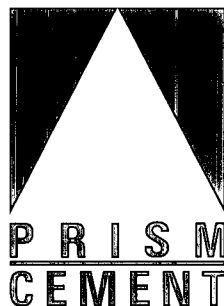
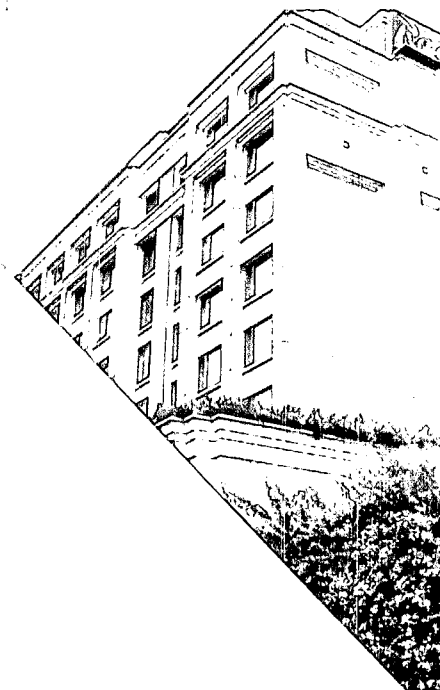
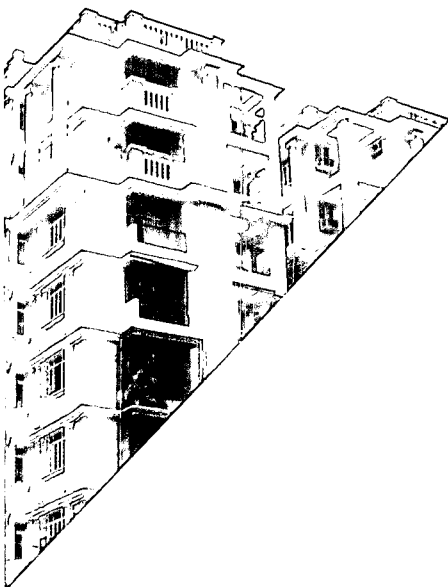


## 2007-08 ANNUAL REPORT



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- + *Naini Bridge, Allahabad*

**Back Cover Page (from left)**

- + *Shivar Tower, Varanasi*
- + *Divine Heart Hospital, Lucknow*
- + *Bus Shelter, Kanpur*
- + *Passport Office, Lucknow*



# 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**

## Company Secretary

**Mrs. Aneeta S. Kulkarni**

## 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.

## Registrar & Transfer Agents

Karvy Computershare Private Ltd.  
Plot No.17 to 24, Near Image Hospital,  
Vittalrao Nagar, Madhapur, Hyderabad - 500 081

## Bankers

State Bank of India  
Vijaya Bank  
Bank of Baroda

## Auditors

N. M. Raiji & Co., Mumbai

## Internal Auditors

Natvarlal Vepari & Co., Mumbai

## Cost Auditors

N. I. Mehta & Co., Mumbai

## Solicitors

Wadia Ghandy & Co., Mumbai

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## PRISM CEMENT LIMITED

### NOTICE

NOTICE IS HEREBY GIVEN that the Sixteenth Annual General Meeting of the Company will be held on Tuesday, August 5, 2008, 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, 2008 and the Balance Sheet as at that date and the report of the Auditors thereon.
2. To confirm the payment of interim dividend on Equity Shares for the year ended June 30, 2008 as final dividend.
3. To appoint a Director in place of Mr. Rajan B. Raheja, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Aziz H. Parpia, 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 subject to the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") or any modifications / re-enactments thereof, read with Schedule XIII to the Act, the Articles of Association of the Company, and subject to such other approvals/consents/sanctions/permissions as may be necessary, the consent of the Company be and is hereby accorded to the appointment of Mr. M. Chhabra as Managing Director, for the period, terms as to remuneration and conditions as set out hereunder and in the Agreement to be entered into by the Company with him, submitted to this Meeting and initialled by the Chairman for the purpose of identification, which Agreement is hereby specifically approved with full liberty to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include Remuneration Committee of the Board), in accordance with the statutory limits / approvals as may be applicable, to revise/alter/modify/amend/change the terms and conditions of the Agreement from time to time as may be agreed to by the Board and Mr. Chhabra.

#### 1. **Period :**

Three years with effect from August 25, 2008.

#### 2. **Remuneration :**

- (i) Remuneration, by way of salary, dearness allowance, perquisites and other allowances payable monthly, and commission, which together shall not, in any financial year, exceed five per cent of its net profits for one such managerial person, and if there is more than one such managerial person, ten per cent for all of them together, as may be decided from time to time by the Board of Directors.

# 16th Annual Report 2007-2008

- (ii) Company's contribution to provident fund, superannuation fund or annuity fund as per Rules of the Company to the extent these either singly or put together are not taxable under the Income-tax Act, 1961, gratuity and encashment of leave at the end of the tenure payable as per the rules of the Company shall not be included in the computation of limits for the remuneration and perquisites aforesaid.

The aggregate of the remuneration and perquisites as stated above in any financial year shall not exceed the limits prescribed from time to time under Sections 198, 309, 311 and all other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act or any statutory modifications or re-enactment thereof.

Where in any financial year during the tenure of Mr. M. Chhabra, the Company has no profits or it has inadequate profits, the Company shall pay to Mr. Chhabra the remuneration by way of salary, perquisites and other allowances as specified above as minimum remuneration, subject to receipt of the requisite approvals, if any.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things as may be considered necessary to give effect to the aforesaid resolution."

## NOTES :

1. The Explanatory Statement pursuant to Section 173 (2) 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 29, 2008 to Tuesday, August 5, 2008 (both days inclusive).
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 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. 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).
6. 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.
7. The Company's equity shares are listed on The Bombay Stock Exchange Limited and The National Stock Exchange of India Limited. The listing fees for the year 2008-2009 have been paid to the aforesaid Stock Exchanges.
8. Pursuant to Sections 205C of the Companies Act, 1956, the Company has transferred unclaimed interest on non-convertible debentures in respect of 12th and 13th Interest Accounts and the Unclaimed Redemption - 1st instalment of non-convertible debentures during the year to the Investor Education & Protection Fund.

Place : Mumbai  
Date : July 3, 2008

By Order of the Board of Directors,  
**Aneeta S. Kulkarni**  
Company Secretary





## PRISM CEMENT LIMITED

### 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, 2008.

#### Item No. 6

Mr. M. Chhabra is a Chartered Accountant and has over 32 years of varied experience in the Industry. He has been associated with the Company since the initial stages of project implementation as part of the senior management team and was appointed as Executive Director - Finance & Commercial effective August 1999. Considering his long association, the valuable experience in the business of the Company and the contribution made by him, he was appointed as Managing Director of the Company for a period of 5 years with effect from August 25, 2003. Prior to joining the Company, he held senior positions at the corporate level in Larsen & Toubro Limited, where he worked for over 16 years.

Mr. Chhabra is also a Director on the Board and a member of the Audit Committee of Raheja QBE General Insurance Company Limited.

The Company has shown excellent all-round progress in terms of business growth, operations and profitability during the tenure of Mr. Chhabra. He has steered the fortunes of the Company and has enabled it to become debt-free and move forward on the path of expansions and diversification. In recognition of his contribution to the turnaround in the Company, the Board of Directors at its meeting held on July 3, 2008, subject to requisite approvals, has re-appointed Mr. Chhabra as Managing Director for a further period of 3 years effective from August 25, 2008.

The appointment may be terminated at any time by either party giving to the other party six months notice of such termination and neither party will have any claim against the other for damages or compensation by reason of such termination. In any event, the appointee will not be entitled to any compensation in cases mentioned in Section 318(3) of the Companies Act, 1956 ('the Act').

This may be treated as an abstract of the terms of appointment and remuneration payable to the Managing Director required to be sent to every member pursuant to Section 302 of the Companies Act, 1956.

The draft Agreement to be entered into with the Managing Director is available for inspection at the Company's Registered Office at Hyderabad and at the Corporate Office at Mumbai, on all working days between 11.00 a.m. and 1.00 p.m., except Saturdays, up to the date of the Annual General Meeting.

The Directors are of the view that the Company would continue to be immensely benefited by the experience and guidance of Mr. Chhabra, and therefore recommend adoption of the Resolution at Item No. 6.

Except for Mr. M. Chhabra, Managing Director, none of the other Directors is deemed to be concerned or interested in any way in the Resolution. Mr. Chhabra holds 600 equity shares of the Company.

By Order of the Board of Directors,

**Aneeta S. Kulkarni**

Company Secretary

Place : Mumbai

Date : July 3, 2008

Registered Office :

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

# 16th Annual Report 2007-2008

## DIRECTORS' REPORT

To the Shareholders,

The Directors present the Sixteenth Annual Report together with the audited Accounts of the Company for the year ended June 30, 2008.

### OPERATING RESULTS

The financial performance of the Company for the year ended June 30, 2008 is given below :

	<u>2007-08</u>	<u>2006-07</u>
	<u>Rs. Crores</u>	<u>Rs. Crores</u>
Sales	1019.75	883.48
Less : Excise duty	143.30	116.68
Net Sales	876.45	766.80
Other income	15.92	4.45
	<u>892.37</u>	<u>771.25</u>
Expenditure	539.88	436.58
Profit before finance charges & depreciation / amortisation	352.49	334.67
Finance charges	3.83	6.61
Profit before depreciation / amortisation	348.66	328.06
Depreciation & Amortisation	31.93	34.00
Profit before tax	316.73	294.06
Provision for current tax	(80.41)	(34.13)
Provision for fringe benefit tax	(0.40)	(0.29)
Deferred tax	5.71	(66.87)
Profit after tax	241.63	192.77
Add : Surplus / (Deficit) brought forward	112.97	(44.90)
Less : Transitional adjustment for AS-15	0.18	-
Profit available for appropriation	354.42	147.87
<b>Appropriation :</b>		
Dividend	(29.83)	(29.83)
Tax on Dividend	(5.07)	(5.07)
Surplus carried to Balance Sheet	<u>319.52</u>	<u>112.97</u>

### DIVIDEND

For the year under review, the Company paid an Interim Dividend of Re. 1/- per equity share of Rs 10/- each, aggregating an amount of Rs. 34.90 crores (including corporate dividend tax of Rs 5.07 crores). The Board of Directors has recommended that the interim dividend be treated as final dividend for the year ended June 30, 2008.

### OPERATIONS

During the year, production of clinker and cement increased by 5.45% and 9.20%, respectively. Sustained focus on productivity and margins continued to yield

positive results. The EBIDTA, including other income, for the year ended 30.6.2008 was Rs. 352.49 crores as against an EBIDTA of Rs. 334.67 crores for the previous year. After expenses and provisions for taxes, the net profit for the year under review was Rs. 241.63 crores as against Rs. 192.77 for the previous year, registering an increase of 25%.

The Company's plan, for an increase in cement capacity to 10 million tonnes by 2011, through its brown field expansion at Satna - Unit II and greenfield plant at Andhra Pradesh, is making headway. The Company has frozen the technical specifications for the brownfield expansion at Satna and the orders for the major equipment will be placed in due course. For its greenfield unit at Kurnool District, Andhra Pradesh, the Company has acquired most of the land for its mining operations. The Company has been allotted a coal block in Chindwara District of Madhya Pradesh. The mining plans have been submitted to the concerned authorities for requisite approvals.

### FINANCE

The Company continues to be debt-free. The Company has invested its temporary surplus funds in Liquid schemes of Mutual Funds. The outstanding amount of investments in Mutual Funds as on June 30, 2008 stood at Rs. 251.35 crores. The expansion/new projects will be met by prudent finance management, careful planning of resources and minimum debt.

### DIRECTORS

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

Mr. M. Chhabra holds office as Managing Director of the Company upto August 24, 2008. Subject to the requisite approvals, the Board at its Meeting held on July 3, 2008, has re-appointed Mr. M. Chhabra as Managing Director of the Company for a period of three years with effect from August 25, 2008, upon terms and conditions mentioned at Item No. 6 read with the explanatory statement of the accompanying Notice of the ensuing Annual General Meeting.

As required, the requisite details of Directors seeking appointment/re-appointment are included in this Annual Report.

### 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



## PRISM CEMENT LIMITED

information and explanations obtained by them, confirm that:

1. in preparation of the Annual Accounts for the year ended June 30, 2008, 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, 2008 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, 2008 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.

### AUDIT

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.

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, 2008 are being audited by Cost Auditors, M/s. N. I. Mehta & Co.

The Company has appointed M/s. Natvarlal Vepari & Co., Chartered Accountants, as the Internal Auditors of the Company during the year under review, in place of the retiring Internal Auditors, M/s. Borkar & Muzumdar.

### SUBSIDIARY

During the year under review, the Company has made a strategic investment in Raheja QBE General Insurance Company Limited for a 74% stake by virtue of which it has become a subsidiary of the Company. The Company's investment in the subsidiary as on June 30, 2008 stood at Rs. 7.40 crores. The subsidiary is awaiting the requisite approvals for commencement of business.

As required under section 212 of the Companies Act, 1956 the audited accounts alongwith the report of the Board of Directors relating to the subsidiary Raheja QBE General Insurance Company Limited and the Auditors' Report thereon are attached.

### CONSOLIDATED FINANCIAL STATEMENTS

The audited Consolidated Financial Statements have been prepared in accordance with the requirements of the Accounting Standard (AS) 21, Consolidated Financial Statements and Accounting Standard (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.

The consolidated net profit of the Company and its subsidiary amounted to Rs. 239 crores for the year ended June 30, 2008 as compared to Rs. 241.63 crores for the Company.

### ACKNOWLEDGEMENTS

The Board takes this opportunity to express its sincere appreciation of the excellent contribution made by all the employees towards the overall performance of the Company. The Directors also thank the shareholders, various Central and State Government departments/agencies, banks and other business associates for their valuable service and support during the year.

For and on behalf of the Board of Directors

**RAJAN B. RAHEJA**  
Chairman

Place: Mumbai  
Date: July 3, 2008



## 16th Annual Report 2007-2008

**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 2007-08 for improving the productivity and reducing the specific power consumption and specific heat consumption:

- > Modification in the design of cooler plates.
- > Modifications in the cement mill roller press feeding system.
- > Installation of improved water cooling system in cooler.
- > Optimization of Primary Air blower.

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

- Proposed modifications and capacity enhancement
- > Installation of SPRS system in Pre-heater fans.
  - > Installation of new X-ray analyzer for improved control of raw mix.
  - > Modification in the fine coal bin extraction system.
  - > Use of Membrane bags.

**(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.

**(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

**(A) POWER AND FUEL CONSUMPTION**

	2007-2008	2006-2007
1. Electricity		
a) Purchased		
Units (Lakhs - KWH)	2051.72	1776.51
Total Amount (Rs. Crores)	81.37	71.46
Rate/Unit (Rs.)	3.97	4.02
b) Own Generation		
i) Through Diesel Generator		
Net Units (Lakhs - KWH)	11.39	232.84
Unit per Ltr. of Diesel/		
Furnace Oil (KWH)	3.13	3.93
Cost/Unit (Rs./KwH)	13.18	9.16
ii) Through Steam Turbine/Generator	NIL	NIL
2. Coal (used in Kiln)		
Quantity (Tonnes)	380291	367141
Total Cost (Rs. Crores)	107.65	87.46
Average Rate (Rs.)	2830.61	2382.31
3. Furnace Oil		
Quantity (K.Ltrs.)	296	6164
Total Cost (Rs. Crores)	0.65	13.57
Average Rate (Rs./K.Ltr.)	22026.00	22026.00
4. High Speed Diesel		
Quantity (K.Ltrs.)	428	556
Total Cost (Rs. Crores)	1.36	1.76
Average Rate (Rs./K.Ltr.)	31865.56	31585.39
5. Others/Internal Generation	NIL	NIL

**(B) CONSUMPTION PER UNIT OF PRODUCTION**

	2007-2008	2006-2007
Electricity (KWH/T of Cement)	68.08	72.24
HSD/FO (Ltr./T of Clinker)	0.15	0.22
Coal (Percentage of Clinker)	16.63	16.93

**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 to absorption RESEARCH AND DEVELOPMENT (R &amp; D)

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

- > Reducing the clinker temperature by addition of gypsum in raw mix and also optimization of raw mix for better burn ability and grind ability.

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

- > Stable kiln operation / Increased clinker production.
- > Improved cement mill output
- > Reduced Energy Consumption

**3. Future plan of action**

- > Studies have been completed for production of mineralized clinker and up-gradation for increasing the kiln output which will be taken up during the year
- > To explore the possibility of using high ash coal and low grade limestone with improved quality of clinker
- > Modification of packing plant and railway yard for increased despatches and reducing the loading time in rakes to eliminate demurrages

**4. Expenditure on R&D**

	2007-2008	2006-2007
	<u>Rs. Crores</u>	<u>Rs. Crores</u>
Capital	Nil	Nil
Recurring	0.10	0.06
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**

- > Use of Synthetic oil in cement mill roller press gear boxes
- > Use of high viscosity gravity based grease in kiln girth gear

**2. Benefits derived as results of the above efforts**

- > Reduction in pitting of cement mill roller press gear box
- > Improved tooth profile in the kiln girth gear

**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**

	2007-2008	2006-2007
	<u>Rs. Crores</u>	<u>Rs. Crores</u>
CIF value of imports	19.61	19.49
Expenditure in foreign currency	0.86	1.68
Earning in foreign currency	4.89	3.15



## PRISM CEMENT LIMITED

### MANAGEMENT DISCUSSION & ANALYSIS

#### Business Environment

The Indian economy continued its march ahead by registering a 9% growth over the previous year. The manufacturing sector has contributed significantly to this impressive growth. The outlook for the cement industry remains positive, with a lot expected to happen on the capacity addition front in the market. The industry despatched 167.67 Mn.T during the year 2007-08, registering a growth of 8%. Installed capacity during the same period increased by about 16%, from 167.83 Mn.T to 195.77 Mn.T.

For the current year too there are healthy signs, with the government continuing its measures for raising investments in the infrastructure and housing sector. Initiatives by the government to increase housing affordability and home ownership are likely to spur demand for housing loans. At the same time, increase in prices of fuel and power may have a dampening effect on cement demand but looking at the consistent growth of the construction and infrastructure sector, it is expected that cement will have a sustained demand.

#### Review of Operations and Future Outlook

- ❖ Production of clinker and cement registered a growth of 5.45% and 9.20%, respectively.
- ❖ Sales of cement and clinker increased from 26.93 lakh tonnes during the year 2006-07 to 30.64 lakh tonnes during the year 2007-08, an increase of 13.78%.
- ❖ Revenues increased by 15.42% to Rs. 1019.75 crores during the year under review from Rs. 883.48 crores during the previous year.
- ❖ PAT for the year ended June 30, 2008 at Rs. 241.63 crores, was higher by Rs. 48.86 crores, registering a increase of 25%.
- ❖ Power Consumption down by 5.75% to 68.08 units kwh per tonne cement.

The major factors that contributed to this considerably improved performance are - continuous improvement in the core processes, concentration on high value products, focus on high growth end-users and increasing focus on developing brand equity.

Raw material cost, escalation on coal and other inputs continue to have an impact on the profitability. With

continued focus on operational efficiency and improvement in productivity, the Company expects to maintain its position as the preferred choice of customers in the markets of its interest.

In the year under review, after a detailed process of evaluation, the Company has implemented SAP - ERP which will enable close monitoring of its processes and projects and improve its Management Information System.

The Company's plan, for an increase in cement capacity to 10 million tonnes by 2011, through its brown field expansion at Satna - Unit II and greenfield plant at Andhra Pradesh, is making headway. The Company has frozen the technical specifications for the brownfield expansion at Satna and the orders for the major equipment will be placed in due course. For its greenfield unit at Kurnool District, Andhra Pradesh, the Company has acquired most of the land for its mining operations. The Company has been allotted a coal block in Chindwara District of Madhya Pradesh. The mining plans have been submitted to the concerned authorities for requisite approvals. The total cost of these expansion/new projects will be funded from internal accruals and debt to the extent required.

The Company's subsidiary Raheja QBE General Insurance Company Limited is awaiting the requisite approvals from the regulatory authorities and is expected to commence business during 2008-09.

#### Internal Control Systems

The Company has an adequate system of internal controls covering all financial and operating functions. The system has been designed to provide proper accounting controls and monitoring economy. The Company policies, procedures and guidelines ensure the adequacy of existing internal control mechanism, reliability and integrity of accounts, financial records and related statements/reports, and that transactions are properly authorised, recorded and reported.

Internal audit findings are regularly reviewed by the Audit Committee. The statutory auditors independently monitor the internal controls, compliance with procedures and their adequacy from time to time, and express their opinion on issues of concern at the Audit Committee Meetings.