value to the Company and therefore recommend adoption of the Resolution at Item No. 6.

Except for Mr. Rajan B. Raheja, Mr. Satish B. Raheja and Mr. Akshay R. Raheja, none of the other Directors is concerned or interested in any way in the Resolution.

By Order of the Board of Directors

Place : Mumbai
Date : July 3, 2007

Aneeta S. Kulkarni
Company Secretary

Registered Office :

305, Laxmi Niwas Apartments,
Ameerpet, Hyderabad - 500 016.



PRISM CEMENT LIMITED

DIRECTORS' REPORT

To the Shareholders,

The Directors present the Fifteenth Annual Report together with the audited Accounts of the Company for the year ended June 30, 2007.

OPERATING RESULTS

The financial performance of the Company for the year ended June 30, 2007 is given below :

	<u>2006-07</u>	<u>2005-06</u>
	<u>Rs. Crores</u>	<u>Rs. Crores</u>
Sales	883.48	678.18
Less : Excise duty	116.68	106.44
Net Sales	766.80	571.74
Other income	4.42	2.09
	771.22	573.83
Expenditure	436.75	420.84
Operating Profit	334.47	152.99
Exchange gain/(loss) on restatement of foreign currency loans	0.20	(3.96)
Profit before finance charges & depreciation / amortisation	334.67	149.03
Finance charges	6.61	25.34
Profit before depreciation/ amortisation	328.06	123.69
Depreciation	31.87	30.73
Amortisation	2.13	2.31
Profit before tax	294.06	90.65
Provision for current tax	(34.13)	(9.06)
Provision for fringe benefit tax	(0.29)	(0.33)
Deferred tax	(66.87)	(19.18)
Profit after tax	192.77	62.08
Less : Deficit brought forward	44.90	106.98
Profit available for appropriation	147.87	(44.90)
Appropriation :		
Proposed Dividend	(29.83)	-
Tax on Dividend	(5.07)	-
Surplus/(Deficit) carried to Balance Sheet	112.97	(44.90)

DIVIDEND

The Directors are pleased to recommend for approval of the shareholders, a maiden dividend of 10% (Re.1/- per Equity Share of Rs. 10/- each) for the year ended June 30, 2007. The dividend, if declared and approved as above, would result in cash outflow of Rs. 34.90 crores including tax on dividend of Rs. 5.07 crores.

OPERATIONS

The improvement in the operating results continued during the year under review which is reflected in the financial results. The net sales of the Company for the year under review increased to Rs. 766.80 crores as compared to Rs. 571.74 crores in the previous year, registering a growth of 34 %. The operating profit grew by 119 %, from Rs. 152.99 crores in the previous year to Rs. 334.47 crores in the year under review. The net profit registered a growth of 211 % over the previous year.

After payout of dividend, as recommended by the Board and tax thereon, the balance carried forward in the P & L account is Rs. 112.97 crores.

FINANCE

The continuous emphasis on efficient fund management coupled with the stable operations and growth in cement demand during the past couple of years has enabled the Company to wipe out the balance accumulated losses of Rs. 44.90 crores and repay its entire outstanding debt of Rs. 107.93 crores during the year under review. As a consequence thereof, finance charges reduced from Rs. 25.34 crores during the year ended June 30, 2006 to Rs. 6.61 crores during the year under review.

DIRECTORS

Mr. K. Swaminathan, nominee of ICICI Bank Limited, resigned from the Board on August 2, 2006. Mr. Ramen Raymandal joined the Board of Directors on August 2, 2006 as a nominee in place of Mr. K. Swaminathan. He resigned from the Board on December 14, 2006. The Board wishes to place on record its appreciation of the contributions made by Mr. K. Swaminathan and Mr. Ramen Raymandal during their respective tenures as Director of the Company.

Mr. Akshay R. Raheja was appointed as Additional Director by the Board at its meeting held on October 30, 2006. Mr. Akshay Raheja holds office upto the date of the forthcoming Annual General Meeting. In this connection, your attention is drawn to Item No. 6 of the accompanying Notice of the Annual General Meeting.

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In accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Rajesh G. Kapadia and Mr. Satish B. Raheja retire by rotation at the forthcoming Annual General Meeting and being eligible, have offered themselves for re-appointment.

As required, the requisite details of Directors seeking appointment / re-appointment are included in the Report on Corporate Governance.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, relating to Directors' Responsibility Statement, the Directors, to the best of their knowledge and belief and according to the information and explanations obtained by them, confirm that:

1. in preparation of the Annual Accounts for the year ended June 30, 2007, the applicable Accounting Standards have been followed and there has been no material departure;
2. they have 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 as on June 30, 2007 and of the profit of the Company for the year ended on that date;
3. they have taken proper and sufficient care to the best of their knowledge 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. they have prepared the accounts for the year ended June 30, 2007 on a going concern basis.

PARTICULARS OF EMPLOYEES

Pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, the particulars are given in the statement which forms part of this Report. However, as per provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the Annual Report and Accounts are being sent to all the shareholders excluding the aforesaid information. Any shareholder interested in obtaining a copy of the statement may write to the Company's Registered Office at Hyderabad or to its Corporate Office at Mumbai.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo as required under 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, is given in the Annexure forming part of this Report.

CORPORATE GOVERNANCE

As per Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section on Corporate Governance together with a certificate from the Company's Auditors confirming compliance is set out in the Annexure forming part of this Report.

AUDITORS

The Auditors, M/s. N. M. Raiji and Co., Chartered Accountants, hold office until the conclusion of the ensuing Annual General Meeting and have given their consent for re-appointment. A certificate from the Auditors has been received to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956.

COST AUDIT

As per the requirement of the Central Government and pursuant to Section 233 B of the Companies Act, 1956, the Company's Cost Records in respect of cement for the year ended June 30, 2007 are being audited by Cost Auditors, M/s. N. I. Mehta & Co.

ACKNOWLEDGEMENTS

The Directors wish to place on record their appreciation of the assistance and co-operation extended by various Central and State Government departments/agencies, financial institutions and banks. The Directors wish to thank the shareholders for their continued support to the Company.

The Board wishes to place on record its appreciation of sincere and dedicated work of all the employees, which has largely contributed to the present growth of the Company.

For and on behalf of the Board of Directors

RAJAN B. RAHEJA
Chairman

Place : Mumbai

Date : July 3, 2007



PRISM CEMENT LIMITED

ANNEXURE 'A' TO THE DIRECTORS' REPORT

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

A. CONSERVATION OF ENERGY

(a) Energy conservation measures taken

Following Modifications were carried out during the year 2006 - 2007 for improving the productivity and reducing the specific power consumption and specific heat consumption.

- > Commissioning of Power Capacitors for power factor improvement.
- > Commissioning of new generation high efficiency microprocessor based controller for Cement Mill ESP.
- > Commissioning of electronic system for better control and rationalisation of compressed air.
- > Commissioning of variable frequency drive for Primary Air Fan & Cooler Fan for Energy saving.

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

Proposed modifications and capacity enhancement

- > Upgradation of PLC system for faster response and better control of manufacturing process.
- > Implementation of Expert Control System philosophy for auto control of cement mill operation.
- > Installation of variable frequency drive for balance cooler fans for energy saving.
- > Upgradation of "CEM Scanner" for improved control of Kiln and coal firing.

(c) Impact of measures for reduction of energy consumption and consequent impact on the cost of production of goods

- > The above measures have resulted / will result in savings in the consumption of thermal and electrical energy and enhance the production, resulting into lower cost of production per tonne.

(d) Total energy consumption and energy consumption per unit of production as per Form A in respect of industries specified in the Schedule

FORM - A

(See Rule 2)

Form for disclosure of particulars with respect to conservation of energy

	2006-2007	2005-2006
(A) POWER AND FUEL CONSUMPTION		
1. Electricity		
a) Purchased		
Units (Lakhs - KWH)	1776.51	3.07
Total Amount (Rs. Crores)	71.46	0.15
Rate / Unit (Rs.)	4.02	4.92
b) Own Generation		
i) Through Diesel Generator		
Net Units (Lakhs-KWH)	232.84	2033.77
Unit per Ltr. of Diesel/ Furnace Oil (KWH)	3.93	4.09
Cost / Unit (Rs./KwH)	9.16	5.66
ii) Through Steam Turbine / Generator	NIL	NIL
2. Coal (used in Kiln)		
Quantity (Tonnes)	367141	363458
Total Cost (Rs. Crores)	87.46	79.87
Average Rate (Rs.)	2382.31	2197.59
3. Furnace Oil		
Quantity (K.Ltrs.)	6164	51870
Total Cost (Rs. Crores)	13.57	91.96
Average Rate (Rs./K.Ltr.)	22026.00	17729.83
4. High Speed Diesel		
Quantity (K.Ltrs.)	556	537
Total Cost (Rs. Crores)	1.76	1.42
Average Rate (Rs./K.Ltr.)	31585.39	26513.59
5. Others / Internal Generation	NIL	NIL

(B) CONSUMPTION PER UNIT OF PRODUCTION

Electricity (KWH/T of Cement)	72.24	76.26
HSD / FO (Ltr./T of Clinker)	0.22	0.20
Coal (Percentage of Clinker)	16.93	16.51

B. TECHNOLOGY ABSORPTION

(e) Efforts made in technology absorption as per Form B

FORM B

(See Rule 2)

Form for disclosure of particulars with respect of absorption RESEARCH AND DEVELOPMENT (R & D)

1. Specific areas in which R&D carried out by the company

- > Stock pile control by ratio modules.

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

- > Reduced Gypsum consumption.
- > Reduced energy consumption.

3. Future plan of action

- > to take up mineralised clinker project through renowned technologies.
- > Raw mix optimisation to enhance fly-ash addition.
- > To explore possibilities of using alternative fuels.
- > Upgradation study for increasing the kiln output.

4. Expenditure on R&D

	2006-2007 Rs. Crores	2005-2006 Rs. Crores
Capital	Nil	Nil
Recurring	0.06	0.05
Total R & D expenditure as percentage of turnover	0.01	0.01

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts, in brief, made towards technology absorption, adaptation and innovation

- > Absorbing and adapting all technology developed.
- > Indigenous development of imported spares.

2. Benefits derived as results of the above efforts

- > Improvement in the existing process and productivity.
- > Cost Reduction.
- > Knowledge of updated technology.

C. FOREIGN EXCHANGE EARNING AND OUTGO

(f) Activities relating to export, initiative taken to increase exports, development of new export markets for products and services and export plans

- > The company is continuously exploring avenues to increase exports to neighbouring countries.

(g) Total foreign exchange used and earned

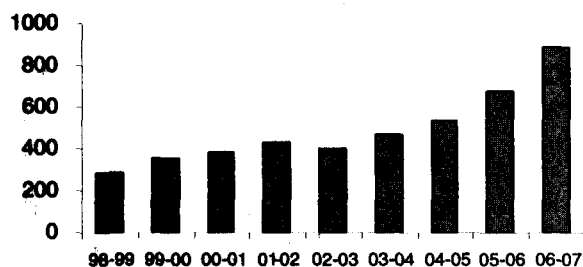
	2006-2007 Rs. Crores	2005-2006 Rs. Crores
CIF value of imports	19.49	8.16
Expenditure in foreign currency	1.68	12.10
Earning in foreign currency	3.15	1.24

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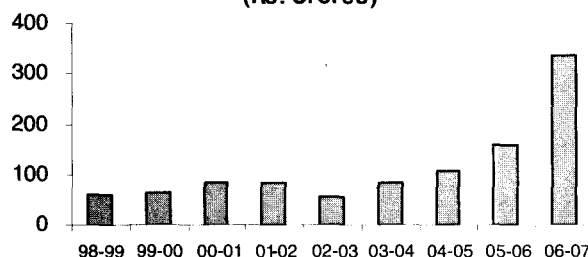
MANAGEMENT DISCUSSION & ANALYSIS

Performance Highlights

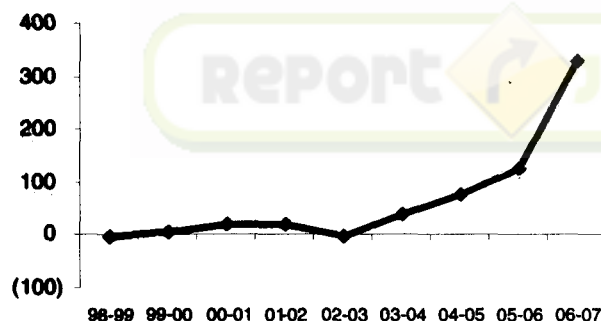
Gross Turnover (Rs. Crores)



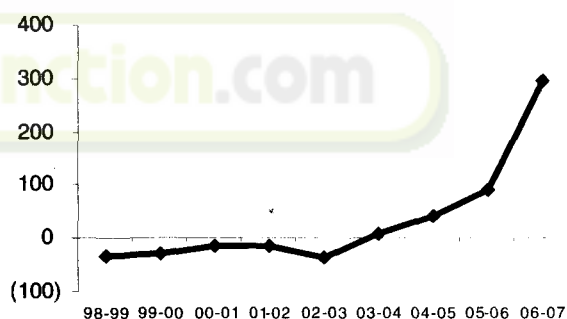
Profit Before Interest, Depreciation & Tax (Rs. Crores)



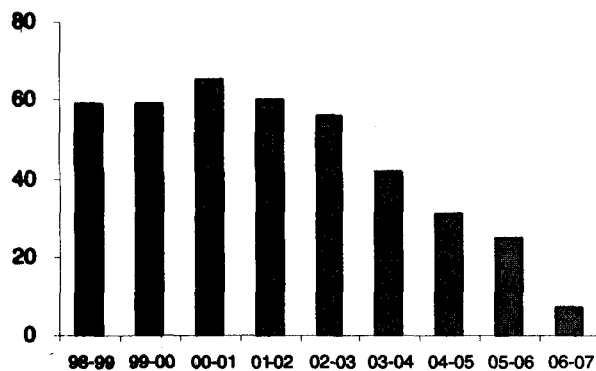
Profit Before Depreciation & Tax (Rs. Crores)



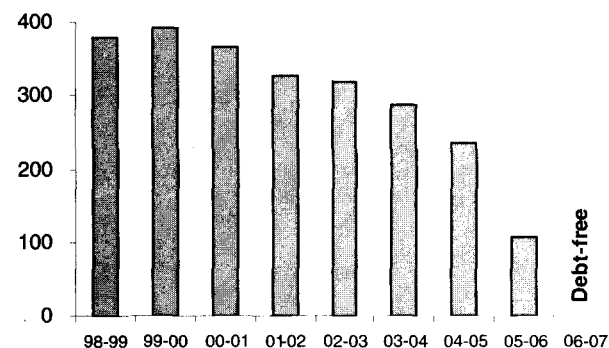
Profit Before Tax (Rs. Crores)



Finance Charges (Rs. Crores)



Debt (Rs. Crores)





PRISM CEMENT LIMITED

Business Environment

India's GDP grew at about 9.4 % in 2006-07. With this backdrop, the cement industry maintained a good growth momentum. Capacity utilisation increased from 90 % in the previous year to 96 % for the year 2006-07. Cement production registered an increase of about 10%, from 141.81 Mn. T for the year 2005-06 to 155.31 Mn. T for the year 2006-07.

The country's GDP is projected to continue to grow at around 9% in 2007-08. Infrastructure and housing is on the top agenda of the Government with improvement of existing and construction of new roads, bridges and airports being on priority. Continuous efforts made by the Cement Manufacturers Association to promote the construction of concrete roads have proved fruitful as is evident from the increase in concretisation of major roads.

The Indian cement industry has registered a production growth of about 9-10 % for the last three consecutive years. However, the per capita consumption of around 125 kgs compares poorly with the world average of over 260 kgs. This emphasizes the tremendous scope for growth in the Indian cement industry in the long term.

Review of Operations and Future Outlook

During the year, the Company produced 21.69 lakh tonnes of clinker and 22.39 lakh tonnes of cement during the year ended June 30, 2007, as against 22.02 lakh tonnes of clinker and 21.60 lakh tonnes of cement produced during the year ended June 30, 2006.

The growth in demand for cement combined with efforts to maximize realizations has enabled the Company to earn a profit after tax of Rs. 192.77 crores as against Rs. 62.08 crores in the previous year. This is inspite of the uptrend in prices of inputs such as coal and freight and taxes. The Board of Directors has recommended a maiden dividend of 10 % per share. The dividend is tax free in the hands of the shareholders.

While the demand for cement has shown a good growth, the Company was successful in strategizing its market operations which substantially enhanced the brand equity of "PRISM CHAMPION". The Company increased its share of PPC production from 72 % during the year 2005-06 to 87 % during the year under review.

Prudent finance management over the years has enabled the Company to repay its entire debt and wipe off its losses during the year under review. The Company invested surplus funds in liquid mutual fund

schemes. The total amount of investments as at June 30, 2007 was Rs. 141.87 crores.

The Company's products are well recognized in the markets of interest to be among the best in terms of quality and standards. They enjoy a cost advantage given the proximity to the markets. The costs of production are also kept under constant checks and controls.

The Company believes that it is well placed to take advantage of the opportunities that the markets offer. The progress made in the year 2006-07 has set the Company on a course to enhance growth in subsequent years. With the Government's thrust on infrastructure and housing continuing its momentum, the demand for cement will be sustained in the current year.

With this perspective, the Company has embarked upon augmenting its capacity through a brownfield expansion of 2 million tonnes of clinker at Satna, Madhya Pradesh and thereafter setting up a greenfield project of 2 to 3 million tonnes of clinker at Kurnool, Andhra Pradesh. It is expected that after these expansions, the total cement capacity of the Company would increase to around 10 million tonnes by 2011-2012.

Internal Control Systems

The management maintains adequate internal controls commensurate with the nature and size of operations of the Company, which is designed to provide reasonable assurance that assets are safe-guarded, transactions are correctly executed and recorded in accordance with managements' authorisation and accounting policies.

The Company's internal control system provides high level of system based checks and controls. Regular internal audits and checks ensure that responsibilities are executed efficiently. The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of internal control systems and suggests improvement for strengthening them from time to time.

The Statutory Auditors independently evaluate internal checks and controls during the conduct of their audit. They also participate in Audit Committee meetings to express their opinion on issues of concern.

Human Resources

Prism's strength continues to be its employees. Delegation and empowerment is provided to senior

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managers to enable the concept of "ownership" to be instilled in them. This ensures full commitment and dedication from each employee and is working very satisfactorily.

The Company continuously strives to upgrade the skills and motivation levels of its human resources through various mechanisms. Efforts are made in developing them in keeping with organisational goals and priorities and at the same time caring for their individual aspirations and growth.

The efforts put in by employees at all levels are highly commendable and have contributed immensely to the excellent performance of the Company.

Corporate Social Responsibility

For Prism, corporate social responsibility is not just a program but it is the way business is done every day. The Company has always been conscious of its social obligations and has initiated welfare programmes for the benefit of its employees and villagers living near the Plant by providing the basic facilities and a better way of living, right from its inception.

Besides providing emergency and basic medical facilities to its employees and contractors and their families at the Plant, a Mobile Medical Van provides free medical aid to the villagers and their families.

Operations of a cement plant have inherent potential to emit dust and gases that may affect air quality negatively. At Prism, the installation of pollution control equipment of international standard are in place to improve air quality at and around the operations.

Water management and water quality remain the key focus areas of the management. The quality of both surface and ground water is monitored regularly to ensure that the mining and plant operations do not pollute the water resources of the communities living around the mining and plant area.

In recognition of the above, the Company was awarded the Energy Conservation Award by the Government of India, Ministry of Power for the year 2006. The Company was also awarded the 1st Prize for Environment Management by the Government of Madhya Pradesh, Ministry of Environment announced in 2007.

Safety, Health & Environment

Safety is a top priority issue at Prism, especially with regard to mining and its risks. The processes of cement

manufacture be it mining, production, processing, or packing, have a direct impact on the plant site and its surrounds. Therefore all efforts are made to anticipate, prevent as far as possible and mitigate the effects of its actions.

Pre-employment and annual examinations are performed on all employees to ensure that they are fit to perform the work for which they are employed and to ensure the early detection and treatment of any occupational disease that may arise.

Prism consciously strives to enhance the health and wellness of the employees and their dependants by addressing and managing their health risks while simultaneously providing access to comprehensive healthcare facilities. The Company also runs a number of programmes designed to promote Safety, Health and Environment (SHE) awareness among its employees and thus improve SHE management systems.

The various programmes run during the year include:

- On-going Safety Training Programme covering varied topics such as general safety, safety in material handling, housekeeping, etc. which were attended by 886 employees during the year.
- Basic First Aid Training so that they are appropriately equipped to render First Aid in case of emergency medical situations. During the year under review, 182 employees were trained through the First Aid Training Programme conducted by the Red Cross Society.
- Fire Drills - Mock drills are conducted to increase awareness among the people how to combat any accidents on a regular basis.

Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could influence the Company's operations include input availability and prices, demand and pricing of finished goods in the Company's principal markets, changes in government regulations, tax laws, economic developments within the country and other incidental factors.