



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. Aziz H. Parpia
(upto May 5, 2010)

Mr. Satish B. Raheja

Mr. Akshay R. Raheja

Mr. Ganesh Kaskar
Executive Director

Mr. James Arthur 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, Vittalrao Nagar,
Near Image Hospital, Madhapur,
Hyderabad - 500 081.

Bankers

Axis Bank Limited
HDFC Bank Limited
ICICI Bank Limited
IDBI Bank Limited
Indian Overseas Bank
ING Vysya Bank Limited
State Bank of India
State Bank of Hyderabad
Standard Chartered Bank Limited
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 Eighteenth Annual General Meeting of the Company will be held on Tuesday, June 22, 2010, 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, 2010 and the Balance Sheet as at that date and the report of the Auditors thereon.
2. To confirm the payment of aggregate interim dividend on equity shares for the year ended March 31, 2010 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. Satish B. Raheja, who retires by rotation and being eligible, offers himself for re-appointment.
5. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :
"RESOLVED THAT the retiring Statutory 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."
6. 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 :

7. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :
"RESOLVED THAT Mr. James Arthur Brooks, who was appointed as Additional Director of the Company with effect from March 3, 2010 and who holds office upto the date of this Annual General Meeting as per Section 260 of the Companies Act, 1956 ("the Act") and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Act, proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."
8. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :
"RESOLVED THAT Mr. Vijay Aggarwal, who was appointed as Additional Director of the Company with effect from March 3, 2010 and who holds office upto the date of this Annual General Meeting as per Section 260 of the Companies Act, 1956 ("the Act") and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Act, proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company."
9. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :
"RESOLVED THAT Mr. Ganesh Kaskar, who was appointed as Additional Director of the Company with effect from March 3, 2010 and who holds office upto the date of this Annual General Meeting as per Section 260 of the Companies Act, 1956 ("the Act") and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Act, proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company."
10. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :
"RESOLVED THAT Ms. Ameeta A. Parpia, who was appointed as Additional Director of the Company with effect from May 5, 2010 and who holds office upto the date of this Annual General Meeting as per Section 260 of the Companies Act, 1956 ("the Act") and in respect of whom the Company has received

a notice in writing from a member under Section 257 of the Act, proposing her candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

11. 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 309, 314 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/consents/sanctions/permissions as may be necessary, and such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee of the Board), consent of the Company be and is hereby accorded to the payment of remuneration by way of commission of upto one per cent of the net profits of the Company computed in the manner referred to in Sections 198, 309 and all other applicable provisions of the Act, provided that such commission in any financial year shall not exceed Rs. 25 lakhs (Rupees Twenty-five lakhs only) per annum (subject to deduction of applicable taxes) to Mr. James Arthur Brooks, in addition to the sitting fees for attending the meetings of the Board of Directors or any Committee thereof, with effect from April 1, 2010."

"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 Nos. 7 - 11 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 15, 2010 to Tuesday, June 22, 2010 (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 & 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 & Transfer Agent - Karvy Computershare Private Ltd., 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).
7. Nomination facility for shares is available for Members. The prescribed format, in this regard, can be obtained from the Company's Registrar and Transfer Agent.
8. The Company's equity shares are listed on The Bombay Stock Exchange Limited and The National Stock Exchange of India Limited. The listing fees for the year 2010-2011 have been paid to the aforesaid Stock Exchanges.
9. Pursuant to Section 205C of the Companies Act, 1956, the Company has transferred unclaimed interest on non-convertible debentures in respect of 16th and 17th Interest Accounts and the Unclaimed Redemption - 3rd instalment of non-convertible debentures to the Investor Education & Protection Fund, during the year ended March 31, 2010 .

By Order of the Board of Directors,

Aneeta S. Kulkarni
Company Secretary

Place : Mumbai
Date : May 5, 2010

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. 7 - 11 mentioned in the accompanying Notice dated May 5, 2010.

Item No. 7

Mr. James Arthur Brooks was appointed as an Additional Director on the Board of the Company with effect from March 3, 2010. Mr. Brooks has been a Director on the Board of the erstwhile 'RMC Readymix (India) Private Limited' since inception and has had a long and distinguished career with the RMC Group Plc. He was actively involved in RMC Group Plc.'s worldwide expansion and was personally involved in setting up a Joint Venture for the RMC Group Plc. in India. He was Managing Director of RMC International Cement and Director – Asia Pacific and Head of Group Strategy of RMC Group Plc. He was also Non-executive Director of Readymix Plc., Ireland and Adelaide Brighton, Australia. He retired from the RMC Group Plc., in 2005.

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

The Board is of the view that Mr. Brooks' varied experience in the field of finance, general management and strategy will be of immense benefit and value to the Company and therefore recommend adoption of the Resolution at Item No. 7.

Except for Mr. James Arthur Brooks, none of the other Directors is concerned or interested in any way in this Resolution. Mr. Brooks does not hold any shares of the Company.

Item No. 8

The Board of Directors of the Company at its meeting held on March 3, 2010 appointed Mr. Vijay Aggarwal as Additional Director and Managing Director of the Company for a period of three years with effect from March 3, 2010. The shareholders have approved the appointment of Mr. Vijay Aggarwal as Managing Director for a period of three years at the Extra-ordinary General Meeting of the Company held on April 6, 2010.

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

The Directors recommend adoption of the Resolution at Item No. 8.

Except for Mr. Vijay Aggarwal, none of the other Directors is concerned or interested in any way in this Resolution. Mr. Aggarwal does not hold any shares of the Company.

Item No. 9

The Board of Directors of the Company at its meeting held on March 3, 2010 appointed Mr. Ganesh Kaskar as Additional Director and Executive Director of the Company for a period of three years with effect from March 3, 2010. The shareholders have approved the appointment of Mr. Ganesh Kaskar as Executive Director for a period of three years at the Extra-ordinary General Meeting of the Company held on April 6, 2010.

Pursuant to Section 260 of the Companies Act, 1956, Mr. Kaskar holds office as Additional Director up to the date of the ensuing Annual General Meeting and is eligible for appointment as Director of the

Company. The Company has received notice from a shareholder under Section 257 of the Companies Act, 1956, proposing his name for appointment as Director of the Company.

The Directors recommend adoption of the Resolution at Item No. 9.

Except for Mr. Ganesh Kaskar, none of the other Directors is concerned or interested in any way in this Resolution. Mr. Kaskar does not hold any shares of the Company.

Item No. 10

Ms. Ameeta A. Parpia was appointed as Additional Director on the Board of the Company with effect from May 5, 2010. Ms. Parpia, Advocate & Solicitor, partner of M/s. A. H. Parpia & Company, has been in practice since the last 20 years. Ms. Parpia is on the Governing Council of the Sir Mathuradas Vissanji Female Education Trust.

Pursuant to Section 260 of the Companies Act, 1956, Ms. Parpia holds office upto the date of the ensuing Annual General Meeting and is eligible for appointment as Director of the Company. The Company has received notice from a shareholder under Section 257 of the Companies Act, 1956, proposing her name for appointment as Director of the Company.

The Board is of the view that Ms. Parpia's knowledge will be of immense benefit and value to the Company and therefore recommend adoption of the Resolution at Item No. 10.

Except for Ms. Ameeta Parpia, none of the other Directors is concerned or interested in any way in the Resolution. Ms. Parpia holds 76,000 equity shares of the Company.

Item No. 11

Mr. James Arthur Brooks, by virtue of his varied experience in the field of finance, general management and strategy in the readymixed concrete industry, is a valuable addition to the Board of Directors of the Company. The Company will immensely benefit from his advice. To compensate for the demands on his time and the contributions made by him, it is proposed to pay remuneration by way of commission of upto one per cent of the net profits of the Company computed in the manner referred to in Sections 198, 309 and all other applicable provisions of the Companies Act, 1956 provided that such commission in any financial year shall not exceed Rs. 25 lakhs (Rupees Twenty-five lakhs only) per annum (subject to deduction of applicable taxes) to Mr. James Arthur Brooks, in addition to the sitting fees for attending the meetings of the Board of Directors or any Committee thereof, with effect from April 1, 2010.

The Directors recommend adoption of the Resolution at Item No. 11.

None of the Directors except for Mr. Brooks is concerned or interested in this Resolution.

By Order of the Board of Directors,

Aneeta S. Kulkarni
Company Secretary

Date : May 5, 2010

Place : Mumbai

Registered Office :

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

DIRECTORS' REPORT

To the Shareholders,

The Directors present the Eighteenth Annual Report together with the audited Accounts of the Company for the year ended March 31, 2010.

OPERATING RESULTS

| | <u>2009-10</u> <u>(12 months)</u> | <u>2008-09</u> <u>(9 months)</u> |
|--|--------------------------------------|-------------------------------------|
| | <u>Rs. Crores</u> | <u>Rs. Crores</u> |
| Sales | 2988.87 | 741.52 |
| Less : Excise duty | 150.89 | 94.17 |
| Net Sales | 2837.98 | 647.35 |
| Other income | 22.05 | 9.69 |
| | <u>2860.03</u> | <u>657.04</u> |
| Expenditure | 2340.54 | 477.21 |
| Profit before finance charges, depreciation, tax and exceptional items | 519.49 | 179.83 |
| Finance and other charges | 52.52 | 3.54 |
| Profit before depreciation, tax and exceptional items | 466.97 | 176.29 |
| Depreciation | 89.85 | 24.31 |
| Profit before tax and exceptional items | 377.12 | 151.98 |
| Exceptional items | 18.87 | — |
| Profit before tax | 358.25 | 151.98 |
| Provision for tax (including fringe benefit tax) | (107.20) | (55.75) |
| Profit after tax | 251.05 | 96.23 |
| Add : Dividend on own shares held through Trust | 1.85 | — |
| Add : Surplus brought forward | 358.40 | 319.52 |
| Add : Surplus on Amalgamation | 48.49 | — |
| Profit available for appropriation | 659.79 | 415.75 |
| Appropriation : | | |
| Transfer to General Reserve | 26.00 | 5.00 |
| Transfer to Capital Redemption Reserve | 10.75 | — |
| Preference Dividend | 0.08 | — |
| Interim Dividend | 105.33 | 29.83 |
| Proposed Dividend | — | 14.92 |
| Tax on Dividend | 17.91 | 7.60 |
| Surplus carried to Balance Sheet | <u>499.72</u> | <u>358.40</u> |

The Scheme of Amalgamation ("the Scheme") of H. & R. Johnson (India) Limited and RMC Readymix (India) Private Limited (Transferor Companies) with the Company was sanctioned by the Hon'ble High Courts of Judicature at Bombay and Andhra Pradesh on January 22, 2010 and February 4, 2010, respectively. The Scheme became effective on March 3, 2010 and is operative from April 1, 2009, the appointed date fixed in the sanctioned Scheme. Pursuant to the Orders, the entire undertaking and business of the Transferor Companies, as going concerns, stood transferred and became vested with the Company. Previous period figures are for nine months, while the current year figures include operations of the Transferor Companies consequent to the amalgamation. The current year figures are, therefore, not comparable with previous period.

DIVIDEND

During the year, the Company has paid an aggregate interim dividend of Rs. 2.50 per equity share of Rs. 10/- each. The Board of Directors has recommended that the interim dividend be treated as final dividend for the year ended March 31, 2010. The total dividend outflow for the year ended March 31, 2010 is Rs. 123.23 crores (including dividend distribution tax of Rs. 17.90 crores) as against Rs. 52.35 crores (including dividend distribution tax of Rs. 7.60 crores) in the previous period ended March 31, 2009.

Preference dividend of Rs. 0.09 crores (including dividend distribution tax of Rs. 0.01 crores) was paid to the shareholders of the erstwhile H. & R. Johnson (India) Limited on the preference shares which were fully redeemed during the year.

OPERATIONS

The gross sales and other income for the year ended March 31, 2010 was Rs. 3,010.92 crores. The profit before tax was Rs. 358.25 crores and the net profit was Rs. 251.05 crores.

CAPITAL & FINANCE

Pursuant to the Scheme, the Company has issued and allotted 20,51,06,580 equity shares of the Company, of the face value of Rs. 10/- each, to each of the members of H. & R. Johnson (India) Limited and RMC Readymix (India) Private Limited. Out of the said allotment, 1,23,51,600 equity shares were

allotted to the Prism Trust, set up pursuant to the Scheme for the benefit of the Company, against the equity shares held by H. & R. Johnson (India) Limited in the paid-up capital of RMC Readymix (India) Private Limited.

Upon the Scheme becoming effective, the issued, subscribed and paid-up equity share capital of the Company post allotment of shares as aforesaid stands at Rs. 503.36 crores comprising of 50,33,56,580 equity shares of Rs. 10/- each fully paid-up and the Authorised Capital stands at Rs. 525 crores comprising of 50,50,00,000 equity shares of Rs. 10/- each and 2,00,00,000 preference shares of Rs. 10/- each.

During the year under review, the Company tied up term loans to finance its ongoing capital expenditure and the total borrowings of the Company stood at Rs. 801.57 crores as on March 31, 2010.

FIXED DEPOSIT

Out of the total 12,290 deposits of Rs. 32.45 crores from the public and the shareholders as at March 31, 2010, 532 deposits amounting to Rs. 0.97 crores had matured and had not been claimed as on that date. Since then, 312 of these deposits aggregating to Rs. 0.70 crores have been claimed.

During the year, the Company has transferred a sum of Rs. 0.02 crores to the Investor Education and Protection Fund in compliance with Section 205C of the Companies Act, 1956 which represents unclaimed fixed deposits.

DIRECTORS

Mr. Aziz H. Parpia resigned from the Board on May 5, 2010. The Board wishes to place on record its appreciation of the valuable contributions made by Mr. Parpia during his tenure as Director of the Company.

The Board of Directors has been broad based by the induction of Mr. James Arthur Brooks, Mr. Vijay Aggarwal and Mr. Ganesh Kaskar as Additional Directors with effect from March 3, 2010. Ms. Ameeta A. Parpia was appointed as Additional Director with effect from May 5, 2010. They hold office up to the date of the forthcoming Annual General Meeting. In this connection, your attention is drawn to the relevant items of the accompanying Notice of the Annual General Meeting. The Board recommends their appointments.

Mr. Vijay Aggarwal was appointed as Managing Director and Mr. Ganesh Kaskar was appointed as Executive Director of the Company for a period of three years with effect from March 3, 2010. The said appointments were approved by the shareholders at the Extra-ordinary General Meeting of the Company held on April 6, 2010.

Mr. Vijay Aggarwal ceased to be an Alternate Director effective from March 2, 2010.

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

As required, the requisite details of Directors seeking 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, 2010, 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, 2010 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, 2010 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. Rajji & 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.

The Board, on the recommendation of the Audit Committee, has also proposed that M/s. Borkar & Muzumdar, Chartered Accountants, be appointed as the Branch Auditors of H & R Johnson (India) and RMC Readymix (India) Divisions of the Company.

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, 2010 are being audited by Cost Auditors, M/s. N. I. Mehta & Co.

SUBSIDIARY AND JOINT VENTURE COMPANIES

Pursuant to the Scheme, the subsidiaries and joint venture companies of the erstwhile H. & R. Johnson (India) Limited have come under the fold of the Company. During the year under review the Company's subsidiaries and joint venture companies performed satisfactorily.

Subsidiaries

- Raheja QBE General Insurance Company Limited, the insurance JV Company with QBE Holdings (AAP) Pty Ltd., is in growing stage and has introduced significant number of liability products including other general insurance policies approved by the IRDA during the year.
- Silica Ceramica Private Limited, the vitrified tile Company in Andhra Pradesh, has completed one full year of manufacturing operations and has been running at a utilisation level of over 90% since the last quarter of the year under review. During the year, the Company increased its stake in the Joint Venture from 50% to 65.7%.
- 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. The Company is going through a learning curve and based on its initial learning has modified its business model for further scale-up.
- Lifestyle Investments Private Limited (LIPL) is an overseas wholly owned subsidiary. LIPL issued 60,05,000 preference shares of 1 GBP each and redeemed 53,45,884 preference shares of 1 GBP during the year.
- Porselano Tiles Limited, the wholly owned subsidiary of the Company, is yet to commence business.

Joint Ventures (JV)

- Ardex Endura (India) Private Limited, the JV with the German group Ardex, completed one

full year of successful operations of its second plant at Vadodara.

- Sentini Cermica Private Limited, the mid-segment glazed floor tile JV Company in Andhra Pradesh has been consistently operating at full capacity.
- Antique Granito Private Limited, the vitrified tile JV Company in Gujarat has installed and commissioned a new Multi-Colour charging system (Magic Brush) enabling the plant to manufacture value-added, full-body effect products. During the year, Antique Granito Private Limited has acquired a 50% stake in Umiya Ceramics Private Limited. Umiya Ceramics has an installed capacity of 7.26 million m² per annum of ceramic vitrified tiles at Gujarat.
- Milano Bathroom Fittings Private Limited, the bath fittings JV at Baddi, Himachal Pradesh, has been consistently operating at full capacity.
- Spectrum Tiles Private Limited, the mid-segment wall tiles JV Company in Gujarat, has performed satisfactorily.

The Company has received the exemption from the Central Government under Section 212(8) of the Companies Act, 1956, from attaching a copy of the Balance Sheet, Profit and Loss Account, Directors' Report and Auditors' Report of the subsidiary companies and other documents required to be attached under Section 212(1) of the Act to the Balance Sheet of the Company. Accordingly, the said documents are not being attached herewith. However, 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 documents of its subsidiary companies as required under Section 212 of the Companies Act, 1956 to the shareholders 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, 2010, the consolidated net profit of the Company and its subsidiary companies amounted to Rs. 259.78 crores as compared to Rs. 251.05 crores for the Company on a stand alone 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 : May 5, 2010