



# PRISM CEMENT LIMITED

## Board of Directors

**Mr. Rajesh G. Kapadia**

*Chairman*

**Mr. Rajan B. Raheja**

**Mr. Manoj Chhabra**

*Managing Director*

**Mr. Vijay Aggarwal**

*Managing Director*

**Mr. Satish B. Raheja**

**Mr. Akshay R. Raheja**

**Mr. Ganesh Kaskar**

*Executive Director*

**Mr. James Brooks**

**Ms. Ameeta A. Parpia**

## Company Secretary

**Ms. 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.

## Registrar & Transfer Agents

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

## Bankers

Axis Bank Limited  
ICICI Bank Limited  
IDBI Bank Limited  
Indian Overseas Bank  
ING Vysya Bank Limited  
Standard Chartered Bank Limited  
State Bank of India  
Syndicate Bank  
Vijaya Bank  
Yes Bank Limited

## Statutory Auditors

N. M. Rajji & Co., Mumbai

## Branch Auditors

Borkar & Muzumdar, Mumbai

## Cost Auditors

N. I. Mehta & Co., Mumbai

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## NOTICE

**NOTICE IS HEREBY GIVEN** that the Nineteenth Annual General Meeting of the Company will be held on Tuesday, July 12, 2011 at 11.30 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 March 31, 2011 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 March 31, 2011 as final dividend.
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. Akshay R. Raheja, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Ms. Ameeta A. Parpia, who retires by rotation and being eligible, offers herself for re-appointment.
6. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :  

"RESOLVED THAT the retiring Statutory Auditors, M/s. N. M. Raiji & Co., (Registration No. 108296W) who being eligible, have offered themselves for re-appointment, be and are hereby re-appointed as Statutory 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 Statutory Auditors, in addition to reimbursement of out-of-pocket expenses, in connection with the audit of the Company."
7. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :  

"RESOLVED that pursuant to the provisions of Section 228 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Borkar & Muzumdar, (Registration No. 101569W) be and are hereby appointed as Branch Auditors of the Company, to audit the Accounts in respect of the Company's H & R Johnson (India) and RMC Readymix (India) Divisions, to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration to be mutually agreed between the Board of Directors of the Company and the

Branch Auditors, in addition to reimbursement of out-of-pocket expenses, as may be incurred in the performance of their duties."

### Special Business :

8. 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 re-appointment of Mr. Manoj 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 :

Two years with effect from August 25, 2011.

#### 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.
- (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 Act or any statutory modifications or re-enactment thereof.

Where in any financial year during the tenure of Mr. 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. 8 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 5, 2011 to Tuesday, July 12, 2011 (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. 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 to the Company's Registrar and Transfer Agent - Karvy Computershare Private Ltd. In the absence of ECS facilities, the Company will print the bank account details, if available, on the payment instrument for distribution of dividend.
6. Members are requested to send all communication relating to shares to the Company's Registrar and 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. Members who would like to receive notices, letters, annual reports, documents and any other correspondence by electronic mode are requested to register their e-mail addresses and changes therein, from time to time, with the Company's Registrar and Transfer Agent in respect of shares held in physical form and with the respective Depository Participants (DP) where the shares are held in demat form. Shareholders holding shares in physical form can send their e-mail address for registration to [einward.ris@karvy.com](mailto:einward.ris@karvy.com) quoting the Folio Number and Name of the Company.
9. 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 2011-2012 have been paid to the aforesaid Stock Exchanges.
10. Pursuant to Section 205C of the Companies Act, 1956, the Company has transferred to the Investor Education & Protection Fund during the year ended March 31, 2011 unclaimed interest on non-convertible debentures in respect of 18<sup>th</sup> and 19<sup>th</sup> Interest Accounts and the Unclaimed Redemption - 4<sup>th</sup> instalment of non-convertible debentures.
11. The Company is required to transfer unpaid/unclaimed dividends to the Investor Education & Protection Fund pursuant to Section 205C (2) of the Companies Act, 1956. Shareholders who have not encashed their dividend warrants so far are requested to make their claim to the Company's Registrar and Share Transfer Agents.

By Order of the Board of Directors,

**Aneeta S. Kulkarni**  
Company Secretary

Place : Mumbai  
Date : April 29, 2011

## 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. 8 mentioned in the accompanying Notice dated April 29, 2011.

### Item No. 8

At the Sixteenth Annual General Meeting held on August 5, 2008, the Shareholders had approved the re-appointment and the remuneration of Mr. Manoj Chhabra, Managing Director of the Company for a period of three years from August 25, 2008. The Board of Directors of the Company at its Meeting held on April 29, 2011 has, subject to the approval of the shareholders at the ensuing Annual General Meeting, re-appointed Mr. Chhabra as the Managing Director for a further period of two years with effect from August 25, 2011.

Mr. Manoj Chhabra is a Fellow member of the Institute of Chartered Accountants of India and has around 35 years of varied experience in the cement industry. He has been with the Company for over 18 years as part of the senior management team. In 1999, he joined the Board as Executive Director - Finance & Commercial and was elevated as Managing Director of the Company with effect from August 25, 2003. Under his able leadership, the Company has consistently performed well meeting the expectations of the stakeholders. He has steered the fortunes of the Company moving it forward on the path of expansions. His experience and guidance ensured timely commissioning of the second cement plant - Unit II at Satna, Madhya Pradesh giving the Company a competitive edge.

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 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").

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. 8.

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.

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

By Order of the Board of Directors,

**Aneeta S. Kulkarni**  
Company Secretary

Place : Mumbai  
Date : April 29, 2011

*Registered Office :*

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

## DIRECTORS' REPORT

To the Shareholders,

The Directors present the Nineteenth Annual Report together with the audited Accounts of the Company for the year ended March 31, 2011.

### FINANCIAL RESULTS

	<b>2010-11</b> <b>₹ Crores</b>	<b>2009-10</b> <b>₹ Crores</b>
Sales	<b>3,556.94</b>	2,988.87
Less : Excise duty	<b>201.70</b>	150.89
Net Sales	<b>3,355.24</b>	2,837.98
Other income	<b>36.48</b>	21.27
	<b>3,391.72</b>	2,859.25
Expenditure	<b>3,042.99</b>	2,339.42
Profit before finance charges, depreciation, tax and exceptional items	<b>348.73</b>	519.83
Finance and other charges	<b>105.73</b>	52.86
Profit before depreciation, tax and exceptional items	<b>243.00</b>	466.97
Depreciation and amortisation	<b>113.30</b>	89.85
Profit before tax and exceptional items	<b>129.70</b>	377.12
Add : Exceptional items	<b>0.96</b>	(18.87)
Profit before tax	<b>130.66</b>	358.25
Provision for tax (including fringe benefit tax)	<b>(34.87)</b>	(107.20)
Profit after tax	<b>95.79</b>	251.05
Add : Dividend on own shares held through Trust	<b>1.24</b>	1.85
Add : Balance brought forward	<b>499.72</b>	358.40
Add : Surplus brought forward on Amalgamation	<b>-</b>	48.49
Profit available for appropriation	<b>596.75</b>	659.79
<b>Appropriations :</b>		
Transfer to General Reserve	<b>-</b>	(26.00)
Transfer to Capital Redemption Reserve	<b>-</b>	(10.75)
Transfer to Debenture Redemption Reserve	<b>(6.25)</b>	-
Preference Dividend	<b>-</b>	(0.08)
Interim Dividend	<b>(50.34)</b>	(105.33)
Distribution Tax on Dividend	<b>(8.36)</b>	(17.91)
Balance carried to Balance Sheet	<b>531.80</b>	499.72

### DIVIDEND

During the year, the Company has paid an interim dividend of ₹ 1.00 per equity share of ₹ 10/- each. The Board of Directors has recommended that the interim dividend be treated as final dividend for the year ended March 31, 2011. The total dividend outflow for the year ended March 31, 2011 is ₹ 58.70 crores (including dividend distribution tax of ₹ 8.36 crores) as against ₹ 123.23 crores (including dividend distribution tax of ₹ 17.90 crores) in the previous year ended March 31, 2010.

### OPERATIONS

The gross sales and other income for the year ended March 31, 2011 was ₹ 3,593.42 crores as against ₹ 3,010.14 crores for the previous year. The Company earned a profit before tax of ₹ 130.66 crores and net profit of ₹ 95.79 crores during the year ended March 31, 2011 as against profit before tax of ₹ 358.25 crores and net profit of ₹ 251.05 crores during the year ended March 31, 2010.

### FINANCE

During the year under review, the Company privately placed Secured Redeemable Non-convertible Debentures of ₹ 100 crores and Unsecured Redeemable Non-convertible Debentures of ₹ 50 crores to fund its ongoing capital expenditure. The Non-convertible Debentures (NCDs) are listed on The Bombay Stock Exchange Limited.

The Company has repaid loans of ₹ 259.04 crores during the year and tied up term loans of ₹ 623.89 crores (inclusive of NCDs of ₹ 150 crores) to finance its long term working capital/capital expenditure during the year. The total borrowings of the Company stood at ₹ 1,169.84 crores as on March 31, 2011.

The loans were used for the purpose that they were sanctioned for by the respective banks/financial institutions.

### FIXED DEPOSIT

Out of the total 10,267 deposits of ₹ 27.38 crores from the public and the shareholders as at March 31, 2011, 479 deposits amounting to ₹ 0.92 crores had matured and had not been claimed as on that date. Since then, 60 of these deposits aggregating to ₹ 0.11 crores have been claimed.

During the year, the Company has transferred a sum of ₹ 0.03 crores to the Investor Education and Protection Fund in compliance with Section 205C of the Companies Act, 1956 which represents unclaimed fixed deposits and interest thereon.



## DIRECTORS

Mr. Manoj Chhabra holds office as Managing Director of the Company upto August 24, 2011. Subject to the requisite approvals, the Board at its Meeting held on April 29, 2011, has re-appointed Mr. Chhabra as Managing Director of the Company for a period of two years with effect from August 25, 2011, upon terms and conditions mentioned at Item No. 8 read with the Explanatory Statement of the accompanying Notice of the ensuing Annual General Meeting.

In accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Rajesh G. Kapadia, Mr. Akshay R. Raheja and Ms. Ameeta A. Parpia 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 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 information and explanations obtained by them, confirm that :

1. in preparation of the Annual Accounts for the year ended March 31, 2011, 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 March 31, 2011 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 March 31, 2011 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 Directors' Report is 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 'A' 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 Statutory Auditors, M/s. N. M. Raiji & 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 Statutory 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.

The Branch Auditors, M/s. Borkar & Muzumdar, 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 Branch Auditors has been received to the effect that their re-appointment, if made, as the Branch Auditors of the H & R Johnson (India) and RMC Readymix (India) Divisions of the Company 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 March 31, 2011 are being audited by Cost Auditors, M/s. N. I. Mehta & Co. The Cost Audit Report for the year ended March 31, 2010 required to be filed on or before September 30, 2010, was filed on September 27, 2010.

## SUBSIDIARY AND JOINT VENTURE COMPANIES

During the year under review the Company's subsidiaries and joint venture companies performed satisfactorily.

### Subsidiaries

- Raheja QBE General Insurance Company Limited (RQBE), the general insurance subsidiary introduced significant number of liability products

including other general insurance policies during the year. RQBE booked a gross written premium of ₹ 8.80 crores and earned an investment income of ₹ 12.36 crores for the year ended March 31, 2011. After requisite adjustments and tax provisions, the loss for the year under review was ₹ 7.27 crores.

- Silica Ceramica Pvt. Limited (SCPL) has performed satisfactorily during the year. The Company increased its stake in the subsidiary from 65.7% to 92.6% during the year under review. SCPL has increased its capacity from 7,500 m<sup>2</sup> per day to 16,500 m<sup>2</sup> per day in April 2011. The enhanced capacity would enable it to manufacture value-added, multi-coloured vitrified tiles and is likely to be commissioned by Q1 of FY 2011-12. Subsequent upgrade to manufacture value-added products is likely to be completed by Q2 of FY 2011-12. A further capacity expansion for the plant is in progress to increase the capacity by 9,000 m<sup>2</sup> per day. This further expansion is likely to be completed by Q4 of FY 2011-12 and would increase the plant capacity to 25,500 m<sup>2</sup> per day.
- H. & R. Johnson (India) TBK Limited, the wholly-owned subsidiary of the Company in the field of tile, bath and kitchen retailing has taken necessary steps to increase its geographical coverage. Its Joint Ventures have opened House of Johnson showrooms in Mumbai, Pune and Bangalore during the year taking the total number of JVs to 11 with 13 showrooms.
- During the year, the Company acquired the remaining 50% stake in Milano Bathroom Fittings Pvt. Limited (MBF). Post acquisition, MBF has become a wholly-owned subsidiary of the Company. MBF has a manufacturing plant in Baddi, Himachal Pradesh. The plant's capacity has been increased from 3 lakh pieces per annum to 6 lakh pieces per annum in March 2011. It is now putting-up a plant in Jammu to manufacture bath fittings with a capacity of 6 lakh pieces per annum which is likely to be operational by Q4 of FY 2011-12.
- Lifestyle Investments Pvt Limited (LIPL) is an overseas wholly-owned subsidiary. During the year, LIPL received a dividend income of ₹ 2,07,249 from its investment in Norcros Plc.
- RMC Readymix Porcelano (India) Limited (erstwhile Porcelano Tiles Limited) is a wholly-owned subsidiary of the Company.

## Joint Ventures (JV)

- Ardex Endura (India) Pvt. Ltd., the Joint Venture with the German group Ardex, has performed satisfactorily during the year.
- Sentini Ceramica Pvt. Ltd., the mid-segment glazed floor tile JV Company in Andhra Pradesh has performed satisfactorily during the year.

- Antique Marbonite Pvt. Ltd., the vitrified tile JV Company in Gujarat has performed satisfactorily during the year. The JV is setting-up a Plant to manufacture Quartz and Agglomerated marble which is slated to commence production by Q4 of FY 2011-12.
- Spectrum Johnson Tiles Pvt. Ltd., the mid-segment wall tiles JV Company in Gujarat, has performed satisfactorily. The JV is putting up a floor tile manufacturing facility which would be operational by Q1 of FY 2012-13.

The financial data of the subsidiaries has been furnished along with the statement pursuant to Section 212 of the Companies Act, 1956 forming part of the Annual Report. Further, pursuant to Accounting Standard (AS - 21) issued by the Institute of Chartered Accountants of India, the Company has presented the consolidated financial statements which include the financial information relating to its subsidiaries and forms part of the Annual Report.

The Company shall provide a copy of the Annual Report and other related information of its subsidiary companies as required under Section 212 of the Companies Act, 1956 to the shareholders of the Company and the subsidiaries upon their written request. These documents will also be available for inspection at the registered office of the Company and the registered offices of the respective subsidiary companies during working hours up to the date of the Annual General Meeting.

## **CONSOLIDATED FINANCIAL STATEMENTS**

The Consolidated Financial Statements have been prepared by the Company in accordance with the applicable Accounting Standards (AS - 21, AS - 23 and AS - 27) issued by the Institute of Chartered Accountants of India.

For the year ended March 31, 2011, the consolidated net profit of the Company and its subsidiary companies amounted to ₹ 104.95 crores as compared to ₹ 95.79 crores for the Company on a standalone basis.

## **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 under review.

For and on behalf of the Board of Directors

**RAJESH G. KAPADIA**

*Chairman*

Place : Mumbai

Date : April 29, 2011



## 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

## FORM - A

(See Rule 2)

Form for disclosure of particulars with respect to conservation of energy

## Cement Division

## (a) Energy conservation measures taken

Following modifications were carried out during the year 2010-11 for improving the productivity and reducing the specific power consumption and specific heat consumption :

- ❖ Upgradation of packing plant PLC system in cement mill section.
- ❖ Optimisation of compressor's loading/unloading control system by providing automation and PLC control.
- ❖ Upgradation of four number clinker cooler fan's VFD for enhanced efficiency and reliability.
- ❖ Installation of modified limestone crusher shaft and rotor.
- ❖ Upgradation of kiln main drive motor and its speed control to reduce breakdowns.

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

Proposed modifications and capacity enhancement

- ❖ Up-gradation of packing plant PLC in Cement Mill section.
- ❖ To install modified limestone crusher shaft and rotor.
- ❖ Installation of modified spline gear in Raw Mills.

## (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 better run factor of plant.

## HRJ Division

## (a) Savings in electrical energy

- ❖ Installation and implementation of load-shedding scheme to reduce power disruption and improvement in Power Factor for gas turbine in Pen Plant.
- ❖ Installation of CFL and energy efficient lighting system in Pen Plant.
- ❖ Implementation of energy efficient FRP blades in cooling towers by replacing aluminium blades in Pen Plant.
- ❖ Installation of new energy efficient motor in 36 tons ball mill and ID fans for spray drier at Dewas Plant.

## (b) Savings in Thermal Energy

- ❖ Improvement in energy efficiency of gas turbine through installation of Inlet air chilling in Pen Plant.
- ❖ Installation of in-situ Liquefied Natural gas storage and regassification facility in Kunigal Plant.

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

	2010 - 2011	2009 - 2010
<b>(A) POWER AND FUEL CONSUMPTION</b>		
1. Electricity		
a) Purchased		
Units (Lakhs - KWH)	2,833.51	2,121.80
Total Amount (₹ Crores)	132.78	84.48
Rate/Unit (₹)	4.69	3.98
b) Own Generation		
i) Through Diesel Generator		
Net Units (Lakhs - KWH)	16.03	11.86
Unit per Ltr. of Diesel/Furnace Oil (KWH)	3.80	3.52
Cost/Unit (₹/KWH)	26.48	15.04
ii) Through Steam		
Turbine/Generator	Nil	NIL
2. Coal (used in Kiln)		
Quantity (Tonnes)	4,98,535	3,86,522
Total Cost (₹ Crores)	187.50	124.51
Average Rate (₹)	3,761.05	3,221.24
3. Furnace Oil		
Quantity (K.Ltrs.)	357	265
Total Cost (₹ Crores)	0.92	0.58
Average Rate (₹/K.Ltr.)	25,882.25	21,982.83
4. High Speed Diesel		
Quantity (K.Ltrs.)	550	386
Total Cost (₹ Crores)	2.18	1.39
Average Rate (₹/K.Ltr.)	39,601.35	35,872.27
5. Others/Internal Generation	Nil	NIL
<b>(B) CONSUMPTION PER UNIT OF PRODUCTION</b>		
Electricity (KWH/T of Cement)	75.07	68.94
HSD/FO (Ltr./T of Clinker)	0.17	0.13
Coal (Percentage of Clinker)	18.35	16.68

## B. TECHNOLOGY ABSORPTION

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 & D)

*Cement Division*

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

- ❖ Installation and commissioning of automatic Particle Size Analyser and automated Bomb Calorimeter.
- ❖ Automatic environment control of physical laboratory.
- ❖ Fine tuning of PID loops.

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

- ❖ Increased and improved productivity of Cement Mill
- ❖ Improved control on quality parameters
- ❖ Improved control on operational parameters

### 3. Future plan of action

- ❖ On-line control of raw mix and cement products through installation and commissioning of Blend Expert system.
- ❖ Full chock feed system for Cement Roller Press.
- ❖ Use of XRD to control the mineralogy of raw mix, phases of clinker and quality of product.
- ❖ On-line monitoring of all stack's emission and ambient air quality for environmental excellence.
- ❖ Study of feasibility to use waste heat for power generation (WHR System).

*HRJ Division*

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

- ❖ Luster glaze
- ❖ Metallic glaze
- ❖ Synthetic opacifier
- ❖ Application of antimicrobial compounds in sanitary ware, leather, concrete
- ❖ Soluble salt new colours
- ❖ Ceramic membrane
- ❖ Coral pink
- ❖ Third-fire colours
- ❖ Construction chemicals
- ❖ Frit for nuclear waste containment
- ❖ Absorption grade alumina balls for catalyst removal
- ❖ Smaller size alumina grinding media
- ❖ Nanopolishing compounds
- ❖ Organoclay

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

- ❖ Import substitution, in-house production and replacement of other indigenous products to fulfill the total in-house requirement and requirement of other major Indian consumers thereby saving foreign exchange by restricting imports of several of these items. Some of our research activities have contributed to the development of our society; i.e. ceramic membrane for purification of drinking water, nuclear waste containment for nuclear power plants, and antimicrobial compounds for better hygiene.

### 3. Future Plan of Action

#### Research and Development

- ❖ New castables
- ❖ New soluble salts
- ❖ New ceramic pigments
- ❖ New construction chemicals
- ❖ New printing inks
- ❖ Resins for synthetic marble

#### Energy Management

- ❖ Implementation of Energy management standard BSEN: 16001
- ❖ Implementation of waste heat recovery system
- ❖ Implementation of water conservation activities

### 4. Expenditure on R & D

	2010- 2011 ₹ Crores	2009 - 2010 ₹ Crores
Capital	1.34	Nil
Recurring	1.44	0.80
	<u>2.78</u>	<u>0.80</u>
Total R & D expenditure as percentage of turnover	0.08	0.03

## TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

- ❖ Use of Municipal waste (Alternate Fuel) in pyro system
- ❖ Automated particle size and calorific value analysis.
- ❖ Upgradation of cooler fans VFD.

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

- ❖ Reduction in energy consumption
- ❖ Better control and increased productivity of cement mills.
- ❖ Enhanced efficiency and reliability in operation.

## C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on Foreign Exchange earnings and outgo is contained in Schedule N of the accounts.