

# PRISM CEMENT LIMITED

## ANNUAL REPORT 2012-13

FROM START TO FINISH  
WE GO THE LENGTH



## 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**

### Investor Relations

**Mr. Aditya Bob Mahendru**  
General Manager (Corporate Planning)  
Tel. : 91-22-3064-7488/91-22-2654-7689  
Email : mahendru.aditya@hrjohnsonindia.com

### Corporate Office

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

### Registered Office

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

### Registrar & Transfer Agent

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

### Bankers

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

### Statutory Auditors

N. M. Raiji & 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 Twenty-first Annual General Meeting of the Company will be held on Tuesday, June 25, 2013 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 audited Profit and Loss Statement for the year ended March 31, 2013 and the Balance Sheet as at that date and the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Rajesh G. Kapadia, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Akshay R. Raheja, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Ms. Ameeta A. Parpia, who retires by rotation and being eligible, offers herself 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, M/s. N. M. Rajji & 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.”

### Special Business :

6. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special 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. Vijay Aggarwal 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. Aggarwal.

### 1. Period :

Three years with effect from March 3, 2013.

### 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.
- (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.
- (iii) 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.
- (iv) Where in any financial year during the tenure of Mr. Aggarwal, the Company has no profits or it has inadequate profits, the Company shall pay to Mr. Aggarwal the remuneration by way of salary, perquisites and other allowances as specified above and as approved by the Board from time to time 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

## PRISM CEMENT LIMITED

things as may be considered necessary to give effect to the aforesaid resolution.”

7. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special 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. Ganesh Kaskar as Executive 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. Kaskar.

1. **Period :**

Three years with effect from March 3, 2013.

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.
- (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.
- (iii) 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.

- (iv) Where in any financial year during the tenure of Mr. Kaskar, the Company has no profits or it has inadequate profits, the Company shall pay to Mr. Kaskar the remuneration by way of salary, perquisites and other allowances as specified above and as approved by the Board from time to time 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.”

8. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution :

“RESOLVED THAT in supersession of Resolution No. 11 passed at the 20<sup>th</sup> Annual General Meeting of the Company held on June 26, 2012 and pursuant to the provisions of Section 309(4) and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) or any modifications/re-enactments thereof, the Articles of Association of the Company and subject to such other approvals/permissions as may be necessary, consent of the Company be and is hereby accorded to the payment of remuneration by way of commission to the Directors who are neither in the whole-time employment of the Company nor the Managing Director, Executive Director, Non-independent Directors and such of the remainder as may be decided by the Board of Directors (hereinafter referred to as the “Board” which term shall be deemed to include Remuneration Committee of the Board), for a period of five years with effect from April 1, 2013, upto one per cent of the net profits of the Company, computed in the manner referred to in Section 198, 309 and all other applicable provisions of the Companies Act, 1956 and such commission to be distributed and paid amongst the aforesaid Directors or some or any of them in such proportions, subject to such ceiling(s) and in such manner as the Board may determine, in addition to the sitting fees for attending the meetings of the Board or Committee(s) thereof.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds and things as desirable to give effect to this 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 Nos. 6 to 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, June 18, 2013 to Tuesday, June 25, 2013 (both days inclusive).
4. Members are requested to send all communication relating to shares to the Company's Registrar and Transfer Agent - Karvy Computershare Private Limited, Unit : Prism Cement Limited, Plot No. 17 - 24, Vittalrao Nagar, Near Image Hospital, Madhapur, Hyderabad - 500 081. Members holding shares in electronic mode should address all their correspondence to their respective Depository Participants (DPs).
5. 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.
6. Members who would like to receive notices, letters, annual reports and such 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.
7. The Company's equity shares are listed on The Bombay Stock Exchange Limited and on The National Stock Exchange of India Limited. The listing fees for the year 2013-14 have been paid to the aforesaid Stock Exchanges.
8. The Company is required to transfer unpaid/unclaimed dividends to the Investor Education & Protection Fund (IE&PF) pursuant to Section 205C of the Companies Act, 1956. The details of unpaid/unclaimed equity dividends are available on the Company's website [www.prismcement.com](http://www.prismcement.com). Given below is the table of dates by which shareholders can claim the respective unclaimed equity dividend and the date by which such unclaimed amount will be transferred to the IE&PF.

Equity dividend for FY	Date of declaration of dividend	Date by which unclaimed dividend can be claimed	Proposed transfer of unclaimed equity dividend to IE&PF between
2006-2007	August 7, 2007	August 6, 2014	August 7, 2014 to September 6, 2014
2007-2008	January 8, 2008	January 7, 2015	January 8, 2015 to February 7, 2015
2008-2009	October 7, 2008	October 6, 2015	October 7, 2015 to November 6, 2015
2008-2009	May 12, 2009	May 11, 2016	May 12, 2016 to June 11, 2016
2009-2010	July 7, 2009	July 6, 2016	July 7, 2016 to August 6, 2016
2009-2010	March 10, 2010	March 9, 2017	March 10, 2017 to April 9, 2017
2010-2011	October 27, 2010	October 26, 2017	October 27, 2017 to November 26, 2017
2011-2012	June 26, 2012	June 25, 2019	June 26, 2019 to July 25, 2019

Shareholders who have not encashed their equity dividend warrants so far are requested to make their claim to the Company's Registrar and Share Transfer Agent.

9. The Company has transferred all unclaimed/postal returned equity shares to the 'Unclaimed Suspense Account' of the Company. Shareholders who have not received their shares so far are requested to make their claim to the Company's Registrar and Share Transfer Agent. Details of the account is as under :

		No. of share-holders	No. of shares
(i)	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year.	151	40,800
(ii)	Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year.	Nil	Nil
(iii)	Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year.	Nil	Nil
(iv)	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year.	151	40,800

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

Place : Mumbai  
 Date : May 9, 2013



## 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 Nos. 6 to 8 mentioned in the accompanying Notice dated May 9, 2013.

### Item No. 6 and 7

The Shareholders had, at the Extra-ordinary General Meeting held on April 6, 2010, approved the appointment and the remuneration of Mr. Vijay Aggarwal, Managing

Director and Mr. Ganesh Kaskar, Executive Director of the Company for a period of three years effective from March 3, 2010. The Board of Directors of the Company at its Meeting held on January 24, 2013 has, subject to the approval of the shareholders at the ensuing Annual General Meeting, re-appointed Mr. Aggarwal as the Managing Director and Mr. Ganesh Kaskar as the Executive Director for a further period of three years with effect from March 3, 2013.

Statement as per proviso (iv) of Part II Section II (B) of Schedule XIII

I. GENERAL INFORMATION					
1.	Nature of Industry :	Manufacture of Cement, Tiles, Bath and Kitchens and Readymixed Concrete.			
2.	Date or expected date of commencement of commercial production :	Not applicable as the applicant is an existing company.			
3.	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus :	Not applicable			
4.	Financial performance based on given indicators :	₹ Crores			
		Particulars	2012-13	2011-12	2010-11
		Total Revenue	4,774.00	4,509.70	3,391.72
		Total Expense	4,858.61	4,552.89	3,262.02
		Exceptional items	1.62	(2.80)	0.96
		Profit/ (Loss) Before Tax	(82.99)	(45.99)	130.66
		Profit/ (Loss) After Tax	(59.48)	(30.01)	95.79
		Dividend Rate	—	5%	10%
5.	Export performance and net foreign exchange collaborations :	Foreign Exchange earnings amounted to ₹ 24.19 crores as against foreign exchange outgo of ₹ 4.04 crores for the year ended March 31, 2013.			
6.	Foreign investments or collaborators, if any :	The Company has invested in a wholly owned foreign subsidiary, Lifestyle Investments PVT Limited. The investment as on March 31, 2013 is ₹ 45.89 crores by way equity and preference shares. There are no foreign collaborators.  The Company is listed on The Bombay Stock Exchange Limited and The National Stock Exchange of India Limited and the foreign holding in the Company as on March 31, 2013 is 1.18%.			
II. INFORMATION ABOUT THE APPOINTEES					
A	Mr. Vijay Aggarwal				
1.	Background details :	Mr. Vijay Aggarwal was appointed as Managing Director on the Board of Directors since March 3, 2010 and has earlier been a Director on the Board of the Company as an alternate to Mr. Satish B. Raheja. He was the Managing Director and CEO of the erstwhile H. & R. Johnson (India) Limited since 1998, before it was merged with the Company.  Mr. Aggarwal graduated from IIT Delhi with a B. Tech in Electrical Engineering and completed his PGDM from IIM, Ahmedabad, where he was conferred the gold medal for being the first ranker and K. V. Srinivas Gold Medal for being the best all-rounder. He started his career with SBI Capital Markets Limited and has several years of experience in the manufacturing industry.			

		<p>Mr. Aggarwal is also a Director on the Board of Aptech Limited, Asianet Satellite Communications Limited, Exide Industries Limited, Indian Council of Ceramic Tiles and Sanitaryware (ICCTAS), ING Vysya Life Insurance Company Limited and Norcross PLC.</p> <p>In the past Mr. Aggarwal has been a part of various associations in different capacities. He has served as the Chairman of Indian Council of Ceramic Tiles and Sanitaryware (ICCTAS), as Vice-Chairman of Ceramics and Allied Products (including Refractories) Panel at Capexil and as Member of the Managing Committee of Bombay Chamber of Commerce and Industry.</p>
2.	<b>Past Remuneration :</b>	The remuneration paid to Mr. Aggarwal for the year 2012-13 is ₹ 3.30 crores. (excluding leave encashment of ₹ 0.88 crores paid at the end of the previous tenure.)
3.	<b>Recognition and awards :</b>	<p>The Company has been accredited with ISO 9001:2008, ISO 14001:2004, ISO 50001:2011, ISO/IEC 27001:2005, OHSAS 18001:2007 and SA 8000:2008. The Company has won various awards in the field of energy efficiency, safety, etc.</p> <p>Mr. Vijay Aggarwal was awarded the most Innovative Corporate Leader of the year 2011 by the Power Brand Hall of Fame, London.</p>
4.	<b>Job profile and his suitability :</b>	Mr. Vijay Aggarwal, as the Managing Director of the Company, functions under the overall superintendence and guidance of the Board of Directors of the Company.
5.	<b>Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person :</b>	Considering the general industry and the specific company profile, the remuneration decided by the Remuneration Committee/ Board of Directors is in line with industry trends and is fair and reasonable.
6.	<b>Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any :</b>	<p>Except for the remuneration payable to him, Mr. Vijay Aggarwal has no direct or indirect pecuniary relationship with the Company. He does not have any pecuniary relationship, direct or indirect, with any of the Directors of the Company.</p> <p>The Company does not pay any bonus, severance fee and no stock option is granted to the Managing Director.</p>
<b>B. Mr. Ganesh Kaskar</b>		
1.	<b>Background details :</b>	<p>Mr. Ganesh Kaskar is the Executive Director of the Company since March 3, 2010. Prior to his appointment as Executive Director of the Company, he was the Executive Director and CEO of the erstwhile RMC Readymix (India) Private Limited (RMC) since 2001, before it was merged with the Company. He was associated with RMC since inception and held senior positions before being designated as Executive Director and CEO.</p> <p>Mr. Kaskar is a M. Tech. in Civil Engineering from IIT, Mumbai and has more than 29 years experience in the civil construction field, out of which around 20 years are in the readymixed concrete and building material industry.</p> <p>Apart from his experience in India, he has also worked on certain major projects abroad with world famous names in the construction industry. In India, he has worked with major companies including ACC Ltd. and Tata Consulting Engineers.</p>
2.	<b>Past Remuneration :</b>	The remuneration paid to Mr. Kaskar for the year 2012-13 is ₹ 1.85 crores.
3.	<b>Recognition and awards :</b>	The Company has been accredited with ISO 9001:2008, ISO 14001:2004, ISO 50001:2011, ISO/IEC 27001:2005, OHSAS 18001:2007 and SA 8000:2008. The Company has won various awards in the field of energy efficiency, safety, etc.

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4.	<b>Job profile and his suitability :</b>	Mr. Ganesh Kaskar, as the Executive Director of the Company, functions with special focus on the RMC Readymix (India) Division of the Company under the overall superintendence and guidance of the Board of Directors of the Company.
5.	<b>Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person :</b>	Considering the general industry and the specific company profile, the remuneration decided by the Remuneration Committee/Board of Directors for Mr. Kaskar is in line with industry trends and is fair and reasonable.
6.	<b>Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any :</b>	Except for the remuneration payable to him, Mr. Ganesh Kaskar has no direct or indirect pecuniary relationship with the Company. He does not have any pecuniary relationship, direct or indirect, with any of the Directors of the Company.  The Company does not pay any bonus, severance fee and no stock option is granted to the Executive Director.
<b>III. OTHER INFORMATION</b>		
1.	<b>Reasons for inadequate profits, steps taken or proposed to be taken for improvement and expected increase in productivity and profits in measurable terms :</b>	The Company has been consistently earning profits and paying dividends. However, for the years ended March 31, 2012 and March 31, 2013, the Company has made net losses of ₹ 30.01 crores and ₹ 59.48 respectively primarily due to (i) Depressed market conditions (ii) Unprecedented increase in input cost and (iii) Stabilisation of Unit II of Cement Division at Satna.
2.	<b>Steps taken to improve the performance of the Company :</b>	The Company is taking all efforts to improve its performance which, <i>inter alia</i> include : <ul style="list-style-type: none"> <li>• Deeper penetration into existing markets and expansion in new markets to become a pan-India player.</li> <li>• Measures to ensure efficient power consumption.</li> <li>• Commencement of the coal block operations for captive consumption by end 2013.</li> <li>• New product categories being launched to enhance H &amp; R Johnson (India) Division's (HRJ) offerings at premium price points.</li> <li>• HRJ and its subsidiaries/joint ventures have also undertaken various capacity expansion projects at plants in Andhra Pradesh and Madhya Pradesh.</li> <li>• HRJ plans to set-up a tile manufacturing facility in East India. It would be the first tile manufacturing plant in the Eastern Region. Land acquisition has been completed and further clarity on fuel policy is awaited.</li> <li>• Cost management and greater utilisation of assets and adding new readymixed concrete plants in existing markets where demand is robust.</li> </ul>
3.	<b>Expected increase in productivity and profits in measurable terms :</b>	All efforts are being undertaken to ensure an improved performance and increase the profitability of the Company.
<b>IV. DISCLOSURES</b>		<p>Shareholders had, at the Extraordinary General Meeting of the Company held on April 6, 2010, approved the appointment of Mr. Vijay Aggarwal as Managing Director and Mr. Ganesh Kaskar as Executive Director of the Company for a period of 3 years w.e.f. March 3, 2010.</p> <p>The shareholders had also approved remuneration payable to Mr. Aggarwal and Mr. Kaskar respectively as under :</p> <p>(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.</p>



	<p>(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.</p> <p>(iii) 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.</p> <p>(iv) Where in any financial year during the tenure of Mr. Aggarwal/Mr. Kaskar, the Company has no profits or it has inadequate profits, the Company shall pay to Mr. Aggarwal/Mr. Kaskar 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.</p>
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The appointment may be terminated at any time by either party giving to the other party six months notice of such termination.

The draft Agreement(s) to be entered into with the Managing Director/Executive 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. Aggarwal and Mr. Kaskar, and therefore recommend adoption of the Special Resolutions at Item No. 6 and 7.

Except for Mr. Aggarwal and Mr. Kaskar who may be deemed to be interested in their respective appointments, none of the other Directors is deemed to be concerned or interested in any way in the Special Resolutions.

## **Item No. 8**

The Shareholders had, at the Annual General Meeting held on June 26, 2012, approved the payment of commission of ₹ 50,00,000/- per annum to Mr. J. A. Brooks, Non-executive Independent Director in addition to sitting fees, in terms of the relevant provisions of the Companies Act, 1956.

In view of the increased demands on non-executive directors' participation in Board and Committee meetings and the responsibilities they are expected to bear in the interest of higher level of excellence in corporate governance, the Non-executive Independent Directors are required to devote more time and attention. To partially compensate for the time and efforts required to be spent by them to provide strategic inputs for the growth of business, approval of members is now sought for authorising the Board of Directors to pay commission to the such Non-executive Independent Directors as may be decided by the Board of

Directors (hereinafter referred to as the "Board" which term shall be deemed to include Remuneration Committee of the Board) for a period of 5 years commencing from April 1, 2013, in such proportions subject to such ceiling(s) and in such manner as the Board may decide. The aggregate of commission to all such Directors shall not exceed 1% of the net profits of the Company for that year as computed pursuant to the provisions of the Section 349 and 350 of the Companies Act, 1956.

The above payment of commission will be in addition to the sitting fees payable to them for attending the meetings of the Board or Committee(s) thereof.

Under Section 309(4) of the Companies Act, 1956, such payment requires approval of members by way of a Special Resolution.

Mr. Rajesh Kapadia, Mr. J. A. Brooks and Ms. Ameeta Parpia, being Non-executive Independent Directors, may be deemed to be concerned or interested in the resolution to the extent of commission that may be payable to them from time to time. No other Director is concerned or interested in the resolution.

The Board recommends the passing of the Special Resolution at Item No. 8.

By Order of the Board of Directors,

**Aneeta S. Kulkarni**  
Company Secretary

Place : Mumbai  
Date : May 9, 2013

Registered Office :  
305, Laxmi Niwas Apartments,  
Ameerpet, Hyderabad - 500 016.

## DIRECTORS' REPORT

To the Shareholders,

The Directors present the Twenty-first Annual Report together with the audited Accounts of the Company for the year ended March 31, 2013.

### FINANCIAL RESULTS

	2012-13 ₹ Crores	2011-12 ₹ Crores
Sales of products and services	5,123.67	4,821.74
Other operating income	25.80	23.87
	5,149.47	4,845.61
Less : Excise duty	381.00	340.90
Total Revenue from Operations	4,768.47	4,504.71
Other income	5.53	4.99
Total Revenue	4,774.00	4,509.70
Expenditure	4,858.61	4,552.89
Loss before exceptional items and Tax	(84.61)	(43.19)
Exceptional items	1.62	(2.80)
Loss before Tax	(82.99)	(45.99)
Tax expenses	23.51	15.98
Loss for the year	(59.48)	(30.01)
Add: Dividend on own shares held through Trust	0.62	-
Balance brought forward	445.54	531.80
Profit available for appropriation	386.68	501.79
<b>Appropriations :</b>		
Transfer to Debenture Redemption Reserve	29.44	27.00
Dividend	-	25.17
Distribution Tax on Dividend	-	4.08
Balance carried to Balance Sheet	357.24	445.54

### OPERATIONS

The gross sales and other income for the year ended March 31, 2013 was ₹ 5,155.00 crores as against ₹ 4,850.60 crores for the previous year. The Company incurred a loss before tax of ₹ 82.99 crores and net loss of ₹ 59.48 crores during the year ended March 31, 2013 as against loss before tax of ₹ 45.99 crores and net loss of ₹ 30.01 crores during the year ended March 31, 2012, primarily due to depressed markets, increased power and fuel costs, higher freight charges and subdued realisations.

For the year ended March 31, 2013, the consolidated net loss of the Company and its subsidiary companies amounted to ₹ 62.47 crores as against a net loss of ₹ 18.44 crores for the previous year.

### FINANCE

The Company has repaid loans of ₹ 491.71 crores during the year and tied-up fresh loans of ₹ 803.50 crores to finance, *inter alia*, its ongoing long term working capital and capital expenditure during the year. The total borrowings of the Company stood at ₹ 1,609.30 crores as on March 31, 2013.

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

### FIXED DEPOSITS

Out of the total 10,968 deposits of ₹ 37.01 crores from the public and the shareholders as at March 31, 2013, 418 deposits amounting to ₹ 0.89 crores had matured and had not been claimed as on that date. Since then, 19 of these deposits aggregating to ₹ 0.04 crores have been claimed.

During the year, the Company has transferred a sum of ₹ 0.05 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

The Board at its Meeting held on January 24, 2013 has, subject to the requisite approvals, re-appointed Mr. Vijay Aggarwal as Managing Director and Mr. Ganesh Kaskar as Executive Director of the Company for a period of three years with effect from March 3, 2013, upon terms and conditions mentioned at Item Nos. 6 and 7 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.

The Company has received requisite approvals from the Central Government for excess remuneration of ₹ 6.54 crores paid to both the Managing Directors