



# 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 Agent

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

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 Twentieth Annual General Meeting of the Company will be held on Tuesday, June 26, 2012 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 Account for the year ended March 31, 2012 and the Balance Sheet as at that date and the Report of the Directors and the Auditors thereon.
2. To declare a dividend on equity shares.
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 appoint a Director in place of Mr. James Brooks, who retires by rotation and being eligible, offers himself 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 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 a Special Resolution :

“RESOLVED THAT, pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act and subject to the approval of the Central Government, the recovery of excess remuneration paid to Mr. Manoj Chhabra, Managing Director of the Company, for the period April 1, 2011 to March 31, 2012 resulting from non-availability of profits for the year ended March 31, 2012 and detailed as hereunder, be and is hereby waived :

₹ Crores

Remuneration paid	Remuneration as per limits prescribed in Schedule XIII in case of non-availability of profits	Excess Remuneration paid
2.55	0.24	2.31

“RESOLVED FURTHER THAT the Director(s) and the Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds and things and furnish such information/clarifications/declarations, certificates and other documents, to file applicable forms and to authorise any other person to represent before the Central Government as may be required in this regard.”

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

“RESOLVED THAT, pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act and subject to the approval of the Central Government, the recovery of excess remuneration paid to Mr. Vijay Aggarwal, Managing Director of the Company, for the period April 1, 2011 to March 31, 2012 resulting from non-availability of profits for the year ended March 31, 2012 and detailed as hereunder, be and is hereby waived :

₹ Crores

Remuneration paid	Remuneration as per limits prescribed in Schedule XIII in case of non-availability of profits	Excess Remuneration paid
3.30	0.24	3.06

“RESOLVED FURTHER THAT the Director(s) and the Company Secretary of the Company be and are hereby severally authorised to do all such acts,

deeds and things and furnish such information/clarifications/declarations, certificates and other documents, to file applicable forms and to authorise any other person to represent before the Central Government as may be required in this regard."

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

"RESOLVED THAT, pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act and subject to the approval of the Central Government, the recovery of excess remuneration paid to Mr. Ganesh Kaskar, Executive Director of the Company, for the period April 1, 2011 to March 31, 2012 resulting from non-availability of profits for the year ended March 31, 2012 and detailed as hereunder, be and is hereby waived :

₹ Crores

Remuneration paid	Remuneration as per limits prescribed in Schedule XIII in case of non-availability of profit	Excess Remuneration paid
1.41	0.24	1.17

"RESOLVED FURTHER THAT the Director(s) and the Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds and things and furnish such information/clarifications/declarations, certificates and other documents, to file applicable forms and to authorise any other person to represent before the Central Government as may be required in this regard."

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

"RESOLVED THAT in accordance with the provisions of Sections 198, 309(4) and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, the Articles of Association of the Company and subject to all applicable approval(s) as may be required, the consent of the Company be and is hereby accorded to the payment of commission of upto one per cent of the net profits of the Company computed in the manner referred to in Section 198 and all other applicable provisions of the Act, provided that such commission in any financial year shall not exceed ₹ 50 lakhs (Rupees Fifty Lakhs only) per annum (subject to deduction of applicable taxes), in addition to the sitting fees for attending the meetings of the Board of Directors or any Committee thereof, for a period of five years commencing from April 1, 2012 to Mr. James Brooks, Non-executive Director of the Company as may

be decided by the Board of Directors (hereinafter referred to as the "Board" which term shall be deemed to include any Committee of the Board) from time to time with authority to the Board to determine the manner in which the amount be paid to Mr. Brooks."

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

#### NOTES :

- The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business mentioned under Item Nos. 8 to 11 above, is annexed hereto.
- 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.
- The Register of Members and Transfer Books of the Company will remain closed from Tuesday, June 19, 2012 to Tuesday, June 26, 2012 (both days inclusive). If the dividend as recommended by the Board of Directors is approved at the meeting, payment of such dividend will be made on or after June 28, 2012 as under :
  - To all beneficial owners in respect of shares held in electronic form as per the data as may be made available by the National Securities Depository Limited and the Central Depository Services (I) Limited as of the close of business hours on June 18, 2012.
  - To all shareholders in respect of shares held in physical form after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before the close of business hours on June 18, 2012.
- 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.
- In order to avail the facility of Electronic Clearing System (ECS)/National Electronic Funds Transfer (NEFT) for receiving direct credit of dividend

to 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/NEFT 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, 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. 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.

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 2012-2013 have been paid to the aforesaid Stock Exchanges.
10. The Company is required to transfer unpaid/unclaimed dividends to the Investor Education & Protection Fund pursuant to Section 205C 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 Agent.

By Order of the Board of Directors,

**Aneeta S. Kulkarni**  
Company Secretary

Place : Mumbai  
Date : May 10, 2012

## 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. 8 to 11 mentioned in the accompanying Notice dated May 10, 2012.

### Item Nos. 8, 9 and 10

The Company has been earning steady profits on the basis of its inherent resilience and strength in terms of modern efficient plants, strong brand & optimal distribution, cash flow focused operations, committed human capital and professional management. The Company has been paying regular dividends since 2007. The Company has free reserves of ₹ 601 Crores as on March 31, 2012. The Company has always been current in its loan and interest obligations and was debt free from 2006 till 2009.

However, after consistently making profits for past eight years, despite diligent efforts, the Company could not earn profits for the financial year ended March 31, 2012, due to the following reasons (i) depressed market conditions, (ii) unprecedented increase in input cost and (iii) stabilisation of Unit II of Cement Division at Satna, Madhya Pradesh.

As you are aware, in 2009, the Cement Division set-up a brownfield Unit II at Satna with a clinker capacity of 2.4 MTPA and 3.6 MTPA of cement capacity and commenced production in January 2011. The project

cost of ₹ 960 Crores was funded by a debt of ₹ 600 Crores and internal accruals of ₹ 360 Crores. It normally takes 12-15 months for a new plant to stabilise and accordingly, for most part of the year ended March 2012, Unit II was under stabilisation.

Due to the depressed market conditions, the performance of the other two Divisions of the Company was also affected. Nonetheless, the Company has made profits of ₹ 59 Crores in the third and fourth quarters. This, however, was not sufficient to cover the losses of the first two quarters of ₹ 89 Crores and the Company ended the year with a loss of ₹ 30 Crores.

All efforts are being undertaken to ensure an improved performance during the current year :

- The Company is expanding its markets by penetrating deeper into the existing markets and also plans to enter into new markets.
- New product categories are being launched to enhance H & R Johnson (India) Division's (HRJ) offerings at premium price points.
- HRJ and its subsidiaries/joint ventures have also undertaken various capacity expansion projects at plants in Madhya Pradesh and Andhra Pradesh.
- New facilities have been set-up for bath fittings at Jammu.



- Cost management and greater utilisation of assets and adding new RMC plants in existing markets where demand is robust.

The Company has been allotted a Coal Block in the Chhindwara District of Madhya Pradesh and has received the requisite approvals. It has acquired land to start the initial mine development activity and has commenced survey and basic infrastructure work. The mined coal will be used for captive consumption in the cement plant located at Satna, Madhya Pradesh, which is expected to bring down cement manufacturing costs in future.

The members, at the Annual General Meeting of the Company held on July 12, 2011 had re-appointed and approved the payment of remuneration to Mr. Manoj Chhabra, Managing Director of the Company, for a further period of two years with effect from August 25, 2011 on the same terms and conditions, as per applicable provisions of the law.

The members, at the Extra-ordinary General Meeting of the Company held on April 6, 2010 had appointed and approved the payment of remuneration to Mr. Vijay Aggarwal, Managing Director and Mr. Ganesh Kaskar, Executive Director of the Company, respectively, for a period of three years with effect from March 3, 2010, as per applicable provisions of the law.

The members had, while approving the respective resolutions of April 6, 2010 and July 12, 2011, also approved that where in any financial year during the tenure of the aforesaid Directors, the Company has no profits or it has inadequate profits, the remuneration approved by the aforesaid resolutions shall, subject to receipt of requisite approvals, be paid as minimum remuneration.

Due to non-availability of profits during the year 2011-12, the managerial remuneration paid as per aforesaid resolutions to Mr. Chhabra, Mr. Aggarwal and Mr. Kaskar has exceeded the limits prescribed under the Companies Act, 1956.

The Remuneration Committee and the Board of Directors have, at their respective meetings held on May 10, 2012, subject to the approval of the shareholders and of the Central Government, ratified, confirmed and approved, the payment of remuneration to the managerial personnel in excess of the limits prescribed under the Act. An application is being made to the Central Government for seeking its approval for payment of excess remuneration and waiver of recovery of the same.

Considering the general industry and the specific company profile, the remuneration as approved by the shareholders and paid to Mr. Chhabra, Mr. Aggarwal and Mr. Kaskar for the year 2011-12 is in line with

industry trends and is fair and reasonable.

The Directors recommend the passing of the Special Resolutions at item Nos. 8, 9 and 10.

Mr. Chhabra, Mr. Aggarwal and Mr. Kaskar are interested in the passing of the Resolution to the extent of the excess remuneration paid to them, respectively. None of the other Directors is deemed to be concerned or interested in any way in the above resolution.

### Item No. 11

The members, at the Annual General Meeting of the Company held on June 22, 2010 had approved of the payment of remuneration to Mr. James Brooks, by way of commission of upto one per cent of the net profits of the Company provided that such commission in any financial year shall not exceed ₹ 25 lakhs (Rupees Twenty-five Lakhs only) per annum with effect from April 1, 2010.

During the year, Mr. Brooks has contributed by giving technical advice and valuable time to the Company. To compensate for the demands on his time and the contributions made by him, it is proposed to pay remuneration to Mr. Brooks, by way of commission of upto one per cent of the net profits of the Company computed in the manner referred to in Section 198 and all other applicable provisions of the Act, provided that such commission in any financial year shall not exceed ₹ 50 lakhs (Rupees Fifty Lakhs only) per annum (subject to deduction of applicable taxes) in addition to the sitting fees for attending the meetings of the Board of Directors or any Committee thereof, with effect from April 1, 2012. Such resolution shall be valid for a period of five years.

The Board of Directors will determine each year, the specific amount of commission to be paid as aforesaid to Mr. Brooks. The Members are requested to approve the payment of commission to Mr. Brooks over a period of five years with effect from April 1, 2012. The payment of commission would be in addition to the sitting fees payable for attending Board/Committee Meetings.

The Directors recommend the passing of the Special Resolution at item No. 11.

Mr. Brooks is interested in the passing of the Resolution to the extent of the remuneration to be paid to him. None of the other Directors is deemed to be concerned or interested in any way in the above resolution.

By Order of the Board of Directors,

**Aneeta S. Kulkarni**  
*Company Secretary*

Place : Mumbai  
Date : May 10, 2012

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

## DIRECTORS' REPORT

To the Shareholders,

The Directors present the Twentieth Annual Report together with the audited Accounts of the Company for the year ended March 31, 2012.

### FINANCIAL RESULTS

	2011-2012 ₹ Crores	2010-2011 ₹ Crores
Sales of products and services	4,821.74	3,562.25
Other operating income	23.87	26.75
	4,845.61	3,589.00
Less : Excise duty	340.90	201.70
Total Revenue from Operations	4,504.71	3,387.30
Other income	4.99	4.42
Total Revenue	4,509.70	3,391.72
Expenditure	4,552.89	3,262.02
Profit/(Loss) before exceptional items and tax	(43.19)	129.70
Exceptional items	(2.80)	0.96
Profit/(Loss) before tax	(45.99)	130.66
Tax expenses	15.98	(34.87)
Profit/(Loss) after tax	(30.01)	95.79
Add : Dividend on own shares held through Trust	—	1.24
Balance brought forward	531.80	499.72
Profit available for appropriation	501.79	596.75
<b>Appropriations :</b>		
Transfer to Debenture Redemption Reserve	27.00	6.25
Interim Dividend	—	50.34
Proposed Dividend	25.17	—
Distribution Tax on Dividend	4.08	8.36
Balance carried to Balance Sheet	445.54	531.80

### APPROPRIATIONS

The Directors recommend a dividend of ₹ 0.50 per share for the approval of the members. The total dividend outflow, if declared as above, for the year ended March 31, 2012 is ₹ 29.25 Crores (including dividend distribution tax of ₹ 4.08 Crores) as against ₹ 58.70 Crores (including dividend distribution tax of ₹ 8.36 Crores) in the previous year ended March 31, 2011. Dividend has been recommended out of the accumulated profits available for distribution. Post the proposed dividend and transfer to Debenture Redemption Reserve of ₹ 27 Crores, an amount of ₹ 445.54 Crores has been

retained in the Profit and Loss Account.

### OPERATIONS

The gross sales and other income for the year ended March 31, 2012 was ₹ 4,850.60 Crores as against ₹ 3,593.42 Crores for the previous year. The Company incurred a loss before tax of ₹ 45.99 Crores and net loss of ₹ 30.01 Crores during the year ended March 31, 2012 as against profit before tax of ₹ 130.66 Crores and net profit of ₹ 95.79 Crores during the year ended March 31, 2011, primarily due to higher interest expense, increased input costs and lower realisations.

For the year ended March 31, 2012, the consolidated net loss of the Company and its subsidiary companies amounted to ₹ 18.44 Crores as against a net profit of ₹ 104.95 Crores for the previous year.

### FINANCE

During the year under review, the Company privately placed Secured Redeemable Non-convertible Debentures of ₹ 225 Crores to fund, *inter alia*, its ongoing capital expenditure and long term working capital requirement. The Non-convertible Debentures (NCDs) are listed on The Bombay Stock Exchange Limited.

The Company has repaid loans of ₹ 781.13 Crores during the year and tied-up fresh term loans of ₹ 899.43 Crores (inclusive of NCDs of ₹ 225 Crores) at competitive rates to finance its, long term working capital and *inter alia*, capital expenditure during the year. The total borrowings of the Company stood at ₹ 1,295.89 Crores as on March 31, 2012.

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

### FIXED DEPOSIT

Out of the total 10,146 deposits of ₹ 28.67 Crores from the public and the shareholders as at March 31, 2012, 573 deposits amounting to ₹ 1.62 Crores had matured and had not been claimed as on that date. Since then, 305 of these deposits aggregating to ₹ 0.89 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

In accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Rajan B. Raheja, Mr. Satish B. Raheja and Mr. James Brooks 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 is in the process of obtaining necessary approvals for waiver from recovery of excess remuneration paid to Mr. Manoj Chhabra and Mr. Vijay Aggarwal, Managing Directors and Mr. Ganesh Kaskar, Executive Director for the year ended March 31, 2012 due to non-availability of profits.

### 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, 2012, 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, 2012 and of the loss 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, 2012 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 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 233B of the Companies Act, 1956 and the Rules thereunder, the Company's Cost Records for the year ended March 31, 2012 are being audited/reviewed by Cost Auditors, M/s. N. I. Mehta & Co. The Cost Audit Report for the year ended March 31, 2011 was filed before the due date of September 30, 2011.

### 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 spread its operations to other major cities in the country and continued to introduce new products in the market during the year under review. RQBE booked a gross written premium of ₹ 22.83 Crores and earned an investment income of ₹ 16.11 Crores for the year ended March 31, 2012. After requisite adjustments and tax provisions, the profit for the year ended March 31, 2012 was ₹ 5.80 Crores.



- **Silica Ceramica Pvt. Limited** : The Directors are pleased to report that Silica Ceramica Pvt. Limited (SCPL), performed satisfactorily during the year. The Company increased its stake in this Joint Venture from 92.6% to 97.5%. SCPL achieved 100% capacity installation, i.e. 27,500 m<sup>2</sup> per day for manufacture of vitrified/glazed ceramic tiles with effect from March 25, 2012.
- **H. & R. Johnson (India) TBK Limited** : The Directors are pleased to report that 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 (JV) have opened House of Johnson showrooms in Solapur, NOIDA and Chandigarh during the year, taking the total number of JVs to 14 with 16 showrooms.
- **Milano Bathroom Fittings Pvt. Limited** : The Directors are pleased to report that Milano Bathroom Fittings Pvt. Limited (MBF), the wholly-owned subsidiary of the Company manufacturing bathroom fittings and accessories, performed satisfactorily during the year. MBF put up a plant in Samba, Jammu & Kashmir, to manufacture bath fittings with a capacity of 3 lakh pieces per annum.
- **Lifestyle Investments PVT Limited** : Lifestyle Investments PVT Limited (LIPL) is an overseas wholly-owned subsidiary. During the year, LIPL received a dividend income of £656,288 from Norcross Plc., UK.
- **RMC Readymix Porselano (India) Limited** : is a wholly-owned subsidiary of the Company.

## Joint Ventures (JV)

- **Ardex Endura (India) Private Limited** : The Directors are pleased to report that Ardex Endura (India) Pvt. Ltd. (AEIPL), Joint Venture with the German group Ardex which manufactures and markets tile adhesives, grouts, flooring, waterproofing and allied products, performed satisfactorily during the year. AEIPL is in the process of setting-up another manufacturing plant in Ramanagara District in Karnataka which is likely to be operational by FY 2014.
- **Sentini Cermica Pvt. Limited** : The Directors are pleased to report that Sentini Cermica Pvt. Ltd., the mid-segment glazed floor tile JV Company in Andhra Pradesh performed satisfactorily during the year.
- **Antique Marbonite Pvt. Limited** : The Directors are pleased to report that Antique Marbonite Pvt. Ltd., the vitrified tile JV Company in Gujarat performed satisfactorily during the year. The JV's

wholly-owned subsidiary, Antique Johnson Ceramic Pvt. Limited, is in the process of setting-up a manufacturing plant for engineered marble and quartz. Quartz Plant is now operational and Marble Plant is likely to be completed in FY 2013.

- **Spectrum Johnson Tiles Pvt. Limited** : The Directors are pleased to report that Spectrum Johnson Tiles, mid-segment wall tiles JV Company in Gujarat, performed satisfactorily during the year.
- **Small Tiles Pvt. Limited** : The Company entered into a Joint Venture with Small Tiles Pvt. Limited and acquired a 50% stake in Small Tiles during the year. This Joint Venture manufactures glazed floor tiles and has a capacity of 2.3 million m<sup>2</sup> per annum. The Joint Venture acquired a Company having a manufacturing plant of wall tiles and converted it to manufacture floor tiles of size 12" x 12" with a capacity of 2.6 million m<sup>2</sup> per annum. The plant is now operational.

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 the applicable 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.

## **ACKNOWLEDGEMENTS**

The Board takes this opportunity to express its sincere appreciation of the contribution made by all the employees during challenging times. 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 10, 2012

## 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 2011-12 for improving the productivity and reducing the specific power consumption and specific heat consumption :

- ❖ Installation of planetary gear boxes in Cement Mills Roller Press.
- ❖ Implementation of Energy Management System ISO: 50001.
- ❖ Continuous Raw mix control with help of on-line XRF/XRD to optimise thermal energy consumption.
- ❖ Coating resistant insulation inside Pre-heater cyclone feed pipes for unhindered material flow.

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

Proposed modifications and capacity enhancement

- ❖ Upgradation of cement mills PLC system.
- ❖ Installation of Wobbler Feeder at lime stone crushers.
- ❖ Upgradation of Bag House and Raw Mill fan SPRS.
- ❖ Full choke feed system for Cement Roller Press

##### HRJ Division

##### (a) Savings in electrical energy

- ❖ Implementation of energy efficient system for providing uninterrupted power to kilns and stop continuous operation of diesel generating sets in Kunigal plant.
- ❖ Implementation of thyristor based lighting energy savers in Pen plant.
- ❖ Optimization of VFD in air compressor to reduce energy consumption in Kunigal plant.
- ❖ Implementation of energy efficient air compressor and assembly in Dewas plant.
- ❖ Implementation of energy efficient air cooled chiller in Dewas plant.

##### (b) Savings in Thermal Energy

- ❖ Manual optimisation air fuel ratio in roller hearth kiln for reducing natural gas consumption by reducing excess air in Kunigal plant.

##### (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.

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

##### (A) POWER AND FUEL CONSUMPTION

##### 1. Electricity

##### a) Purchased

Units (Lakhs - KWH)

Total Amount (₹ Crores)

Rate/Unit (₹)

##### b) Own Generation

##### i) Through Diesel Generator

Net Units (Lakhs - KWH)

Unit per Ltr. of Diesel/  
Furnace Oil (KWH)

Cost/Unit (₹/KWH)

##### ii) Through Steam

Turbine/Generator

##### 2. Coal (used in Kiln)

Quantity (Tonnes)

Total Cost (₹ Crores)

Average Rate (₹)

##### 3. Furnace Oil

Quantity (K.Ltrs.)

Total Cost (₹ Crores)

Average Rate (₹/K.Ltr.)

##### 4. High Speed Diesel

Quantity (K.Ltrs.)

Total Cost (₹ Crores)

Average Rate (₹/K.Ltr.)

##### 5. Others/Internal Generation

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

Electricity (KWH/T of Cement)

HSD/FO (Ltr./T of Clinker)

Coal (Percentage of Clinker)

	2011-2012	2010-2011
<b>(A) POWER AND FUEL CONSUMPTION</b>		
1. Electricity		
a) Purchased		
Units (Lakhs - KWH)	4,322.88	2,833.51
Total Amount (₹ Crores)	221.28	132.78
Rate/Unit (₹)	5.12	4.69
b) Own Generation		
i) Through Diesel Generator		
Net Units (Lakhs - KWH)	16.08	16.03
Unit per Ltr. of Diesel/ Furnace Oil (KWH)	3.89	3.80
Cost/Unit (₹/KWH)	14.50	26.48
ii) Through Steam		
Turbine/Generator	Nil	Nil
2. Coal (used in Kiln)		
Quantity (Tonnes)	6,71,982	4,98,535
Total Cost (₹ Crores)	362.58	187.50
Average Rate (₹)	5,395.72	3,761.05
3. Furnace Oil		
Quantity (K.Ltrs.)	354	357
Total Cost (₹ Crores)	0.87	0.92
Average Rate (₹/K.Ltr.)	24,724.00	25,882.25
4. High Speed Diesel		
Quantity (K.Ltrs.)	952	550
Total Cost (₹ Crores)	3.87	2.18
Average Rate (₹/K.Ltr.)	40,687.63	39,601.35
5. Others/Internal Generation	Nil	Nil
<b>(B) CONSUMPTION PER UNIT OF PRODUCTION</b>		
Electricity (KWH/T of Cement)	80.91	75.07
HSD/FO (Ltr./T of Clinker)	0.22	0.17
Coal (Percentage of Clinker)	17.06	18.35