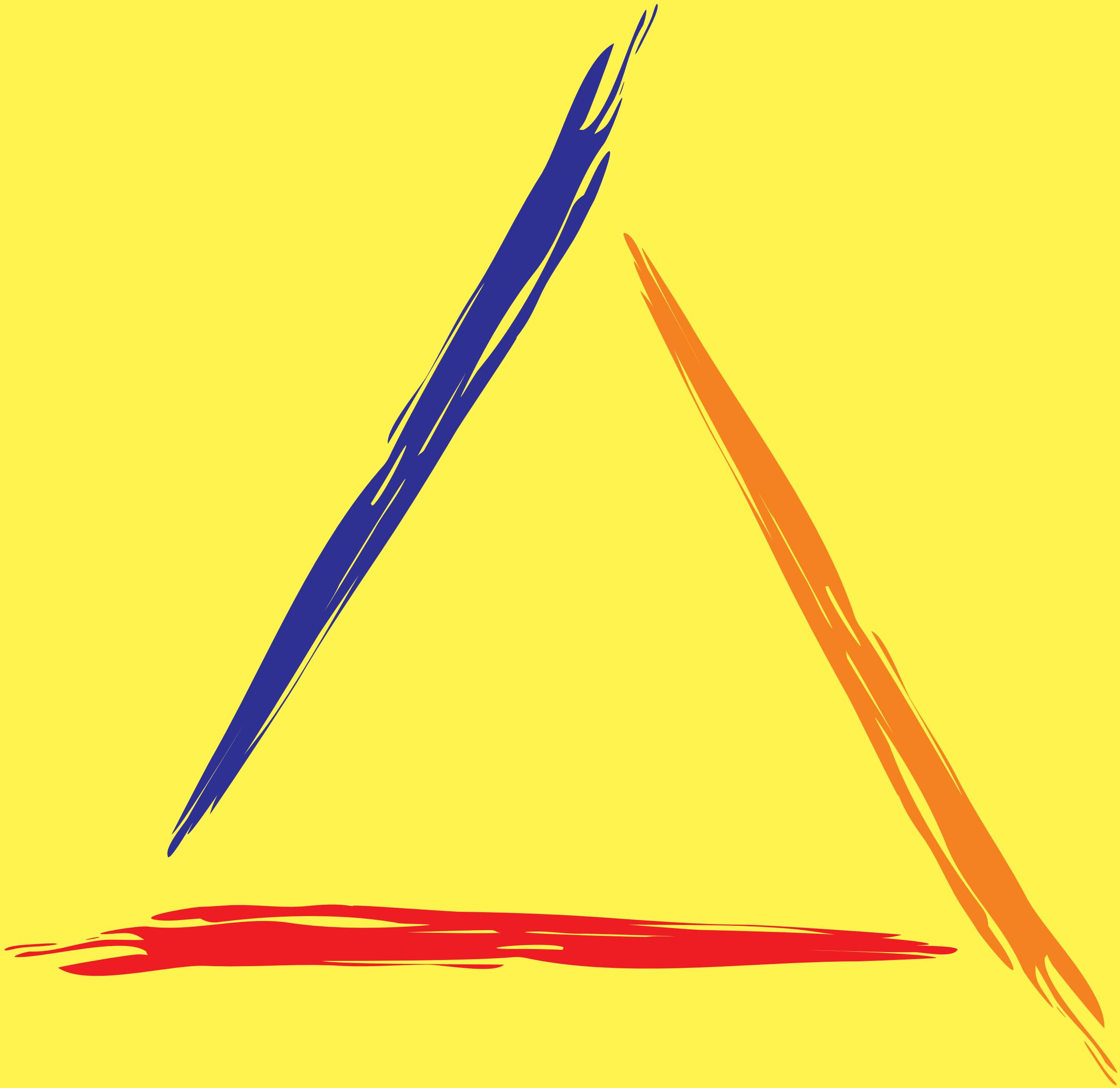
PRISM CEMENT LIMITED

ANNUAL REPORT
2010-11



PRISM CEMENT

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RMC

PRISM CEMENT LIMITED

Board of Directors

Mr. Rajesh G. Kapadia
Chairman

Mr. Rajan B. Raheja

Mr. Manoj Chhabra
Managing Director

Mr. Vijay Aggarwal
Managing Director

Mr. Satish B. Raheja

Mr. Akshay R. Raheja

Mr. Ganesh Kaskar
Executive Director

Mr. James Brooks

Ms. Ameeta A. Parpia

Company Secretary

Ms. Aneeta S. Kulkarni

Corporate Office

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

Registered Office

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

Registrar & Transfer Agents

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

Bankers

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

Statutory Auditors

N. M. Raiji & Co., Mumbai

Branch Auditors

Borkar & Muzumdar, Mumbai

Cost Auditors

N. I. Mehta & Co., Mumbai

Contents	Page Nos.

NOTICE

NOTICE IS HEREBY GIVEN that the Nineteenth Annual General Meeting of the Company will be held on Tuesday, July 12, 2011 at 11.30 a.m. at Taj Mahal Hotel, 4-1-999, Abids Road, Hyderabad - 500 001, to transact the following business :

Ordinary Business :

1. To receive and adopt the Directors' Report and the audited Profit and Loss Account for the year ended March 31, 2011 and the Balance Sheet as at that date and the report of the Auditors thereon.
2. To confirm the payment of interim dividend on equity shares for the year ended March 31, 2011 as final dividend.
3. To appoint a Director in place of Mr. Rajesh G. Kapadia, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Akshay R. Raheja, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Ms. Ameeta A. Parpia, who retires by rotation and being eligible, offers herself for re-appointment.
6. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :

   "RESOLVED THAT the retiring Statutory Auditors, M/s. N. M. Raiji & Co., (Registration No. 108296W) who being eligible, have offered themselves for re-appointment, be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting at a remuneration to be mutually agreed between the Board of Directors of the Company and the Statutory Auditors, in addition to reimbursement of out-of-pocket expenses, in connection with the audit of the Company."
7. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :

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

Special Business :

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

   "RESOLVED THAT subject to the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") or any modifications/ re-enactments thereof, read with Schedule XIII to the Act, the Articles of Association of the Company, and subject to such other approvals/ consents/sanctions/permissions as may be necessary, the consent of the Company be and is hereby accorded to the re-appointment of Mr. Manoj Chhabra as Managing Director, for the period, terms as to remuneration and conditions as set out hereunder and in the Agreement to be entered into by the Company with him, submitted to this Meeting and initialled by the Chairman for the purpose of identification, which Agreement is hereby specifically approved with full liberty to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include Remuneration Committee of the Board), in accordance with the statutory limits/approvals as may be applicable, to revise/ alter/modify/amend/change the terms and conditions of the Agreement from time to time as may be agreed to by the Board and Mr. Chhabra.

   1. **Period** :

      Two years with effect from August 25, 2011.
   2. **Remuneration** :

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

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

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

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

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

NOTES :

1. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of the Special Business mentioned under Item No. 8 above, is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES, IN ORDER TO BE VALID, MUST BE RECEIVED BY THE COMPANY AT THE REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING.
3. The Register of Members and Transfer Books of the Company will remain closed from Tuesday, July 5, 2011 to Tuesday, July 12, 2011 (both days inclusive).
4. Shareholders holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the shareholders holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the shareholders.
5. In order to avail the facility of Electronic Clearing System (ECS) for receiving direct credit of dividend to his/their respective account with the Bank(s), the members holding shares in physical form are requested to provide their Bank Account details to the Company's Registrar and Transfer Agent - Karvy Computershare Private Ltd. In the absence of ECS facilities, the Company will print the bank account details, if available, on the payment instrument for distribution of dividend.
6. Members are requested to send all communication relating to shares to the Company's Registrar and Transfer Agent - Karvy Computershare Private Ltd., Unit : Prism Cement Limited, Plot No. 17 - 24, Near Image Hospital, Vittalrao Nagar, Madhapur, Hyderabad - 500 081. Members holding shares in electronic mode should address all their correspondence to their respective Depository Participants (DPs).
7. Nomination facility for shares is available for Members. The prescribed format, in this regard, can be obtained from the Company's Registrar and Transfer Agent.
8. Members who would like to receive notices, letters, annual reports, documents and any other correspondence by electronic mode are requested to register their e-mail addresses and changes therein, from time to time, with the Company's Registrar and Transfer Agent in respect of shares held in physical form and with the respective Depository Participants (DP) where the shares are held in demat form. Shareholders holding shares in physical form can send their e-mail address for registration to einward.ris@karvy.com quoting the Folio Number and Name of the Company.
9. The Company's equity shares are listed on The Bombay Stock Exchange Limited and The National Stock Exchange of India Limited. The listing fees for the year 2011-2012 have been paid to the aforesaid Stock Exchanges.
10. Pursuant to Section 205C of the Companies Act, 1956, the Company has transferred to the Investor Education & Protection Fund during the year ended March 31, 2011 unclaimed interest on non-convertible debentures in respect of 18th and 19th Interest Accounts and the Unclaimed Redemption – 4th instalment of non-convertible debentures.
11. The Company is required to transfer unpaid/ unclaimed dividends to the Investor Education & Protection Fund pursuant to Section 205C (2) of the Companies Act, 1956. Shareholders who have not encashed their dividend warrants so far are requested to make their claim to the Company's Registrar and Share Transfer Agents.

By Order of the Board of Directors,

Aneeta S. Kulkarni
Company Secretary

Place : Mumbai
Date : April 29, 2011

EXPLANATORY STATEMENT

As required by Section 173 (2) of the Companies Act, 1956, the following Explanatory Statement sets out the material facts relating to Item No. 8 mentioned in the accompanying Notice dated April 29, 2011.

Item No. 8

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

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

Prior to joining the Company, he held senior positions at the corporate level in Larsen & Toubro Limited, where he worked for over 16 years. Mr. Chhabra is also a Director on the Board and a member of the Audit Committee of Raheja QBE General Insurance Company Limited.

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

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

The Directors are of the view that the Company would continue to be immensely benefited by the experience and guidance of Mr. Chhabra, and therefore recommend adoption of the Resolution at Item No. 8.

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

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

By Order of the Board of Directors,

Aneeta S. Kulkarni
Company Secretary

Place : Mumbai
Date : April 29, 2011

Registered Office :

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

DIRECTORS' REPORT

To the Shareholders,

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

FINANCIAL RESULTS

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

DIVIDEND

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

OPERATIONS

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

FINANCE

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

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

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

FIXED DEPOSIT

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

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

DIRECTORS

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

In accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Rajesh G. Kapadia, Mr. Akshay R. Raheja and Ms. Ameeta A. Parpia retire by rotation at the forthcoming Annual General Meeting and being eligible, have offered themselves for re-appointment.

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

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, relating to Directors' Responsibility Statement, the Directors, to the best of their knowledge and belief and according to the information and explanations obtained by them, confirm that :

1. in preparation of the Annual Accounts for the year ended March 31, 2011, the applicable Accounting Standards have been followed and there has been no material departure;
2. they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as on March 31, 2011 and of the profit of the Company for the year ended on that date;
3. they have taken proper and sufficient care to the best of their knowledge for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. they have prepared the accounts for the year ended March 31, 2011 on a going concern basis.

PARTICULARS OF EMPLOYEES

Pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, the particulars are given in the statement which forms part of this Report. However, as per provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Directors' Report is being sent to all the shareholders excluding the aforesaid information. Any shareholder interested in obtaining a copy of the statement may write to the Company's Registered Office at Hyderabad or to its Corporate Office at Mumbai.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo as required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is given in the Annexure 'A' forming part of this Report.

CORPORATE GOVERNANCE

As per Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section on Corporate Governance together with a certificate from the Company's Auditors confirming compliance is set out in the Annexure forming part of this Report.

AUDITORS

The Statutory Auditors, M/s. N. M. Raiji & Co., Chartered Accountants, hold office until the conclusion of the ensuing Annual General Meeting and have given their consent for re-appointment. A certificate from the Statutory Auditors has been received to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956.

The Branch Auditors, M/s. Borkar & Muzumdar, Chartered Accountants, hold office until the conclusion of the ensuing Annual General Meeting and have given their consent for re-appointment. A certificate from the Branch Auditors has been received to the effect that their re-appointment, if made, as the Branch Auditors of the H & R Johnson (India) and RMC Readymix (India) Divisions of the Company would be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956.

As per the requirement of the Central Government and pursuant to Section 233 B of the Companies Act, 1956, the Company's Cost Records in respect of cement for the year ended March 31, 2011 are being audited by Cost Auditors, M/s. N. I. Mehta & Co. The Cost Audit Report for the year ended March 31, 2010 required to be filed on or before September 30, 2010, was filed on September 27, 2010.

SUBSIDIARY AND JOINT VENTURE COMPANIES

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

Subsidiaries

- Raheja QBE General Insurance Company Limited (RQBE), the general insurance subsidiary introduced significant number of liability products including other general insurance policies during the year. RQBE booked a gross written premium of ₹ 8.80 crores and earned an investment income of ₹ 12.36 crores for the year ended March 31, 2011. After requisite adjustments and tax provisions, the loss for the year under review was ₹ 7.27 crores.

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

Joint Ventures (JV)

- Ardex Endura (India) Pvt. Ltd., the Joint Venture with the German group Ardex, has performed satisfactorily during the year.
- Sentini Ceramica Pvt. Ltd., the mid-segment glazed floor tile JV Company in Andhra Pradesh has performed satisfactorily during the year.
- Antique Marbonite Pvt. Ltd., the vitrified tile JV Company in Gujarat has performed satisfactorily during the year. The JV is setting-up a Plant to manufacture Quartz and Agglomerated marble which is slated to commence production by Q4 of FY 2011-12.
- Spectrum Johnson Tiles Pvt. Ltd., the mid-segment wall tiles JV Company in Gujarat, has performed satisfactorily. The JV is putting up a floor tile manufacturing facility which would be operational by Q1 of FY 2012-13.

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

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

CONSOLIDATED FINANCIAL STATEMENTS

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

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

ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors

RAJESH G. KAPADIA
Chairman

Place : Mumbai
Date : April 29, 2011

ANNEXURE 'A' TO THE DIRECTORS' REPORT

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

A. CONSERVATION OF ENERGY

Cement Division

(a) Energy conservation measures taken

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

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

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

Proposed modifications and capacity enhancement

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

(c) Impact of measures for reduction of energy consumption and consequent impact on the cost of production of goods

- ❖ The above measures have resulted/will result in savings in the consumption of thermal and electrical energy and better run factor of plant.

HRJ Division

(a) Savings in electrical energy

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

(b) Savings in Thermal Energy

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

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

FORM - A

(See Rule 2)

Form for disclosure of particulars with respect to conservation of energy

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

B. TECHNOLOGY ABSORPTION

Efforts made in technology absorption as per Form B

FORM - B

(See Rule 2)

Form for disclosure of particulars with respect to absorption

RESEARCH AND DEVELOPMENT (R & D)

Cement Division

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

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

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

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

3. Future plan of action

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

HRJ Division

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

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

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

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

3. Future Plan of Action

Research and Development

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

Energy Management

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

4. Expenditure on R & D

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

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts, in brief, made towards technology absorption, adapt ation and innovation

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

2. Benefits derived as results of the above efforts

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

MANAGEMENT DISCUSSION & ANALYSIS

Business Environment

India's economy continued to enjoy a remarkable growth trajectory driven by strong domestic demand during 2010-11. The economy recorded a healthy growth in 2010-11 propelled by increased agricultural production resulting into increased rural incomes and the industrial production is expected to clock around 8% growth.

The Gross Domestic Product (GDP) in India has been growing at an annual rate of 8-9% during the past few years. The construction and building materials sector usually follows the growth in the country's GDP, with the main drivers of demand being real estate and infrastructure projects. The building materials sector, being a key constituent of the country's construction industry, has also recorded considerable growth of ~9% over the last few years.

With the economy well on track, the Government has rolled out various initiatives to boost the country's construction and infrastructure capacity which will result in increase in demand for building materials. India's economic performance and rapid increase in per capita income signal excellent growth prospects for the building materials sector. The emergence of new segments in the economy like hospitality, retail, education and IT has boosted the construction of malls, high rise buildings, industrial parks and SEZs. With the growth in the construction sector, construction methods have become more organised with introduction of newer technologies and machinery and many new building materials have been introduced in the market targeting interior and exterior applications.

As one of the leading building materials company with a wide range of products from cement, ready-mixed concrete, tiles, bath products to kitchens, the Company is also on a path of growth and innovation to cater to the market needs.

With this backdrop, the Company achieved a turnover of ₹ 3,557 crores for the year ended March 31, 2011 as against turnover of ₹ 2,989 crores in the previous year. However, results for the year under review were impacted due to substantial increase in manufacturing and finance expenses. For the year ended March 31, 2011, the Company earned a net profit of ₹ 96 crores as against a net profit of ₹ 251 crores for the year ended March 31, 2010.

Cement Division

Overview

The cement consumption registered a muted growth of about 5% during 2010-11 mainly due to an extended monsoon and delay in the implementation of the infrastructure projects. However, the demand in the markets of Cement Division's interest witnessed a growth of around 10% during the same period.

The Indian cement industry is on a growth path basically on account of the GDP growth which has resulted in a growing housing and real estate sector. Coupled with the increasing activity in infrastructure development such as state and national highways, the cement demand is expected to grow at an annual rate of 9-10% in the current year.

Performance

	Year ended 31-03-2011	Year ended 31-03-2010
Production - Lakh Tonnes	**31.56**	25.68
Sales volume (cement) - Lakh Tonnes	**31.10**	25.02
Net Revenue – ₹ Crores	**1,061.83**	1,020.93
PBDIT – ₹ Crores	**173.85**	355.62

The sharp increase in raw material and power and fuel costs and the subdued price realisations impacted the margins of the Cement Division substantially during the year ended March 31, 2011, despite a growth in volumes.

Expansions

During the year under review, after a temporary suspension of work due to an accident in the Blending Silo, the second cement plant adjoining the present plant location at Satna with a cement capacity of 3.6 MTPA commenced commercial production. The Cement Division expects to produce and sell 6 MTPA cement and clinker from both Unit I and Unit II by 2012.

The Cement Division at present sells cement in eastern parts of Uttar Pradesh, major parts of Madhya Pradesh, Uttarakhand and Bihar. With the commencement of production at Unit II, the Cement Division plans to penetrate deeper into the existing markets and cover most parts of Madhya Pradesh, Uttar Pradesh and Bihar and also enter into new markets of Chhattisgarh, Jharkhand, West Bengal, Delhi NCR and Maharashtra.

The Company has plans to set up a cement plant in the Kurnool District of Andhra Pradesh with a cement capacity of 4.8 MTPA. The Company is awaiting clearance for land alienation from the State Government after which further project activity will commence.

The Company has been allotted a Coal Block in the

Chhindwara District of Madhya Pradesh and has received the requisite approvals. It is planned to acquire land and start the initial mines development activity in the current year.

Future Outlook

The cement demand in the markets in which the Cement Division operates is expected to grow at a CAGR of around 10-11% primarily driven by rural housing and infrastructure projects. As a large section of the population in these regions is expected to benefit from higher farm incomes, loan waiver schemes and alternative avenues of income generation due to higher government spending through the National Rural Employment Guarantee Scheme, rural housing is expected to contribute to healthy growth in cement demand.

The implementation of key infrastructure projects like Pradhan Mantri Gram Sadak Yojna and rural infrastructure schemes like Bharat Nirman and Indira Awas Yojna, introduction of tax free bonds, creation of infrastructure debt funds, formulating a comprehensive policy for developing public private partnership projects would also give a fillip to the cement demand.

H & R Johnson (India) (HRJ) Division

Overview

The H & R Johnson (India) Division (HRJ Division) has been the market leader in the field of ceramic tiles in India since 1958. Today, it offers a wide basket of products from tiles, bath products to kitchens. It offers the products under 4 strong brands, viz. Johnson, Marbonite, Endura, and Johnson Ceramics International. The manufacturing plants of the Division, its Joint Ventures and its subsidiaries are spread across the country in order to effectively cater to the market's requirements.

Tiles

The global ceramic tiles industry is estimated to be 8.5 billion m^2. During 2009, global production fell marginally by 0.1% compared to an average annual increase of 6-7% in the period 2004-2007 and a 3.2% increase in 2008. Global imports/exports of ceramic tiles which have been slowing significantly since 2007 dropped by 9.6% in 2009 down from 1.9 billion m^2 to 1.7 billion m^2. Asia continued to record a healthy growth of over 7% during the year.

In terms of consumption, India is the third largest consumer and manufacturer of ceramic tiles in the world accounting for 5.8% of the world's total consumption and production of ceramic tiles. India produces close to 500 million m^2 of ceramic tiles per annum and the size of the Industry is approx. ₹ 14,000 crores. Approximately 40% of the industry comprises the organised sector wherein top 7 players constitute over 80% of the total organised market. Unorganised sector is made up of a large number of small players adding up to 60% of the total market. The key product categories of ceramic tiles in India are glazed wall tiles, glazed floor tiles, vitrified polished tiles, glazed vitrified tiles and industrial tiles.

The per-capita consumption of ceramic tiles in India is approx. 0.42 m^2 per annum. As a comparison, China's per-capita consumption is 2.27 m^2 per annum; Brazil's consumption is 3.17 m^2 and Russia's per-capita consumption is 1.00 m^2 per annum. This shows a huge potential for growth of ceramic tiles in India. Urbanisation, consumption and commercial infrastructure are the key drivers of growth in India. As a result, India's ceramic tile industry is expected to continue its growth rate of approximately 15% per annum.

Bath Products

The size of bath products industry is approx. ₹ 6,000 crores comprising sanitaryware, faucets, taps, bath fittings, etc. As in case of tiles, there is a huge potential for growth in India due to growing demand for modern sanitation and increased urbanisation. The organised sector comprises approx. 50% of the market and focuses mainly on middle and upper market segments in urban areas, whereas the remaining 50% is the unorganised sector which is popular in lower-middle and price sensitive end of the market as well as rural areas. Looking at the growth potential of this segment, various MNCs are becoming active in India.

The growth of bath products is at a healthy rate of approx. 12-15% per annum and this growth rate is likely to continue in future also.

Kitchen

Modular Kitchens is a nascent industry in India. The trend of modular kitchens is catching up in India. There is no large established player with a national footprint and a strong brand and distribution network in this industry. As a result, there are a number of small time players/carpenters operating in this industry with limited scale of operations. The industry is growing at a healthy rate of 25-30% per annum. Looking at the growth potential of this segment, various MNCs and Indian players are entering/have entered the market.

Review of Operations

The sales revenue of the HRJ Division for the year ended March 31, 2011 was ₹ 1,472.45 crores with a PBDIT of ₹ 165.97 crores as against sales revenue of ₹ 1,187.63 crores and a PBDIT of ₹ 175.80 crores for the previous year ended March 31, 2010.

The performance of India's economy has been robust in 2010-11. Real GDP is estimated to have grown by 9% during the fiscal powered by a rebound in the agricultural sector and a sharp pick-up in private consumption and gross fixed capital formation. Manufacturing sector is expected to have grown at 8% during the fiscal. Inflation, however, has been a cause of concern. For 2010-11, it is estimated to have been around 9% as compared to 3.6% in the previous fiscal. Crude oil prices have shot up by over 40% during the fiscal thereby impacting profitability of various industries including ceramic tiles. In case of tiles, fuel is a significant component of product costing, both directly (high usage in manufacturing operations) and indirectly (freight-intensive product). Fuel (Natural Gas/RLNG/Propane/LPG) cost, which is primarily used for tile manufacturing, has increased significantly during the year. Moreover, freight cost has increased substantially on raw materials and finished goods on account of diesel cost increase.

The HRJ Division continued to strengthen its brands and build its distribution network. The HRJ Division participated in ACETECH exhibitions at Mumbai and Chennai, India Ceramics exhibition at Ahmedabad and Yatra Kitchens Exhibition at Bangalore to showcase its products and received very positive response. A new updated website www.hrjindia.com and 5 micro websites were launched for different product categories. 'House of Johnson' retail outlets were inaugurated in Mumbai, Pune and Bangalore during the year. Based on the strong brand equity and leadership, 'Johnson' brand was awarded the Reader's Digest Trusted Brand Award 2010 (Gold) in the category of Wall and Floor tiles. In addition, Marbonite brand was conferred with the 'Power Brand' status during the year.

Innovation being one of its core values, the HRJ Division had launched some trend-setting products last year — Marbonite StainFree, Endura ScratchFree and Johnson GermFree. These products have been very well accepted by the market and they contribute significantly to the total tiles sales. Moreover, Johnson Digital, which is manufactured using state-of-the art Inkjet Printing System, was launched during the year and the response from the market has been encouraging. The HRJ Division is also entering into the segment of Quartz and Agglomerated Marble. During the year, the HRJ Division has started setting-up of the team and initiated the process to establish these new product categories.

Ceramic World Review, a reputed magazine published from Italy, conducted a study in 2010 of the world's top ceramic tile manufacturers. H & R Johnson (India) Division was listed at number 16 in the list of 25 companies being the only Indian entity to feature in the ranking.

The HRJ Division had set-up a branch office in Colombo, Sri Lanka, a few years back as part of its international business strategy. The operations are now well established and profitable.

The Bath segment of the HRJ Division has continued to perform well during the year achieving high growth rate. During the year, remaining 50% stake in Milano Bathroom Fittings Pvt. Limited (MBF) was acquired. Post acquisition, MBF has become a wholly-owned subsidiary of your Company and continues to be managed through the HRJ Division. This acquisition has created a base for solid growth of the Bath Segment. MBF has a manufacturing plant in Baddi, Himachal Pradesh. The Plant's present capacity is 3 lakh pieces per annum which is in the process of being increased to 6 lakh pieces per annum by Q1 of 2011-12.

The HRJ Division has continued its initiatives of cost savings. During the year, LNG facility was commissioned at Kunigal tile manufacturing plant and the turbine at Pen tile manufacturing plant was upgraded. These initiatives would enable it to minimise the impact of cost increases on account of fuel.

The HRJ Division had declared a lock-out on September 7, 2010 at its tile manufacturing plant at Karaikal, Puducherry, pursuant to an illegal strike and physical assault of the plant managers. On December 2, 2010, the manufacturing operations resumed and the workers have resumed duties. The Union has assured to maintain discipline and production. The wage settlement proceedings are in progress.

Future Outlook

With the healthy growth of the Indian economy and the industries that operates in, the HRJ Division is well-positioned to continue its growth in future also. Moreover, the bulk of the products are targeted towards affordable housing segment which is likely to continue growing at a healthy rate. The robust distribution network, strong brand equity, wide-spread manufacturing locations and a comprehensive product portfolio of tiles, baths and kitchens enable us to enjoy a distinct competitive advantage over others in the market.

Expansions / Upgrade

The HRJ Division would be setting-up a tile manufacturing plant in Eastern India. It would be the first tile manufacturing plant in that region.

The HRJ Division shall be undertaking an organisation wide Business Process Re-engineering (BPR) exercise in 2011-12 to review all the critical business processes and make necessary modifications, wherever needed. The last such exercise was done in 2000-01 at the time of SAP installation which was very beneficial. This BPR exercise is expected to make the business processes more dynamic and relevant enabling it to work effectively and efficiently.

In 2011-12, the HRJ Division shall be increasing the brand building activities in order to further strengthen its core brands. Various mass media, merchandising and below the line activities would be scaled-up during the year.

RMC Readymix (India) (RMC) Division

Overview

The RMC Division of the Company is one of the largest Readymixed Concrete manufacturers, with a Pan India presence and operates from 30 locations across the country. The RMC Division operates 80 Concrete Plants and 8 Aggregate Crushers in different locations across the country as of March 31, 2011. The Concrete Plants are Commercial as well as site based plants.

The RMC Division witnessed a turnover growth of 33% for year 2010-11, backed by the recovery in the construction industry. The RMC Division achieved improved profitability by bettering its margins and achieving higher volumes.

Performance

	Year ended 31-03-2011	Year ended 31-03-2010
Sales Volume in Lakh M^3	**29.35**	23.72
Net Revenue – ₹ Crores	**913.34**	679.91
PBDIT – ₹ Crores	**56.61**	40.20

Expansions

During the year under review, the RMC Division entered new markets like Vijaywada, Ludhiana and Kundli. It is looking to scale up operations in its existing markets by adding more capacity and will continue to concentrate its energies on expanding its market reach.

A "Mega-project" Vertical has been created to service projects which are being undertaken in the infrastructure space. This Vertical has been able to tap the growth in India's infrastructure development, which has helped the RMC Division to build a long-term relationship with its clients as an exclusive RMC supplier.

During the year, the RMC Division initiated use of Vertical Shaft Impactor technology for crushing of aggregates to manufacture sand and there are plans to replicate the same in coming years at other locations.

Future Outlook

Increased Government expenditure to stimulate the growth in infrastructure and housing will benefit the Division. The Mega Project vertical will stand to benefit from this infrastructural growth and going forward this vertical will contribute significantly to the RMC Division's revenue. Introduction of excise duty on the RMC industry has raised challenges in competing with the site-mix players, however, in long term it will benefit the professional players in the industry. The future growth for RMC which is dependent on greater penetration is also happening. Increased volumes will be the main driver for profitability in this industry and hence all our efforts are being taken for the same.

Internal Control Systems

The Company has an adequate system of internal controls covering all financial and operating functions for safeguarding the assets of the Company. The system provides adequate accounting controls, monitoring economy and efficiency. The systems and processes are continually reviewed for its effectiveness and augmented by detailed documented policies and procedures.

The Company has appointed Internal Auditors for each division. The Audit Committee reviews the financial reporting process and the compliance with accounting standards and other legal requirements relating to financial statements.

The Statutory Auditors independently examine the adequacy of internal procedures commensurate with the size of the Company and express their opinion on issues of concern at the Audit Committee Meetings.

Human Resources

Employees are the key to achievement of the Company's objectives and strategies. The Company provides employees with a fair and equitable work environment and support from the peers to develop their capabilities, trusting them with the freedom to act and to take responsibility. The Company is committed to providing an environment that is encouraging and appreciative under which the employees can work to their potential and grow professionally as well as personally. The Company continuously invests in the development of its human resources through a series of employee friendly measures aimed at talent acquisition, development, motivation and retention.

The Company strongly believes that its pool of capable and committed manpower, which is its core strength, is the key asset behind all achievements and success. A number of HR initiatives have been taken for the well being and continuous development of the strong talent pool. The Company ensures that the organisation goals, resources and programs are aligned with its people's aspirations and vice versa.

Various training initiatives were rolled out during the year which aimed at training the employees in the areas of skill upgradation as well as specialised psychological profile support programmes for enhancing the happiness quotient of employees. Full time Health Officers have been appointed to promote a holistic approach to employee wellbeing. Off-site bonding events were organised for the employees. The employees of the HRJ and RMC Divisions participated in the Mumbai Cyclothon held on February 13, 2011 to promote a better environment.

Corporate Social Responsibility

Prism's Corporate Social Responsibility (CSR) initiatives revolve around the welfare of the employees and their families, the workmen and the villagers residing around the plants. CSR is at the heart of Prism's efforts to do sustainable development which involved the following activities during the year :

- Providing medical facilities not only to employees and their families but also to those residing in the immediate vicinity of its cement plant at Satna and the HRJ Division depot at Morbi.
- Distribution of books and uniforms to "Zilla Parishad School" at Nemargomla Village, and Mahadevpur Village and other village schools near Hyderabad.
- Construction of a community facility centre with the installation of water purifier for the use of villagers from Jameelapet Gram Panchayat at Hyderabad.
- Donation of readymixed concrete for the construction of a Government school building near the Vallakottai Plant, Chennai.
- Participation of employees in Blood Donation Camps at Mumbai.
- Contributed towards construction of classrooms at Wadi Village School, near Ambernath quarry operations.
- Celebration of National Road Safety Week across various cities by distribution of leaflets, conducting Safety Awareness Road Shows and educating auto rickshaw drivers and drivers of private vehicles on Safe Driving Techniques.
- Planting of trees and creating green belts at all the plants of the Company across the country.
- Facilitating guidance and granting Merit-cum-means Awards to deserving students of two premier architectural institutes in Mumbai.
- Sponsorship of members of the Lions Club International – District 323 A-3 in the Mumbai Marathon 2011.
- Providing of nets, arranging medical officers, providing medicines and creating public awareness by the RMC Division at Mumbai went a long way in arresting the unprecedented surge of malaria cases during the monsoon which was appreciated by the Municipal Commissioner of Greater Mumbai.

Safety, Health & Environment

The Company ensures a firm commitment to safety, health and environmental management by making it an integral part of the day-to-day management. A safe and healthy working environment is maintained and all efforts are made towards minimising the environmental impact of all process and practices including the control of dust, airborne emissions, process residues and the prevention of pollution.

The Company is committed to conduct its business with a strong commitment for environment preservation, sustainable development, safe workplaces and enrichment of quality of life of its stakeholders including the community at large.

Apart from undertaking a series of energy saving activities at the plant and manufacturing processes, the HRJ Division has initiated stringent measures to economise fuel consumption. These include conservation measures in electrical and thermal energy at various manufacturing facilities. This was achieved by the installation of energy efficient motors, turbines and electrical fittings. Besides, the HRJ Division has installed an LNG storage and re-gassification facility at Kunigal, Karnataka.

These energy conservation measures have resulted in earning/gaining eligibility for obtaining Carbon Credits under CDM projects at Pen, Karaikal, Kunigal and Dewas.

Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could influence the Company's operations include input availability and prices, demand and pricing of finished goods in the Company's principal markets, changes in government regulations, tax laws, economic developments within the country and other incidental factors.

REPORT ON CORPORATE GOVERNANCE

Company's Philosophy on Corporate Governance

The Company's philosophy of Corporate Governance is aimed at conducting its business efficiently and meeting its obligations to stakeholders. All the procedures, policies and practices followed by the Company emulate sound governance principles and are guided by a strong emphasis on transparency, accountability and integrity.

A mechanism of checks and balances is created which ensures that the decision-making powers vested with the management is used with care and responsibility to meet stakeholder aspirations and create an organisation that values people, propriety and equity. The governance practices followed by the Company have played an instrumental role in its pathway to success. The Directors and employees have accepted a Code of Conduct that sets out the fundamental standards to be followed in all actions carried out on behalf of the Company.

1. Board of Directors

i. The total strength of the Board is nine Directors comprising three executive Directors and six non-executive Directors, of which three are independent. The Chairman of the Board is an independent Director. Mr. Rajan Raheja, Mr. Satish Raheja and Mr. Akshay Raheja are related to each other.

ii. During the year ended March 31, 2011, six Board Meetings were held on the following dates: (i) May 5, 2010 (ii) June 22, 2010 (iii) July 27, 2010 (iv) September 17, 2010 (v) October 27, 2010 and (vi) January 18, 2011.

iii. None of the Directors on the Board is a member on more than ten Committees and Chairman of more than five Committees across all the public companies in which he is a Director.

iv. The following table gives details of Directorship, Category, attendance at Board Meetings and at the last Annual General Meeting and number of memberships of Board/Committees (only Audit Committee and Shareholders/Investors Grievance Committee positions considered) of various other public companies (excluding Directorships in Indian private companies, foreign companies, companies under Section 25 of the Companies Act, 1956 and memberships of Managing Committees of various Chambers/ Bodies) :

Name	Category of Directorship	Particulars of Attendance		Number of other Directorship and Committee Membership		
		Board Meeting	Last AGM	Other Directorship	Committee Member	Committee Chairman
Mr. Rajesh G. Kapadia *(Chairman)*	Independent Non-executive	5	Yes	7	2	4
Mr. Rajan B. Raheja	Non-independent Non-executive	4	No	7	4	-
Mr. Manoj Chhabra (*Managing Director*)	Non-independent Executive	5	Yes	1	1	-
Mr. Vijay Aggarwal *(Managing Director)*	Non-independent Executive	6	Yes	4	2	1
Mr. Aziz H. Parpia*	Independent Non-executive	1	N.A.	-	-	-
Mr. Satish B. Raheja	Non-independent Non-executive	-	No	3	1	-
Mr. Akshay R. Raheja	Non-independent Non-executive	5	No	3	1	-
Mr. Ganesh Kaskar (*Executive Director*)	Non-independent Executive	6	Yes	-	-	-
Mr. James Arthur Brooks	Independent Non-executive	5	Yes	-	-	-
Ms. Ameeta A. Parpia#	Independent Non-executive	4	No	1	-	-

** Resigned w.e.f. May 5, 2010*

 # Appointed as Director w.e.f. May 5, 2010

v. None of the Independent Directors have any material pecuniary relationship or transactions with the Company.

vi. Necessary information as mentioned in Annexure 1A to Clause 49 of the Listing Agreements has been placed before the Board for their consideration.

2. Audit Committee

The Audit Committee of the Company is constituted pursuant to the provisions of the Companies Act, 1956 and the Listing Agreements with the Stock Exchanges. As on March 31, 2011, the Audit Committee comprised of three non-executive Directors, Mr. R. G. Kapadia, Chairman of the Committee, a practising Chartered Accountant, Mr. A. R. Raheja who has the requisite accounting and financial management expertise and Ms. Ameeta A. Parpia, a practising Solicitor. Two of the members are independent.

The terms of reference of this Committee are wide enough to cover the matters specified for audit committees under Clause 49 of the Listing Agreements, as well as in Section 292A of the Companies Act, 1956, which inter alia include :

- Overview of the Company's financial reporting process and ensuring correct, adequate and credible disclosure of financial information;
- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services;
- Reviewing with management the annual financial statements before submission to the Board with special emphasis on accounting policies and practices, compliance with accounting standards and other legal requirements;
- Reviewing the adequacy of the Audit and compliance functions, including their policies, procedures, techniques and other regulatory requirements;
- Any other terms of reference as may be included from time to time.

The Audit Committee has met five times during the year ended March 31, 2011 on (i) May 5, 2010, (ii) July 27, 2010, (iii) October 27, 2010, (iv) December 7, 2010 and (v) January 18, 2011 and the details of attendance by the Committee Members are as follows :

Name of Director	No. of Audit Committee Meetings attended
Mr. Rajesh G. Kapadia	5
Mr. Akshay R. Raheja	5
Mr. Aziz H. Parpia *	1
Ms. Ameeta A. Parpia #	4

* *Resigned w.e.f. May 5, 2010*
\# *Appointed as Director w.e.f. May 5, 2010*

For Audit Committee meetings, the Internal and Statutory Auditors are invited and are generally attended by the Senior Management Executives of the Company. The Company Secretary acts as Secretary of the Audit Committee.

3. Remuneration Committee

The Remuneration Committee comprises of three non-executive members of the Board viz. Mr. Rajan B. Raheja - Chairman, Mr. R. G. Kapadia and Ms. Ameeta A. Parpia. The Committee decides on the Company's policy on the remuneration package for its Executive Directors.

A. Details of Remuneration paid to Directors for the year ended March 31, 2011

a. Non-executive Directors

The non-executive Directors are only paid sitting fees for attending the Board and Audit Committee meetings. For the year ended March 31, 2011, the non-executive Directors were paid in aggregate, an amount of ₹ 6,30,000/- as sitting fees.

At the 18th Annual General Meeting of the Company held on June 22, 2010, the shareholders have approved payment of commission to Mr. J. A. Brooks, Director. Under this approval, which is effective from April 1, 2010, Mr. Brooks would be paid remuneration by way of commission up to 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, provided that such commission in any financial year shall not exceed ₹ 25 lakhs (Rupees Twenty-five lakhs only) per annum (subject to deduction of applicable taxes). Pursuant thereto, the Company has provided for the payment of commission of ₹ 25 lakhs to Mr. Brooks for the financial year 2010-2011, in addition to the sitting fees for attending the Board Meetings.

b. Executive Directors

Name	Business relationship with the Company	Remuneration paid during the year (₹ Crores)	Date of Appointment
Mr. Manoj Chhabra	Managing Director	2.93	August 25, 2008
Mr. Vijay Aggarwal	Managing Director	5.41*	March 3, 2010
Mr. Ganesh Kaskar	Executive Director	1.52	March 3, 2010

* *includes leave encashment of ₹ 2.41 crores paid at the end of the previous tenure during the year.*

- The appointment is on contractual basis and is subject to termination by six months' notice on either side. The Board of Directors has, at its meeting held on April 29, 2011 and subject to the approval of the shareholders, re-appointed Mr. Manoj Chhabra as Managing Director of the Company for a further period of two years with effect from August 25, 2011. Mr. Vijay Aggarwal and Mr. Ganesh Kaskar were appointed for a period of three years.
- The elements of the remuneration package of the Managing Director(s)/Executive Director comprises of salary and perquisites as approved by the shareholders at the general body meeting(s).
- The Company does not pay any bonus, severance fee and no stock option is granted to the Managing Director(s)/Executive Director.

c. Details of shares of the Company held by the Directors as on March 31, 2011 are as under :

Name	No. of shares
Mr. Rajesh G. Kapadia	-
Mr. Rajan B. Raheja	5,14,02,627
Mr. Manoj Chhabra	600
Mr. Vijay Aggarwal	-
Mr. Satish B. Raheja	500
Mr. Akshay R. Raheja	55,76,784
Mr. Ganesh Kaskar	-
Mr. James Arthur Brooks	-
Ms. Ameeta A. Parpia	76,000

B. Details of the Directors seeking appointment / re-appointment at the Nineteenth Annual General Meeting to be held on July 12, 2011 are furnished below :

Name of Director	Mr. Manoj Chhabra	Mr. Rajesh G. Kapadia	Mr. Akshay R. Raheja	Ms. Ameeta A. Parpia
Date of Birth	24.11.1951	2.11.1956	25.5.1982	22.2.1965
Expertise in specific functional areas	Company Director	Chartered Accountant	Industrialist	Legal and company law matters
Qualification	B. Com., FCA	B. Com., FCA	B. Com., MBA	B.A., LL.B Advocate & Solicitor
No. of Equity shares held	600	-	55,76,784	76,000
List of outside Company Directorships held	Raheja QBE General Insurance Company Limited	1. Asianet Satellite Communications Limited 2. Exide Industries Limited 3. EIH Associated Hotels Limited 4. Goldiam International Limited 5. Goldiam Jewellery Limited 6. ING Vysya Life Insurance Company Limited 7. Raheja QBE General Insurance Company Limited	1. Asianet Satellite Communications Limited 2. Hathway Cable & Datacom Limited 3. Raheja QBE General Insurance Company Limited	Raheja QBE General Insurance Company Limited

Chairman / Member of the Committees of Directors of other Companies in which he is a Director :				
Audit Committee	Raheja QBE General Insurance Company Limited - Member	1. Asianet Satellite Communications Limited - Member 2. Exide Industries Limited - Chairman 3. EIH Associated Hotels Limited - Member 4. Goldiam International Limited - Chairman 5. ING Vysya Life Insurance Company Limited - Chairman 6. Raheja QBE General Insurance Company Limited - Chairman	Raheja QBE General Insurance Company Limited - Member	–

4. Shareholders/Investors Grievance Committee

The Committee comprises of Ms. Ameeta Parpia – Chairman, Mr. Rajesh G. Kapadia, Mr. Manoj Chhabra and Mr. Vijay Aggarwal as the members of the Committee. The Committee looks into various issues relating to shareholder/investors grievances relating inter alia to non-receipt of annual report, non-delivery of shares after transfer/ delay in transfer of shares, non-receipt of interest on debentures, if any, etc.

5. Share Transfer Committee

The Company's securities are traded in the dematerialised form on the Stock Exchanges. The Company has constituted a Share Transfer Committee, comprising of Mr. R. B. Raheja - Chairman, Mr. R. G. Kapadia, Mr. M. Chhabra and Ms. A. A. Parpia as members of the Committee. To expedite the transfer in physical segment, officers of the Company have been authorised to approve share transfers and transmission, issue of duplicate certificates and review all other matters connected with the Company's securities. The Committee also oversees the performance of the Registrar and Transfer Agent.

The Board has designated Ms. Aneeta S. Kulkarni, Company Secretary, as Compliance Officer.

Share Transfers and Complaints received during the year ended March 31, 2011

Complaints :

Received from	Received and cleared	Pending
Direct to the Company	891	Nil
Through SEBI	14	Nil
Through Stock Exchange (s)	3	Nil
Through Investors' Association(s)	Nil	Nil

Share Transfers :

No. of transfer deeds received	1,122
No. of shares received for transfer	1,41,700
No. of shares transferred	1,41,100
No. of shares pending due to objections (as on March 31, 2011)	600

6. Details of General Meetings and Resolutions passed

Annual General Meetings

The Annual General Meetings (AGM) for the last three years were held on August 5, 2008, May 12, 2009 and June 22, 2010, respectively. All the three meetings were held at Taj Mahal Hotel, Abids Road, Hyderabad - 500 001. One special resolution was passed at the Annual General Meeting held on June 22, 2010. No resolution was passed using postal ballot.

Extra-ordinary General Meeting

An Extra-ordinary General Meeting of the Company was held on April 6, 2010 at Taj Mahal Hotel, Abids Road, Hyderabad - 500 001. No special resolutions were passed at the Meeting. No resolution was passed using postal ballot.

7. Disclosures

1. There are no transactions of material nature with the promoters or the directors or the management or their subsidiaries or relatives that may have potential conflict with the interest of the Company at large.

2. Transactions with related parties are disclosed in Note 18 of Schedule N to the financial statements in the Annual Report.

3. The Company has complied with the requirements of the Stock Exchanges/SEBI/ Statutory Authorities on all matters related to capital markets during the last three years. There are no penalties or strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authority relating to the above.

4. (i) **Mandatory Requirements**

   The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreements with the Stock Exchanges.

   (ii) **Subsidiary Company**

   (a) Raheja QBE General Insurance Company Ltd. (RQBE) is a material non-listed Indian subsidiary company in terms of Clause 49 (III) of the Listing Agreement. Accordingly, Mr. Rajesh G. Kapadia and Ms. Ameeta A. Parpia, Independent Directors of the Company, are Directors on the Board of RQBE.

   (b) The minutes of the meetings of the Board of Directors of RQBE are placed before the Board of Directors of the Company and the attention of the Directors is drawn to all significant transactions and arrangements entered into by the subsidiary company.

   (c) The Audit Committee of the Company reviews the financial statements, in particular, the investments made by RQBE.

   (iii) **Non-mandatory Requirements**

   i. The Company has set up a Remuneration Committee of the Board of Directors, details of which have been provided in Item 3.

   ii. The statutory annual financial statements of the Company are unqualified.

5. In compliance with the SEBI regulation on prevention of insider trading, the Company has prescribed a Code of Internal Procedures & Conduct for Prevention of Insider Trading. The code, inter alia, prohibits purchase/ sale of shares of the Company by Directors/ employees while in possession of unpublished price sensitive information in relation to the Company.

6. The Board of Directors of the Company has laid down two separate Codes of Conduct – one for directors and the other for senior management and employees. These codes are posted on the Company's website. All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year under review. Declaration to this effect signed by the Managing Directors is annexed to this report.

8. CEO/CFO Certification

As required under Section V of the Clause 49 of the Listing Agreement with the Stock Exchanges, the Managing/Wholetime Directors and Finance Heads of the Company have certified to the Board regarding their review on the Financial Statements, Cash Flow Statements and other matters related to internal controls in the prescribed format for the year ended March 31, 2011.

9. Means of Communication

1. The Quarterly/Annual Financial Results of the Company are forwarded to The Bombay Stock Exchange Limited and to The National Stock Exchange of India Limited where the Company's shares are listed and published in The Economic Times (All Indian Editions), Eenadu (Hyderabad) and The New Indian Express (Hyderabad) and are displayed on the Company's website www.prismcement.com.

2. The Management Discussion & Analysis is a part of the Annual Report and is annexed separately.

10. Shareholders Information

A. Annual General Meeting

Date and Time : July 12, 2011 at 11.30 A.M.
Venue : Taj Mahal Hotel,
4-1-999, Abids Road,
Hyderabad - 500 001.

B. Financial Calendar (Tentative)

- **Reporting for the Quarter ending** :

June 30, 2011 September 30, 2011 December 31, 2011	- Within 45 days from the close of the quarter
March 31, 2012	- Before May 31, 2012
- Annual General Meeting for the year 2012	- Within six months of the close of the financial year

C. Book Closure : Tuesday, July 5, 2011 to Tuesday, July 12, 2011 (both days inclusive).

D. Listing on Stock Exchanges

NAME OF STOCK EXCHANGE	STOCK CODE NO.	CODE ON SCREEN
The Bombay Stock Exchange Limited (BSE)	500338	PRISM CEMENT LTD
The National Stock Exchange of India Limited (NSE)		PRISMCEM

E. Stock market price data for the year ended March 31, 2011 :

MONTH	BSE SENSEX		BSE PRICES		NSE PRICES	
	High	Low	High ₹	Low ₹	High ₹	Low ₹
Apr-2010	18047.86	17276.80	65.55	55.35	65.50	55.25
May-2010	17536.86	15960.15	60.35	52.60	60.00	45.20
June-2010	17919.62	16318.39	59.20	53.55	59.20	52.90
July-2010	18237.56	17395.58	56.50	49.10	56.90	48.80
Aug-2010	18475.27	17819.99	58.20	50.00	58.30	50.00
Sep-2010	20267.98	18027.12	64.95	52.50	65.30	52.20
Oct-2010	20854.55	19768.96	65.90	58.30	65.90	58.50
Nov-2010	21108.64	18954.82	65.30	49.65	65.15	50.00
Dec-2010	20552.03	19074.57	56.90	48.30	56.25	48.00
Jan-2011	20664.80	18038.48	57.45	45.40	57.40	45.30
Feb-2011	18690.97	17295.62	54.10	44.85	54.15	43.90
Mar-2011	19575.16	17792.17	56.80	49.65	57.00	49.35

F. Registrar and Transfer Agents

Karvy Computershare Private Limited,
Unit : Prism Cement Limited,
Plot No. 17-24, Near Image Hospital,
Vittalrao Nagar, Madhapur,
Hyderabad - 500 081.
e-mail : einward.ris@karvy.com
website : www.karvycomputershare.com
Tel. No. : 040 - 4465 5000/5152
Fax No. : 040 - 4465 5024

G. Share Transfer System

Share transfers in physical form are processed and returned to the shareholders within the stipulated time. Half-yearly Transfer Audit and Quarterly Secretarial Audit in terms of the Listing Agreements are regularly carried out by an independent practicing Company Secretary.

H. Distribution of shareholding and shareholding pattern as of March 31, 2011 :

Distribution of Shareholding

No. of shares held	No. of shareholders
1 – 100	56,894
101 – 200	22,924
201 – 300	8,251
301 – 400	3,557
401 – 500	7,932
501 – 1000	7,728
1001 – 5000	5,344
5001 – 10000	576
10001 – 50000	386
50001 and above	156
Total	**1,13,748**

Shareholding Pattern		
Category	**No. of Shares**	**% Shareholding**
Promoters	37,68,81,169	74.87
Indian Public *	7,11,69,755	14.14
FIIs / NRIs / OCBs	3,45,94,834	6.87
Bodies Corporate	1,52,27,420	3.03
Financial Institutions/ Banks/Mutual Funds	54,83,402	1.09
Total	**50,33,56,580**	**100.00**

* *Out of the above, 1,23,51,600 equity shares (2.45%) are held by the Prism Trust.*

I. Dematerialisation of Shares

Trading of the Company's shares is compulsorily in dematerialised form for all investors since May 31, 1999. As of March 31, 2011 equity shares representing 94% have been dematerialised with the following depositories:

Description	ISIN	Depositories
Equity shares	INE010A01011	NSDL & CDSL

J. ADDRESSES

Plant Location

The Company's cement manufacturing facilities are located at Satna, Madhya Pradesh, and the tile manufacturing facilities are located at Pen, Maharashtra; Dewas, Madhya Pradesh; Kunigal, Karnataka and Karaikal, Puducherry. RMC currently operates 80 readymixed concrete plants in 30 cities/towns across the country.

Correspondence

Shareholders correspondence should be addressed to the Registrar and Transfer Agents at Hyderabad. Investors can mail their queries to the Company portal investor@prismcement.com for redressal.

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participants (DPs).

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, we confirm that the Board Members and Senior Management of the Company have confirmed compliance with the Code of Conduct for the year ended March 31, 2011.

For Prism Cement Limited

Manoj Chhabra
Managing Director

For Prism Cement Limited

Vijay Aggarwal
Managing Director

Place : Mumbai
Date : April 29, 2011

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Shareholders of
Prism Cement Limited

We have examined the compliance of the conditions of Corporate Governance by Prism Cement Limited ("the Company") for the year ended on March 31, 2011, as stipulated in Clause 49 of the Listing Agreements of the Company with the Stock Exchanges in India.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was carried out in accordance with the Guidance Note on certification of Corporate Governance, issued by The Institute of Chartered Accountants of India and was limited to review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has, in all material respects, complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For N. M. Raiji & Co.
Chartered Accountants

J. M. Gandhi
Partner
Membership No. 37924

Place : Mumbai
Date : April 29, 2011

AUDITORS' REPORT

TO THE MEMBERS OF
PRISM CEMENT LIMITED

1. We have audited the attached Balance Sheet of **PRISM CEMENT LIMITED ("the Company")** as at March 31, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the Standards on Auditing generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (the Order) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. H & R Johnson (India) and RMC Readymix (India) divisions of the Company have been audited separately by branch auditors appointed by the Company. The branch auditors' reports provided to us have been considered for overall reporting for the Company.

5. Further to our comments in the Annexure referred to in paragraph 3 above, we report that :

   (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books of the Company;

   (iii) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (iv) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

   (v) on the basis of written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

   (vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

      (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;

      (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and

      (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For N. M. RAIJI & CO.
Chartered Accountants

J. M. GANDHI
Partner
Membership No.: 37924
Firm Registration No.: 108296W

Place : Mumbai
Date : April 29, 2011

ANNEXURE TO THE AUDITORS' REPORT OF PRISM CEMENT LIMITED

(Referred to in paragraph 3 of our report of even date on the financial statements for the year ended March 31, 2011)

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.

(b) According to the information and explanations given to us, the Company has formulated a programme of verification by which all the assets of the Company are being verified in a phased manner over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on verification conducted during the year as compared with the book records.

(c) Fixed assets disposed off during the year were not substantial to affect Going Concern Assumption.

(ii) (a) Inventories have been physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification as compared to the book records were not material and have been properly dealt with in the books of account.

(iii) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or parties covered in the register maintained under Section 301 of the Companies Act, 1956.

(iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventories and fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any major weakness in the internal control system.

(v) In respect to contracts or arrangements entered in the register maintained in pursuance to of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us :

a) The particulars of contracts or arrangements referred to Section 301 that need to be entered in the Register maintained under the said section have been so entered.

b) Where each of such transaction is in excess of ₹ Five lakhs in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.

(vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder with regard to the deposits accepted from the public. We are informed by the Management that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal in this regard.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) According to the information and explanations given to us, the Central Government has prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for the products manufactured by the Cement Division of the Company. We have broadly reviewed the books of account maintained and in our opinion; prima facie, the prescribed accounts and records have been made and maintained by the Company. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

(ix) (a) According to the information and explanations provided to us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth tax, Service Tax, Custom duty, Excise duty, cess and other applicable statutory dues with the appropriate authorities. No undisputed statutory dues payable were in arrears as at March 31, 2011, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, the details of statutory dues which have not been deposited with the concerned authorities on account of dispute are given below :

Nature of Dues	Period to which the amount relates	Forum where dispute is pending	Amount involved (₹ crores)
Excise Duty	1997 - 1998	Commissioner of Appeal	0.08
	2006 - 2011		0.17
	1997 - 2002	Custom, Excise & Service Tax Appellate Tribunal	0.33
	2006 - 2010	Commissioner of Appeal	0.02
Sales Tax (Central & State)	1999 - 2002	Sales Tax Appellate Tribunal	0.50
	2004 - 2005		0.18
	2000 - 2006	High Court of Chhattisgarh	7.56
	2002 - 2004	Deputy Commissioner of Appeals	0.02
	2005 - 2006		0.88
	2007 - 2008	Assistant Commissioner	0.01
	2002 - 2005	Joint Commissioner of Commercial Tax of Appeals	0.56
	2002 - 2005	Commissioner of Appeal	0.07
	2005 - 2007	Appellate Deputy Commissioner of Commercial Tax	0.09
	2005 - 2006	Deputy Commissioner of Appeal	0.04
	2005 - 2006	Deputy Commissioner of Sales Tax	0.20
	2009 - 2010	High Court of Kerala	0.01
	2009 – 2011	High Court of Madhya Pradesh	0.68
	2010 - 2011	Assistant Commissioner	0.01
Madhya Pradesh Entry Tax	2001 - 2002	High Court of Madhya Pradesh	0.14
	2007 - 2011		14.67
	2006 - 2007	The Supreme Court	0.18
Uttar Pradesh Entry Tax	2003 - 2010	High Court of Uttar Pradesh	20.52
Cess on Land	1990 - 91 to 2003 - 04	Tehsildar Court	0.37
Energy Development Cess	2000 - 2006	The Supreme Court	11.90
Royalty on Limestone mining	1996 - 2009	The Supreme Court	13.63
Madhya Pradesh Commercial Tax	2004 - 2006	Appellate Tribunal	0.10
	2007 - 2008	Commissioner of Appeal	0.10
Uttar Pradesh Commercial Tax	1996 - 2011	High Court of Uttar Pradesh	0.05
	2010 - 2011	Deputy Commissioner of Appeals	0.02
Income Tax	2007 - 2008	Commissioner of Income Tax - Appeal	1.82
Service Tax	June 2005 - July 2007	Service tax Appellate Tribunal	0.45
Royalty on mining minerals	2007 - 2010	Appellate Authority - Mines & Geology Department	0.05

(x) The Company does not have accumulated losses as at March 31, 2011 and has not incurred any cash losses during the current financial year or in the immediately preceding year.

(xi) According to the information and explanations given to us, the company has not defaulted in repayment of dues to any financial institutions or banks.

(xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) The Company is not a chit fund or a nidhi/ mutual benefit fund/society. The provisions of clause 4 (xiii) of the Order, therefore, are not applicable to the Company.

(xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments, except in Mutual Fund units. The Company has maintained proper records of the transactions in respect of its dealings in Mutual Fund units. The said investments are held in the name of the Company.

(xv) According to the information and explanations given to us, the Company has given a guarantee for loans taken by one of its wholly owned subsidiaries from bank. In our opinion, the terms and conditions of the guarantee are prima facie, not prejudicial to the interest of the Company, as it is given for the wholly owned subsidiary.

(xvi) In our opinion and according to the information and explanations given to us, the Company has raised term loans during the year which have been applied for the purposes for which they were raised.

(xvii) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have not been utilised for long term investment.

(xviii) According to the information and explanations given to us, during the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.

(xix) According to the information and explanations given to us and the records examined by us, securities have been created in respect of the debentures issued and outstanding at the year end.

(xx) During the year, the Company has not raised any money by way of a public issue.

(xxi) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported, during the year.

For N. M. RAIJI & CO.
Chartered Accountants

J. M. GANDHI
Partner
Membership No.: 37924
Firm Registration No.: 108296W

Place : Mumbai
Date : April 29, 2011

BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedules	As at 31-03-2011 ₹ Crores	₹ Crores	As at 31-03-2010 ₹ Crores	₹ Crores
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS :					
Share Capital	A		**503.36**		503.36
Reserves and Surplus	B		**704.47**		666.14
LOAN FUNDS :					
Secured Loans	C		**925.47**		743.20
Unsecured Loans	D		**244.37**		58.37
DEFERRED TAX LIABILITY (NET)			**132.11**		97.59
TOTAL			**2,509.78**		2,068.66
APPLICATION OF FUNDS					
FIXED ASSETS :					
Gross Block	E	**2,785.75**		1,783.13	
Less: Depreciation and Amortisation		**898.97**		792.00	
Net Block		**1,886.78**		991.13	
Capital Work-in-progress		**57.44**	**1,944.22**	621.23	1,612.36
INVESTMENTS	F		**354.31**		326.67
CURRENT ASSETS, LOANS & ADVANCES :	G				
Inventories		**371.29**		274.24	
Sundry Debtors		**264.62**		211.08	
Cash & Bank Balances		**60.00**		52.50	
Loans & Advances		**275.70**		145.71	
		971.61		683.53	
Less: **CURRENT LIABILITIES & PROVISIONS :**	H				
Current Liabilities		**704.67**		496.91	
Provisions		**55.69**		56.99	
		760.36		553.90	
Net Current Assets			**211.25**		129.63
TOTAL			**2,509.78**		2,068.66
SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS	N				

As per our report of even date attached

For N. M. RAIJI & CO.
Chartered Accountants

J. M. Gandhi
Partner

Mumbai, April 29, 2011

Aneeta S. Kulkarni
Company Secretary

Rajesh G. Kapadia	*Chairman*
Manoj Chhabra Vijay Aggarwal	*Managing Directors*
Ganesh Kaskar	*Executive Director*

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedules	2010-2011 ₹ Crores	2010-2011 ₹ Crores	2009-2010 ₹ Crores	2009-2010 ₹ Crores
INCOME :					
Sales			**3,556.94**		2,988.87
Less : Excise duty			**201.70**		150.89
Net Sales			**3,355.24**		2,837.98
Income from Joint Ventures - Dividend			**8.38**		8.60
Other Income	I		**28.10**		12.67
			3,391.72		2,859.25
EXPENDITURE :					
Material cost and manufacturing overheads	J	**2,192.07**		1,686.99	
Staff cost	K	**172.80**		134.63	
Sales, administration and other expenses	L	**678.12**		517.80	
			3,042.99		2,339.42
Profit before Finance charges, Depreciation, Exceptional items and Tax			**348.73**		519.83
Finance and other charges	M	**105.73**		52.86	
Depreciation and Amortisation		**113.30**		89.85	
			219.03		142.71
Profit before Exceptional items and Tax			**129.70**		377.12
Exceptional items (Refer note No. 1)			**0.96**		(18.87)
Profit before Tax			**130.66**		358.25
Provision for Current Tax :					
Income Tax		**(0.12)**		(125.63)	
Minimum Alternate Tax (MAT)		**(25.10)**		-	
MAT Credit Entitlement		**24.87**	**(0.35)**	-	(125.63)
Provision for tax - earlier years					
Minimum Alternate Tax (MAT)		**-**		(0.66)	
MAT Credit Entitlement		**-**	**-**	1.26	0.60
Deferred Tax			**(34.52)**		17.83
Profit after Tax (PAT)			**95.79**		251.05
Add : Dividend on own shares held through Trust			**1.24**		1.85
Add : Balance brought forward			**499.72**		358.40
Add : Surplus on Amalgamation			**-**		48.49
Profit available for Appropriations			**596.75**		659.79
Appropriations :					
Transfer to General Reserve			**-**		(26.00)
Transfer to Capital Redemption Reserve			**-**		(10.75)
Transfer to Debenture Redemption Reserve			**(6.25)**		-
Preference dividend			**-**		(0.08)
Interim dividend			**(50.34)**		(105.33)
Distribution Tax on dividend			**(8.36)**		(17.91)
Balance carried to Balance Sheet			**531.80**		499.72
Weighted average number of Equity shares outstanding (Face Value ₹ 10/- per share) (Net of own shares held through Trust)			**49,10,04,980**		49,10,04,980
Earning per Share - Basic and Diluted (₹) (Face Value ₹ 10/- per share)			**1.95**		5.11
SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS	N				

As per our report of even date attached

For N. M. RAIJI & CO.
Chartered Accountants

J. M. Gandhi
Partner

Mumbai, April 29, 2011

Aneeta S. Kulkarni
Company Secretary

Rajesh G. Kapadia *Chairman*

Manoj Chhabra
Vijay Aggarwal } *Managing Directors*

Ganesh Kaskar *Executive Director*

SCHEDULES FORMING PART OF ACCOUNTS

	As at 31-03-2011		As at 31-03-2010	
	₹ Crores	₹ Crores	₹ Crores	₹ Crores
SCHEDULE - A				
SHARE CAPITAL				
Authorised :				
50,50,00,000 Equity shares of ₹ 10/- each		**505.00**		505.00
(Previous year : 50,50,00,000 Equity shares of ₹ 10/- each)				
2,00,00,000 Preference shares of ₹ 10/- each		**20.00**		20.00
(Previous year : 2,00,00,000 Preference shares of ₹ 10/- each)				
		525.00		525.00
Issued, Subscribed and Paid up :				
Equity Shares :				
50,33,56,580 Equity shares of ₹ 10/- each fully paid-up		**503.36**		503.36
(Previous year: 50,33,56,580 Equity shares of ₹ 10/- each)				
- Out of the shares issued pursuant to the Scheme of the Amalgamation, 1,23,51,600 shares are held in Trust for the benefit of the Company.				
SCHEDULE - B				
RESERVES AND SURPLUS				
Capital Reserve				
Opening Balance	**-**		-	
Add : Addition on Amalgamation	**-**		0.17	
Less : Transfer from Amalgamation Reserve	**-**		0.17	
Closing Balance		-		-
Capital Redemption Reserve				
Opening Balance	**10.75**		-	
Add : Addition on Amalgamation	**-**		0.50	
Add : Transferred from Profit and Loss Account	**-**		10.75	
Less : Transfer from Amalgamation Reserve	**-**		0.50	
Closing Balance		**10.75**		10.75

SCHEDULE - B *(Contd.)*

RESERVES AND SURPLUS

	As at 31-03-2011		As at 31-03-2010	
	₹ Crores	₹ Crores	₹ Crores	₹ Crores
Securities Premium				
Opening Balance	-		-	
Add : Addition on Amalgamation	-		116.13	
Less : Transfer from Amalgamation Reserve	-		116.13	
Closing Balance		-		-
Amalgamation Reserve				
Arising on Amalgamation	-		(122.22)	
Add : Transfer to Capital Reserve	-		0.17	
Add : Transfer to Capital Redemption Reserve	-		0.50	
Add : Transfer to Securities Premium	-		116.13	
Add : Transfer to General Reserve	-	-	5.42	-
Debenture Redemption Reserve				
Opening Balance	-		-	
Add : Transferred from Profit and Loss Account	6.25		-	
Closing Balance		6.25		-
General Reserve				
Opening Balance	155.67		5.00	
Add : Transferred from Profit and Loss Account	-		26.00	
Add : Addition on Amalgamation	-		101.26	
Add : Impact of realignment of accounting policy on amalgamation	-		28.83	
Less : Transfer from Amalgamation Reserve	-		5.42	
Closing Balance		155.67		155.67
Balance in Profit and Loss Account		531.80		499.72
		704.47		666.14

SCHEDULE - C

SECURED LOANS

	As at 31-03-2011		As at 31-03-2010	
	₹ Crores	₹ Crores	₹ Crores	₹ Crores
Term Loans from :				
Banks	**739.16**		650.67	
Financial Institutions	**1.73**	**740.89**	5.20	655.87
Buyer's Credit from Banks in foreign currency		**26.35**		14.72
Working Capital from banks		**54.56**		68.07
Non-convertible Debentures *		**100.00**		-
Sales Tax deferment loans from State Government (interest free)		**3.67**		4.54
		925.47		743.20

* 100 Nos. 9.30% secured redeemable non-convertible debentures of ₹ 1 Crore each allotted on August 18, 2010 and repayable at 30%, 35% and 35% at the end of the third, fourth and fifth year respectively.

SCHEDULE - D

UNSECURED LOANS

	As at 31-03-2011		As at 31-03-2010	
	₹ Crores	₹ Crores	₹ Crores	₹ Crores
Fixed deposits		**27.38**		32.45
Sales Tax deferment loan from State Government (interest free)		**-**		0.13
From Banks :				
Term Loans	**165.00**		25.00	
Others	**1.20**	**166.20**	-	25.00
Non-convertible Debentures *		**50.00**		-
Inter Corporate Loan		**0.79**		0.79
		244.37		58.37

* 200 Nos. 9.60% unsecured redeemable non-convertible debentures of ₹ 10 lakhs each allotted on September 17, 2010 and repayable at the end of the third year.

* 150 Nos. 10.00% unsecured redeemable non-convertible debentures of ₹ 10 lakhs each allotted on September 17, 2010 and repayable at the end of the fourth year.

* 150 Nos. 10.42% unsecured redeemable non-convertible debentures of ₹ 10 lakhs each allotted on September 17, 2010 and repayable at the end of the fifth year.

SCHEDULE - E
FIXED ASSETS

(₹ Crores)

DESCRIPTIONS	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at 01.04.2010	Additions	Deductions	As at 31.03.2011	Upto 31.03.2010	For the year	Deductions	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
Intangible Assets :										
Software	9.59	1.05	-	**10.64**	6.01	1.12	-	7.13	**3.51**	3.58
Goodwill	1.03	-	1.03	**-**	1.03	-	1.03	-	**-**	-
Intellectual property rights	5.87	-	-	**5.87**	1.18	0.59	-	1.77	**4.10**	4.69
Mining Lease - surface rights	4.70	-	-	**4.70**	1.62	0.17	-	1.79	**2.91**	3.08
Minerals Procurement Rights	-	6.54	-	**6.54**	-	0.69	-	0.69	**5.85**	-
Tangible Assets :										
Land - Freehold	166.18	34.55	-	**200.73**	-	-	-	-	**200.73**	166.18
- Leasehold	8.43	-	0.81	**7.62**	3.60	0.12	0.10	3.62	**4.00**	4.83
Buildings	220.84	27.53	2.87	**245.50**	57.49	9.34	0.68	66.15	**179.35**	163.35
Railway siding	13.30	-	-	**13.30**	8.84	0.70	-	9.54	**3.76**	4.46
Plant and machinery	1,211.28	924.92	1.94	**2,134.26**	634.79	87.88	1.33	721.34	**1,412.92**	576.49
Mines Development	7.27	2.52	-	**9.79**	5.13	1.58	-	6.71	**3.08**	2.14
Furniture, fixtures, computers and office equipments	68.43	7.93	2.16	**74.20**	35.38	4.94	1.57	38.75	**35.45**	33.05
Truck Mixers, Loaders and Truck Dumpers	53.83	5.06	0.91	**57.98**	31.70	4.81	0.91	35.60	**22.38**	22.13
Vehicles	12.38	3.63	1.39	**14.62**	5.23	1.51	0.86	5.88	**8.74**	7.15
Total	**1,783.13**	**1,013.73**	**11.11**	**2,785.75**	**792.00**	**113.45**	**6.48**	**898.97**	**1,886.78**	991.13
Previous year	733.39	1,058.61	8.87	1,783.13	340.69	457.33	6.02	792.00	991.13	

Notes :

A) Depreciation for the year includes ₹ 0.15 Crores (Previous year : ₹ 0.15 Crores) considered for capitalisation.

B) Additions during the year includes ₹ 1.34 Crores (Previous year : ₹ Nil) on account of Research assets.

C) Gross Block of fixed assets includes dedicated electricity lines costing ₹ 7.01 Crores (Previous year : ₹ 7.01 Crores) the ownership of which is with Madhya Pradesh Poorv Kshetra Vidyut Vitaran Company Limited.

D) Previous year figures of addition to Gross Block and Depreciation include assets acquired on account of amalgamation and amalgamation adjustment.

	Face Value ₹	Holdings As at 31-03-2011	As at 31-03-2011 ₹ Crores	As at 31-03-2011 ₹ Crores	Holdings As at 31-03-2010	As at 31-03-2010 ₹ Crores	As at 31-03-2010 ₹ Crores
SCHEDULE - F							
INVESTMENTS							
(A) Long Term Investments :							
- Fully Paid/Ordinary/ Equity Shares							
Quoted :							
- Own shares through Prism Trust *	10	1,23,51,600	24.05		1,23,51,600	24.05	
- Bell Ceramics Limited	10	33	#		100	#	
- Kajaria Ceramics Limited	2	500	#		500	#	
- Regency Ceramics Limited	10	100	#		100	#	
- Somany Ceramics Limited	2	500	#	24.05	100	#	24.05
(* Shares held for the benefit of the Company as per the Scheme of Amalgamation)							
Unquoted :							
- Spartek Ceramics Limited	10	100	#		100	#	
- Sun Earth Ceramics Limited	10	200	#		200	#	
- New India Co-op Bank Limited	10	2,500	#		2,500	#	
- North Kanara GSB Co-op Bank Limited	10	1,000	#	#	1,000	#	#
- Fully paid/Ordinary/ Equity Shares in Subsidiary Companies (Trade)							
Unquoted :							
- Raheja QBE General Insurance Co. Ltd.	10	15,31,80,000	153.18		15,31,80,000	153.18	
- RMC Readymix Porselano (India) Limited (Formerly known as Porselano Tiles Limited)	10	50,000	0.05		50,000	0.05	
- Lifestyle Investments Pvt Limited	GBP 1	10,000	0.09		10,000	0.09	
- H. & R. Johnson (India) TBK Ltd.	100	1,61,020	1.62		1,61,020	1.62	
- Milano Bathroom Fittings Private Limited	100	62,466	6.13		31,233	2.50	
- Silica Ceramica Private Limited * @	10	19,45,000	53.08	214.15	11,40,000	18.61	176.05

(* Previous year figures include 5,00,000 shares of ₹ 10 each, partly paid-up ₹ 1/-)

SCHEDULE - F *(Contd.)*

INVESTMENTS

	Face Value ₹	Holdings As at 31-03-2011	As at 31-03-2011 ₹ Crores	As at 31-03-2011 ₹ Crores	Holdings As at 31-03-2010	As at 31-03-2010 ₹ Crores	As at 31-03-2010 ₹ Crores
- 0.01% Redeemable Preference Shares, fully paid-up in Subsidiary Company (Trade)							
Unquoted :							
- Lifestyle Investments Pvt Limited (Class A)	**GBP 1**	**80,84,116**	**63.72**		79,84,116	62.99	
- Lifestyle Investments Pvt Limited (Class B)	**GBP 1**	**6,14,195**	**4.44**	**68.16**	-	-	62.99
- 1% Redeemable non-convertible Preference Shares, fully paid-up (Trade)							
Unquoted :							
- Milano Bathroom Fittings Private Limited	**100**	**37,500**		**0.38**	37,500		0.38
- Fully paid/Ordinary/Equity Shares in Joint Ventures (Trade)							
Unquoted :							
- Ardex Endura (India) Private Limited	**10**	**65,00,000**	**6.50**		65,00,000	6.50	
- Sentini Ceramica Private Limited @	**10**	**26,00,000**	**13.00**		26,00,000	13.00	
- Antique Marbonite Private Limited @ (Formerly known as Antique Granito Private Ltd.)	**10**	**40,00,000**	**20.03**		40,00,000	20.03	
- Spectrum Johnson Tiles Private Limited (Formerly known as Spectrum Tiles Private Ltd.)	**10**	**21,65,388**	**8.03**	**47.56**	21,65,388	8.03	47.56
- Fully paid Equity Shares in Associate Company							
Unquoted :							
- Prism Power and Infrastructure Private Limited	**10**	**4,900**		**0.01**	4,900		0.01
- Mutual Funds							
Unquoted :							
- ING Global Real Estate Fund - Dividend	**10**	**-**		**-**	1,50,00,000		15.00

	Face Value ₹	Holdings As at 31-03-2011	As at 31-03-2011 ₹ Crores	As at 31-03-2011 ₹ Crores	Holdings As at 31-03-2010	As at 31-03-2010 ₹ Crores	As at 31-03-2010 ₹ Crores
SCHEDULE - F (Contd.)							
INVESTMENTS							
(B) Current Investments :							
In Mutual Fund units							
Unquoted :							
- ING Mutual Fund (Treasury Advantage Fund)	10	-		-	6,34,899		0.63
				354.31			326.67

	As at 31-03-2011 ₹ Crores	As at 31-03-2010 ₹ Crores
Quoted Investments		
- Book Value	24.05	24.05
- Market Value	65.16	69.54
Unquoted Investments		
- Book Value	330.26	302.62

\# *Denotes amounts less than ₹ 50,000/-*

@ *Company has given Non Disposal Undertaking to certain banks for its investment in above subsidiary/joint venture.*

	As at 31-03-2011 ₹ Crores	As at 31-03-2011 ₹ Crores	As at 31-03-2010 ₹ Crores	As at 31-03-2010 ₹ Crores
SCHEDULE - G				
CURRENT ASSETS, LOANS & ADVANCES				
Inventories :				
Stores & spares	96.09		72.17	
Raw materials	125.42		85.83	
Work-in-progress	44.88		20.35	
Traded goods	27.58		19.05	
Finished goods	77.32	371.29	76.84	274.24
Sundry Debtors (Unsecured unless otherwise specified) :				
Over six months :				
Considered good	11.62		11.46	
Considered doubtful	14.46		9.41	
	26.08		20.87	
Others :				
Considered good	253.00		199.62	
Considered doubtful	0.62		0.29	
	279.70		220.78	
Less : Provision for doubtful debts	15.08	264.62	9.70	211.08

Note : Debtors considered good are secured to the extent of ₹ 7.13 Crores by dealer deposits with the Company.

SCHEDULE - G *(Contd.)*

CURRENT ASSETS, LOANS & ADVANCES

	As at 31-03-2011		As at 31-03-2010	
	₹ Crores	₹ Crores	₹ Crores	₹ Crores
Cash & Bank Balances :				
Cash on hand	**0.99**		0.82	
Remittances in transit	**7.41**		2.47	
Balances with scheduled banks :				
On Current accounts	**51.17**		48.06	
On Term Deposits	**0.43**	**60.00**	1.15	52.50
Loans & Advances (Unsecured, considered good) :				
Deposits	**24.74**		16.86	
Advances recoverable in cash or in kind	**138.06**		76.86	
Share Application Money given to Subsidiary	**1.50**		-	
Taxation (net of provisions)	**8.46**		4.07	
MAT Credit entitlement	**27.37**		2.50	
Loan to subsidiary companies	**25.93**		21.95	
Balances with Excise, Customs, etc.	**49.64**	**275.70**	23.47	145.71
		971.61		683.53

SCHEDULE - H

CURRENT LIABILITIES & PROVISIONS

	As at 31-03-2011		As at 31-03-2010	
	₹ Crores	₹ Crores	₹ Crores	₹ Crores
Current Liabilities :				
Sundry creditors - Dues to Micro, Small and Medium enterprises	**0.53**		-	
- Dues to others	**443.56**		293.60	
Advance from customers	**41.61**		30.74	
Deposits from customers/suppliers	**67.00**		47.57	
Interest accrued but not due	**2.57**		0.41	
Other liabilities	**149.40**	**704.67**	124.59	496.91
Provisions for :				
Leave entitlement and Gratuity	**18.17**		17.35	
Others	**37.52**	**55.69**	39.64	56.99
		760.36		553.90

	2010-2011		2009-2010	
	₹ Crores	₹ Crores	₹ Crores	₹ Crores
SCHEDULE - I				
OTHER INCOME				
Interest income on fixed deposits with banks		**0.14**		0.14
(TDS - C. Y. ₹ 0.01 Crores, P. Y. ₹ 0.02 Crores)				
Other interest income		**1.44**		2.86
(TDS - C. Y. ₹ 0.03 Crores, P. Y. ₹ 0.07 Crores)				
Dividend Income on Mutual Fund units		**3.01**		2.85
Gain on redemption of Mutual Fund units		**0.05**		-
Insurance claims recovery		**1.65**		0.95
Sale of scrap		**7.51**		4.02
Others		**14.30**		1.85
		28.10		12.67
SCHEDULE - J				
MATERIAL COST AND MANUFACTURING OVERHEADS				
Raw materials consumed		**815.34**		608.58
Cost of traded goods		**725.99**		556.60
Stores and spares consumed		**79.74**		87.47
(Increase)/Decrease in stock :				
Closing stock :				
Finished goods	**77.32**		76.84	
Work-in-progress	**44.88**		20.35	
	122.20		97.19	
Less : Opening stock :				
Finished goods	**76.84**		1.92	
Work-in-progress	**20.35**		5.80	
	97.19		7.72	
Less : Taken over on amalgamation				
Finished goods	**-**		57.99	
Work-in-progress	**-**		3.56	
	-		61.55	
		(25.01)		(27.92)
Adjustment of excise duty on stocks		**(1.52)**		6.62
Power and fuel		**428.20**		308.54
Other manufacturing cost		**27.69**		24.43
Royalty		**28.13**		40.30
Packing and forwarding		**55.52**		40.96
Sub-contract charges		**16.98**		11.17
Repairs to :				
Plant and machinery	**31.05**		28.65	
Buildings	**3.05**		1.80	
Others	**9.00**		7.24	
		43.10		37.69
		2,194.16		1,694.44
Less : Captive consumption		**2.09**		7.45
		2,192.07		1,686.99

	2010-2011		2009-2010	
	₹ Crores	₹ Crores	₹ Crores	₹ Crores
SCHEDULE - K				
STAFF COST				
Salaries, wages and bonus		**148.45**		116.15
Contribution to Provident and other funds		**13.29**		9.72
Welfare and other expenses		**11.06**		8.76
		172.80		134.63
SCHEDULE - L				
SALES, ADMINISTRATION AND OTHER EXPENSES				
Rent		**18.67**		15.35
Rates and taxes		**14.77**		24.68
Travelling and communication		**33.65**		26.06
Discounts, incentives and commission on sales		**129.46**		108.71
Advertisement, sales promotion and other marketing expenses		**49.57**		33.15
Insurance		**3.21**		2.73
Research expenses		**1.44**		0.80
Freight outward		**332.39**		247.67
Loss on sale of assets		**0.10**		(0.78)
Provision for doubtful debts		**6.39**		4.54
Bad debts written off	**1.00**		2.21	
Less : Provision for doubtful debts written back	**1.00**	**-**	2.21	-
Loss on exchange fluctuation		**3.43**		2.89
Miscellaneous expenses		**85.04**		52.00
		678.12		517.80
SCHEDULE - M				
FINANCE AND OTHER CHARGES				
Interest on fixed loans		**65.43**		33.93
Interest on Income Tax		**0.01**		-
Other Interest		**27.84**		14.38
Processing Fees (including amortisation)		**7.88**		1.12
Bank charges		**4.57**		3.43
		105.73		52.86

SCHEDULE – N

SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

A. Significant Accounting Policies

Basis of Preparation

The financial statements have been prepared to comply in all material aspects with the Notified Accounting Standards by Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

Method of Accounting and Revenue Recognition

Accounts are maintained on an accrual basis and at historical cost.

Sales are recognised on passing of risks and rewards attached to the goods. Sales include excise duty but do not include Value Added Tax (VAT) and Central Sales Tax (CST).

Dividend income is recognised for when the right to receive is established. Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Use of Estimates

The preparation of financial statements in conformity with Indian Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures relating to contingent liabilities as at the date of financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Differences between the actual result and estimates are recognised in periods in which the results are known/materialised.

Fixed Assets

Fixed assets are stated at cost less depreciation/amortisation and impairment loss, if any. The cost is inclusive of interest and incidental expenses incurred during construction year and is net of cenvat credit availed.

The fixed assets are tested for impairment if there is any indication of impairment, based on internal/external factors. Impairment loss, if any, is provided by a charge to Profit and Loss Account.

Machinery spares, which are specific to machinery and whose use is expected to be irregular, are capitalised and depreciated over the useful life of the related asset.

Assets acquired under lease are treated as operating/finance lease as per the provisions of Accounting Standard - 19 “Leases” issued by the Institute of Chartered Accountants of India.

Depreciation and Amortisation

(i) Depreciation on additions to/deductions from fixed assets is being provided on pro-rata basis from/to the date of acquisition/disposal.

(ii) Depreciation on foreign exchange differences on borrowings utilised for acquisition of assets upto 2005-06 is provided prospectively over the remaining life of the assets.

(iii) Depreciation is provided on straight line method at the rates specified in the Schedule XIV to the Companies Act, 1956 except in the following cases where the rates are higher than Schedule XIV of the Companies Act, 1956.

Cement Division :

a. For certain vehicles used by employees - 15.25%.

b. Expenses on mines development are capitalised and are amortised over a period of five years from the month of commencement of extraction of limestone from that area.

c. Leasehold land and mining surface rights are amortised from the month of commencement of commercial production, over the remaining lease period.

d. Assets acquired under the finance lease is amortised over the lease period including renewal at nominal cost, if any.

RMC Division [RMC Readymix (India)] :

Assets	Rate of Depreciation
➢ Plant & Machinery :	
• Concrete Pumps	16.67%
• Lab Equipments	10.00%
• Electrical Installations	10.00%
• Other	7.50%
➢ Vehicle used by employees	15.25%
➢ Truck Mixers, Loaders, Excavators and Truck Dumpers	12.50%

a. Cost of acquisition of leasehold land is amortised over the remaining lease period.

b. The civil and other costs attributable to the plants/office on leased premises are capitalised and are being written off over the unexpired period of the lease.

HRJ Division [H & R Johnson (India)] :

Asset	Estimated Useful Life
Intellectual property right	10 years

a. Cost of acquisition of leasehold land is amortised over the period of lease.

b. For certain vehicles used by employees - 15.25%.

Research and Development

Revenue expenditure on research phase is recognised as an expense when it is incurred. Expenditure on development phase is capitalised as per Accounting Standard - 26.

Investments

Long Term Investments are carried at cost. Diminution, if any, other than temporary, is provided for Current investments are carried at lower of cost or fair value.

Inventories

Inventories are valued at lower of cost and net realisable value after providing for obsolescence and other losses, wherever considered necessary. The cost is worked out on weighted average basis.

Foreign Currency Transactions

Transactions in foreign currency are accounted at the exchange rate prevailing on the date of the transaction. The exchange differences arising on restatement or on settlement are recognised in the Profit and Loss Account.

Forward contracts are entered into to hedge the foreign currency risk of the underlying outstanding at the Balance Sheet date. The premium or discount on such contracts is amortised as income or expense over the life of the contract. Any profit or loss arising on the cancellation or renewal of forward contracts is recognised as an income or expense for the period.

Borrowing Cost

Borrowing costs that are directly attributable to the acquisition or production of qualifying assets are capitalised as the cost of the respective assets. Other borrowing costs are charged to the Profit and Loss Account in the year in which they are incurred.

Employee Benefits

Superannuation and ESIC are defined contribution plans. Also Provident Fund is treated as defined contribution plan as contribution is made to Regional Provident Fund Commissioner (RPFC) for certain employees and for other employees there is sufficient surplus available with the Provident Fund Trust. Gratuity benefits are treated as defined benefit plan. Gratuity obligation is worked out based on actuarial valuation.

Employees are entitled to carry forward unutilised leave, the liability of which is arrived based on an actuarial valuation. Employees are also entitled to medical benefit for which premium is paid by Company.

The contribution made by the Company for Provident Fund, Superannuation and Medical Premium is charged to the Profit and Loss Account. Incremental liability for leave entitlement and gratuity is also charged to the Profit and Loss Account.

Taxes on Income

The Company provides current tax based on the provisions of the Income Tax Act applicable to it. Timing differences between book profit and taxable profit is accounted as deferred tax. Deferred Tax Asset, if any, is recognised considering prudence.

Provision and Contingent Liabilities

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on management's estimate for the amount required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current estimates of the management.

A Contingent Liability is disclosed, unless the possibility of an outflow of resources embodying the economic benefit is remote.

Segment Reporting

The Company has identified primary segments based on the products and does not have any secondary segments. The primary segments identified are as follows :

i. Cement

ii. TBK (Tile, Bath and Kitchen)

iii. RMC (Readymixed Concrete)

Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue, expenses, assets and liabilities, which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "Unallocated revenue/expenses/assets/liabilities".

B. Notes to Accounts

1. Exceptional items shown in the Profit and Loss Account comprises of gain of ₹ 4.36 Crores on sales of land and building, loss of ₹ 1.35 Crores on redemption of mutual fund investments and loss of ₹ 2.05 Crores on redemption of investments in preference shares. (Previous year : exceptional items comprises of amalgamation expenses of ₹ 10.25 Crores and exchange loss of ₹ 8.62 Crores on redemption of investments in preference shares.)

2. Segment information has been presented in the Consolidated Financial Statements as permitted by Accounting Standard - 17 on "Segment Reporting" as notified under the Companies (Accounting Standards) Rules, 2006.

3. **(a) Loans are secured as follows :**

Particulars	**₹ Crores**
Financial Institutions :	
By a first charge on immovable properties located at Mahape, Ambernath and Kalina office, of the RMC Division.	1.73
Banks	
By pari-passu first charge on entire movable fixed assets excluding assets charged exclusively to other lenders of the RMC Division.	32.17
First and exclusive charge secured by hypothecation of equipments financed to RMC division.	4.81
By a first charge on the entire movable fixed assets, other than equipments financed by other lenders of RMC Division.	6.87
By a first and exclusive charge secured by hypothecation of vehicles financed to RMC Division.	0.39
By first pari-passu charge on immovable properties situated at Kunigal and Pen, both present and future, and first pari-passu charge by way of hypothecation of all the movables fixed assets located at Pen, Dewas and Kunigal , both present and future of HRJ Division.	43.30
By first charge on vehicles together with all accessories and addition to or in the vehicles, whether present or future of HRJ Division.	3.18
By first and exclusive charge on all present and future movable and immovable fixed assets situated at Kalina office of HRJ Division.	20.00
By Second pari-passu charge on immovable properties situated at Kunigal and Pen, both present and future and second pari-passu charge by way of hypothecation of all the movables fixed assets located at Pen, Dewas and Kunigal, both present and future of HRJ Division.	50.00
By charge on movable and immovable properties of the Cement Division, both present and future, subject to prior charges on specific assets in favour of Cement Division's bankers towards Working Capital facilities.	578.44
Non-Convertible Debentures :	
Secured by first pari-passu charge by way of hypothecation of all the moveable fixed assets located at Pen, Dewas and Kunigal, both present and future of HRJ Division.	100.00
Working Capital Demand Loans/Cash Credits :	
By first charge on the entire current assets both present and future and second charge on the fixed assets, except land and building of the RMC Division.	1.30
By first charge on the entire current assets both present and future of the Cement Division.	Nil
By first pari-passu charge by way of hypothecation of stocks and book debts and second pari-passu charge on the assets by way of mortgage and hypothecation in respect of those assets which are first charged to other lenders of HRJ Division.	79.61
Sales Tax Deferment	
By a second charge on the fixed assets of the concrete plant at Thirumudivakkam, Chennai of RMC Division.	3.67

(i) Out of the above loans, ₹ 216.99 Crores (Previous year : ₹ 202.55 Crores) is repayable within one year.

(b) In case of unsecured loans ₹ 85.46 Crores (Previous year : ₹ 36.13 Crores) is repayable within one year.

4. (a) **Contingent liabilities :**

(i) Guarantees given by the Company's bankers and counter guaranteed by the Company ₹ 78.06 Crores (Previous year : ₹ 61.28 Crores).

(ii) **Claims against the Company not acknowledged as debts :**

(a) Dispute in respect of exemption of Central Sales Tax on coal purchases ₹ 7.56 Crores (Previous year : ₹ 7.56 Crores). Against this matter, bank guarantee of ₹ 7.70 Crores (Previous year : ₹ 7.70 Crores) has been provided by the Company.

(b) Energy Development Cess disputed ₹ 7.44 Crores (Previous year : ₹ 7.44 Crores)

(c) Royalty on limestone disputed ₹ 10.84 Crores (Previous year : ₹ 33.84 Crores)

(d) Tax on Rural and Road Development disputed ₹ 5.27 Crores (Previous year : ₹ 3.00 Crores)

(e) Other Claims in respect to Income Tax, Sales Tax, Entry Tax, Excise Duty and other claims ₹ 32.05 Crores. (Previous year : ₹ 11.11 Crores)

(iii) Corporate guarantees issued to the bankers of the wholly owned subsidiary company ₹ 64.74 Crores (Previous year : ₹ 61.22 Crores)

(b) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ 34.87 Crores (Previous year : ₹ 354.88 Crores).

(c) Disclosure of provisions made as per the requirements of Accounting Standard – 29 on "Provisions, Contingent Liabilities and Contingent Assets" as notified under the Companies (Accounting Standards) Rules, 2006, is as follows :

(₹ Crores)

Particulars	**As at 01.04.2010**	**Provisions made during the year**	**Amounts utilised or reversed during the year**	**As at 31.03.2011**
MPEB Cess on Generation of Electricity	8.90	Nil	0.57	8.33
MP Entry/VAT Tax	8.37	0.26	Nil	8.63
UP Entry Tax	22.55	Nil	2.00	20.55

The above provision is net-off the payment made there against. In future, there may be cash inflow in case the dispute is settled in the favour of the Company. In case the disputes are settled against the Company there may be cash outflow of ₹ 37.51 Crores (Previous year : ₹ 39.82 Crores).

5. Capital work-in-progress includes capital advances of ₹ 4.44 Crores (Previous year : ₹ 284.29 Crores) and pre-operative expenses of ₹ 11.64 Crores (Previous year : ₹ 36.48 Crores), the details of which are as under :

	2010-2011	2009-2010
	₹ Crores	₹ Crores
Revenue expenditure for the year considered as pre-operative expenses		
Salary, wages and bonus	**7.03**	5.26
Contribution to Provident and other funds	**0.46**	0.28
Rent, Rates and Taxes	**0.17**	0.14
Interest and other Finance Charges	**25.01**	21.17
Depreciation	**0.15**	0.15
Loss/(Gain) on Foreign Exchange Fluctuations on Project Loans	**4.50**	(6.68)
Miscellaneous expenses	**21.56**	5.94
	58.88	26.26
Add: Expenditure up to Previous year	**36.48**	10.22
	95.36	36.48
Less: Capitalised during the year	**83.72**	-
Balance Carried forward	**11.64**	36.48

6. Term Deposits with scheduled banks include deposits of ₹ 0.10 Crores (Previous year : ₹ 0.22 Crores) on which the bank has lien for guarantee given by them.

7. **Employee Defined Benefits :**

(a) Defined contribution plans :

The Company has recognised an expense of ₹ 8.93 Crores (Previous year : ₹ 6.78 Crores) towards defined contribution plans, in respect of Provident Fund and Superannuation Fund.

(b) Defined benefit plans :

The actuarial valuation of the present value of the defined benefit obligation were carried out at March 31, 2011. The present value of the defined benefit obligation and the related service cost, were measured using the Projected Unit Credit Method.

The following tables set out the funded status and amounts recognised in the Company's financial statements as per actuarial valuation as on March 31, 2011 for the Defined Benefits Plan :

(i) Changes in the defined benefit obligation for leave entitlement and gratuity :

(₹ Crores)

Particulars	**2010-2011**		2009-2010	
	Leave Entitlement	**Gratuity**	Leave Entitlement	Gratuity
A. Changes in the defined benefit obligation:				
Liability at the beginning of the year (April 01, 2010)	**11.12**	**12.65**	4.73	5.75
Add : Opening liabilities on amalgamation	**-**	**-**	3.73	4.20
Current service cost	**1.64**	**2.94**	1.18	1.84
Interest cost	**0.90**	**1.06**	0.63	0.77
Actuarial (gain)/loss on obligation	**1.50**	**(0.88)**	2.34	0.87
Benefits paid	**(1.77)**	**(0.61)**	(1.49)	(0.78)
Liability at the end of the year (March 31, 2011) (A)	**13.39**	**15.16**	11.12	12.65
B. Changes in the fair value of plan assets:				
Fair value of plan assets at the beginning of the year (April 01, 2010)	**N.A.**	**10.40**	N.A.	3.83
Add : Opening assets on amalgamation	**N.A.**	**-**	N.A.	2.42
Expected return on plan assets	**N.A.**	**0.96**	N.A.	0.67
Employer's contributions	**1.77**	**2.10**	1.49	3.26
Actuarial gain/(loss) on plan assets	**N.A.**	**0.01**	N.A.	1.00
Benefits paid	**(1.77)**	**(0.61)**	(1.49)	(0.78)
Fair value of plan assets at the end of the year (March 31, 2011) (B)	**N.A.**	**12.86**	N.A.	10.40
C. Balance Liability (A – B)	**13.39**	**2.30**	11.12	2.25

(ii) Actual Return on Plan Assets :

(₹ Crores)

Particulars	**2010-2011**		2009-2010	
	Leave Entitlement	**Gratuity**	Leave Entitlement	Gratuity
Expected Return on Plan Assets	**N.A.**	**0.96**	N.A.	0.67
Actuarial gain/(loss) on Plan Assets	**N.A.**	**0.01**	N.A.	1.00
Actual Return on Plan Assets	**N.A.**	**0.97**	N.A.	1.67

(iii) Expenses recognised in Profit and Loss Account for the year ended March 31, 2011 :

(₹ Crores)

Particulars	2010-2011		2009-2010	
	Leave Entitlement	Gratuity	Leave Entitlement	Gratuity
Current service cost	**1.64**	**2.94**	1.18	1.84
Interest cost	**0.90**	**1.06**	0.63	0.77
Expected return on plan assets	**N.A.**	**(0.96)**	N.A.	(0.67)
Actuarial (Gain)/Loss	**1.50**	**(0.89)**	2.34	(0.12)
Expense recognised in P & L Account	**4.04**	**2.15**	4.15	1.82

(iv) Category of plan asset is not available as the fund is independently managed by the insurance companies.

(v) Actuarial Assumptions used in accounting for leave entitlement and gratuity :

(i) Discount rate : 8% (Previous year : 8%)

(ii) Expected rate of return on plan assets : 8% (Previous year : 8%)

(iii) The estimates of future salary increases of 4 to 5%, considered in actuarial valuation, taking into account the general trend in salary rise and the inflation rates.

8. (a) During the year the Company has acquired and redeemed the following current investments :

Particulars	Face Value per unit	Opening units as at 01.04.2010	Acquired during the year	Redeemed during the year	Closing units as at 31.03.2011
Mutual Fund :					
ING Mutual Fund (Treasury Advantage Fund) - Daily Dividend	₹ 10/-	6,34,899	34,76,83,384	34,83,18,283	Nil
ING Treasury Advantage Fund - Institutional Growth	₹ 10/-	Nil	13,41,531	13,41,531	Nil
ING Liquid Fund Institutional Growth	₹ 10/-	Nil	39,35,329	39,35,329	Nil
ING Liquid Fund Institutional - (Daily Dividend Option)	₹ 10/-	Nil	8,01,86,163	8,01,86,163	Nil

(b) Following was invested in Preference Shares and redeemed during the year :

Particulars	Face Value per unit	Opening units as at 01.04.2010	Acquired during the year	Redeemed during the year	Closing units as at 31.03.2011
Lifestyle Investments Pvt Ltd (A Class Limited Liability Redeemable Preference Shares)	1 GBP	79,84,116	1,00,000	Nil	80,84,116
Lifestyle Investments Pvt Ltd. (B Class Limited Liability Redeemable Preference Shares)	1 GBP	Nil	6,20,00,000	6,13,85,805	6,14,195

9. Amount recoverable in cash or kind includes ₹ 0.01 Crores (Previous year : ₹ 0.02 Crores) due from an officer of the Company. Maximum amount outstanding during the year ₹ 0.02 Crores (Previous year : ₹ 0.04 Crores).

10. According to the information available with the Management, on the basis of intimation received from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), the Company has amounts due to micro and small enterprises under the said Act as at March 31, 2011 as follows :

	2010-2011 ₹ Crores	2009-2010 ₹ Crores
Amount due and outstanding to suppliers at the end of the accounting year	**0.53**	Nil
Interest paid during the year	**Nil**	Nil
Interest payable at the end of the accounting year	**Nil**	Nil
Interest accrued and unpaid at the end of the year	**Nil**	Nil

11. (a) Details of Managerial Remuneration to the Managing Directors and Executive Director :

	2010-2011 ₹ Crores	2009-2010 ₹ Crores
Salary	**6.48**	5.37
Contribution to Provident and other funds #	**0.89**	0.63
Others *	**2.49**	-
Total	**9.86**	6.00

Excluding provision for Gratuity and for Leave Entitlement, as the same is provided on actuarial basis for the Company as a whole.

* Includes leave encashment of ₹ 2.41 Crores paid to one of the Managing Directors at the end of his previous tenure during the year.

(b) Commission to Non-Executive Director ₹ 0.25 Crores (Previous year : ₹ Nil).

(c) Computation of net profit in accordance with Section 349 of the Companies Act, 1956 for remuneration of Directors :

	2010-2011 ₹ Crores	2009-2010 ₹ Crores
Profit and Loss Account (before taxes)	**130.66**	358.25
Add/(Less) : Depreciation and Amortisation	**113.30**	89.85
Remuneration to Directors	**10.11**	6.00
Provision for Doubtful Debts and advances	**6.39**	4.54
Profit on sales of assets	**(4.26)**	(0.78)
Loss on sales of investments	**3.40**	8.62
	259.60	466.48
Less : Depreciation under Section 350 of the Companies Act	**113.30**	89.85
Profit as per Section 349 of the Companies Act	**146.30**	376.63
Maximum amount permissible for the Managing Director and Whole-time Directors under Section 309 of the Companies Act, 1956 (max. permissible 10% of profit)	**14.63**	37.66
Commission to Non-Executive Directors (max. permissible 1%)	**1.46**	3.77
Restricted to Commission to Non-executive Director as per resolution	**0.25**	Nil

Note: As the depreciation in the books is provided higher than what is required as per Schedule XIV of the Company Act, 1956, the excess depreciation is not considered for the purpose of above calculation.

12. Remuneration to statutory auditors including branch auditors :

	2010-2011 ₹ Crores	2009-2010 ₹ Crores
Audit fees (including limited review fees)	**0.51**	0.39
Tax Audit fees	**0.06**	0.04
Other services	**0.03**	0.22*
Expenses reimbursed	**0.01**	0.01
Total	**0.61**	0.66

* Includes service rendered to transferee company before amalgamation.

13. (a) The Company has entered into finance lease for using the mining surface rights of limestone, against which the total payment has been made and no contingent rent is payable.

(b) Details of operating lease agreements (Machinery and Equipments) Non Cancellable :

Future Lease Rental Payments	As at 31.03.2011 ₹ Crores	As at 31.03.2010 ₹ Crores
a. Due but not later than one year	**2.34**	3 .80
b. Due later than one year but not later than five years from the balance sheet date	**0.56**	2.89
c. Later than five years	**Nil**	Nil

14. Provision for current tax includes Wealth Tax of ₹ 0.12 Crores (Previous year : ₹ 0.13 Crores). For the current year, the Company is under Provisions of Minimum Alternate Tax (MAT) as per section 115 JB of the Income Tax Act, 1961 and to the extent of MAT credit entitlement, the amount has been carried forward and shown as receivables in the Balance Sheet.

15. The Company has recognised deferred tax in accordance with the requirement of Accounting Standard - 22 on “Accounting for Taxes on Income” as notified under the Companies (Accounting Standards) Rules, 2006. The breakup of Net Deferred Tax Liability (DTL) is as follows :

	As at 31.03.2011 ₹ Crores	As at 31.03.2010 ₹ Crores
Deferred Tax Assets		
Income Tax Unabsorbed Depreciation	**38.89**	-
Expenses provided but allowed in Income Tax on payment	**20.68**	16.04
Exchange Difference allowable on payment	**1.11**	-
Amalgamation Expenses claimed in Income Tax, which was written off in earlier years in the books	**2.05**	2.72
Other timing difference	**2.09**	-
Total (A)	**64.82**	18.76
Deferred Tax Liability		
Depreciation	**194.17**	114.02
Capital expenditure on Research claimed in Income Tax	**2.76**	2.33
Total (B)	**196.93**	116.35
Net Deferred Tax Liability (B – A)	**132.11**	97.59

16. Disclosure in respect of Company's Joint Ventures pursuant to Accounting Standard - 27 on "Financial Reporting of Interest in Joint Ventures" as notified under the Companies (Accounting Standards) Rules, 2006 :

Name of the Joint Ventures	Proportion of Ownership Interest	Country of Incorporation
Ardex Endura (India) Private Limited.	50%	India
Sentini Ceramica Private Limited.	50%	India
Antique Marbonite Private Limited. (Formerly known as Antique Granito Private Limited.)	50%	India
Spectrum Johnson Tiles Private Limited. (Formerly known as Spectrum Tiles Private Limited.)	50%	India

The aggregate of Company's Share in the above Ventures is :

	As at 31.03.2011 ₹ Crores	As at 31.03.2010 ₹ Crores
ASSETS		
Net Fixed Assets	**96.55**	97.54
Investments	**17.59**	12.70
Current Assets	**98.32**	86.14
LIABILITIES		
Debts	**71.70**	71.73
Current Liabilities	**30.88**	28.10
CAPITAL COMMITMENTS	**-**	1.67
CONTINGENT LIABILITIES	**10.22**	34.03
TOTAL INCOME	**236.35**	224.22
TOTAL EXPENSES	**203.22**	179.53

17. VAT Subsidy :

As per Madhya Pradesh Industrial Investment Promotion Assistance Scheme - 2004, the Company is entitled for subsidy of 75% of VAT/CST paid from the new unit at Satna, subject to prescribed limits. Subsidy receivable for the year of ₹ 8.24 Crores has been included in other income in Schedule I.

18. Disclosure regarding transactions with Related Parties in terms of Accounting Standard - 18 is as under :

a. Name of the related parties

Joint Venture/Associates	Subsidiaries	Key Management Personnel
• Ardex Endura (India) Private Ltd. • Sentini Ceramica Private Ltd. • Antique Marbonite Private Ltd. (Formerly known as Antique Granito Private Ltd.) • Spectrum Johnson Tiles Private Ltd. (Formerly known as Spectrum Tiles Private. Ltd.) • TBK Samiyaz Tile Bath Kitchen Private Ltd. • TBK Shriram Tile Bath Kitchen Private Ltd.	• Raheja QBE General Insurance Co. Ltd. • RMC Readymix Porselano (India) Limited (Formerly known as Porselano Tiles Limited) • H & R Johnson (India) TBK Ltd. • Lifestyle Investment Pvt Ltd. • Silica Ceramica Private Ltd. • Milano Bathroom Fitting Private Ltd. (Joint Venture up to 26.06.2010 and thereafter subsidiary)	• Mr. Manoj Chhabra • Mr. Vijay Aggarwal • Mr. Ganesh Kaskar

Joint Venture/Associates	Subsidiaries	Key Management Personnel
• TBK Deziner's Home Private Ltd. • TBK Unique Jalgaon Tile Bath Kitchen Private Ltd. • TBK PB Shah Tile Bath Kitchen Private Ltd. • TBK Deepgiri Tile Bath Kitchen Private Ltd. • TBK Pratap Tile Bath Kitchen Private Ltd. • TBK Rangoli Tile Bath Kitchen Private Ltd. • TBK Bansal Ceramics Private Ltd. • TBK Venkataramiah Tile Bath Kitchen Private Ltd. • TBK Rathi Sales Agencies Private Ltd. • Prism Power and Infrastructure Private Ltd.		

b. Following are the transactions with related parties as defined under Accounting Standard - 18 on "Related Party Disclosures" as notified under the Companies (Accounting Standards) Rules, 2006.

(₹ Crores)

Name	Relationship	Nature of transaction	Amount of transaction in 2010-11	Amount outstanding as at 31.03.2011 (Payable)/ Receivable	Amount of transaction in 2009-10	Amount outstanding as at 31.03.2010 (Payable)/ Receivable
R & S Business Centre	Firm in which Director and/or relatives has significant influence	Rent and maintenance charges	**0.19**	**0.02**	0.11	0.02
Windsor Realty Private Limited	Enterprises in which Director and/or relatives has significant influence	Sale of goods and Services	**4.14**	**(0.11)**	Nil	Nil
Mr. Manoj Chhabra	Managing Director	Remuneration	**2.93**	**Nil**	2.23	Nil
Mr. Vijay Aggarwal	Managing Director	Remuneration * *includes leave encashment of ₹ 2.41 Crores paid at the end of the previous tenure during the year.*	**5.41***	**Nil**	2.55	Nil
Mr. Ganesh Kaskar	Executive Director	Remuneration	**1.52**	**(0.24)**	1.22	(0.20)
Raheja QBE General Insurance Company Limited	Subsidiary	Investments (Equity Share Capital)	**Nil**	**Nil**	5.18	Nil
		Purchase of Assets	**0.05**	**Nil**	Nil	Nil
		Insurance Premium	**0.43**	**0.01**	0.31	Nil
Prism Power and Infrastructure Private Limited	Associate	Advances	**Nil**	**0.01**	0.01	0.01

(₹ Crores)

Name	Relationship	Nature of transaction	Amount of transaction in 2010-11	Amount outstanding as at 31.03.2011 (Payable)/ Receivable	Amount of transaction in 2009-10	Amount outstanding as at 31.03.2010 (Payable)/ Receivable
H. & R. Johnson (India) TBK Ltd.	Subsidiary	Sale of goods and Services	**20.49**	**0.88**	17.47	(0.14)
		Selling and Distribution Expenses	**0.77**	**Nil**	0.88	Nil
		Loan given	**3.98**	**25.93**	4.56	21.95
		Rent and maintenance charges	**0.01**	**Nil**	Nil	Nil
		Purchase of goods and Services	**Nil**	**Nil**	0.94	(0.07)
TBK Samiyaz Tile Bath Kitchen Private Ltd.	Joint Venture of Subsidiary	Sale of goods and Services	**15.21**	**0.04**	12.35	0.06
		Selling and Distribution Expenses	**0.74**	**(0.01)**	0.43	Nil
TBK Shriram Tile Bath Kitchen Private Ltd.	Joint Venture of Subsidiary	Sale of goods and Services	**Nil**	**Nil**	6.27	0.41
TBK Deepgiri Tile Bath Kitchen Private Ltd.	Joint Venture of Subsidiary	Sale of goods and Services	**11.78**	**0.51**	8.14	0.44
		Selling and Distribution Expenses	**0.60**	**Nil**	0.48	Nil
TBK PB Shah Tile Bath Kitchen Private Ltd.	Joint Venture of Subsidiary	Sale of goods and Services	**Nil**	**Nil**	5.58	0.11
		Selling and Distribution Expenses	**0.41**	**Nil**	0.31	Nil
TBK Deziner's Home Private Ltd.	Joint Venture of Subsidiary	Sale of goods and Services	**10.62**	**0.35**	Nil	Nil
		Selling and Distribution Expenses	**0.67**	**Nil**	0.46	(0.02)
Silica Ceramica Private Ltd.	Subsidiary	Sale of Assets	**0.71**	**Nil**	0.19	Nil
		Purchase of Goods and Services	**85.08**	**(11.09)**	55.36	(12.44)
		Investments	**Nil**	**Nil**	1.25	Nil
		Interest Received	**0.09**	**Nil**	Nil	Nil
Sentini Ceramica Private Ltd.	Joint Venture	Purchase of Goods and Services	**127.46**	**(17.41)**	124.41	(18.00)
		Reimbursement	**0.16**	**Nil**	0.20	Nil
		Dividend Received	**1.30**	**Nil**	2.60	Nil
Antique Marbonite Private Ltd.	Joint Venture	Purchase of Goods and Services	**270.76**	**(47.24)**	219.75	(43.02)
		Interest Received	**0.13**	**Nil**	0.06	Nil
		Dividend Received	**6.00**	**Nil**	6.00	Nil
		Reimbursement	**0.26**	**Nil**	0.28	Nil

(₹ Crores)

Name	Relationship	Nature of transaction	Amount of transaction in 2010-11	Amount outstanding as at 31.03.2011 (Payable)/ Receivable	Amount of transaction in 2009-10	Amount outstanding as at 31.03.2010 (Payable)/ Receivable
Spectrum Johnson Tiles Private Ltd.	Joint Venture	Purchase of Goods and Services	**Nil**	**Nil**	55.63	(8.22)
		Dividend Received	**1.08**	**Nil**	Nil	Nil
		Reimbursement	**0.01**	**Nil**	Nil	Nil
Milano Bathrooms Fittings Private Limited	Subsidiary	Purchase of Goods and Services	**Nil**	**Nil**	12.35	(1.04)
		Interest Received	**0.05**	**Nil**	0.11	Nil
		Advance for share application money	**1.50**	**Nil**	Nil	Nil
Lifestyle Investments Pvt Limited	Subsidiary	Investments	**438.93**	**Nil**	46.68	Nil
		Redemption of Preference Shares	**431.71**	**Nil**	36.10	Nil
		Interest Received	**Nil**	**Nil**	0.63	Nil
		Loan Given	**Nil**	**Nil**	23.92	Nil
Others		Interest Received	**0.04**	**Nil**	0.06	Nil
		Purchase of Goods and Services	**86.32**	**(12.79)**	4.69	Nil
		Sales of Goods and Services	**33.80**	**4.91**	18.34	0.63
		Reimbursement	**0.70**	**Nil**	0.39	Nil
		Investment	**26.25**	**Nil**	Nil	Nil

19. Amount of Loans and advances given to subsidiary :

(₹ Crores)

Name of Subsidiary	Amount outstanding		Maximum Balance outstanding during the year	
	2010-2011	2009-2010	**2010-2011**	2009-2010
H. & R. Johnson (India) TBK Ltd.	**25.93**	21.95	**25.93**	23.65

20. Licensed and Installed Capacity, Production, Stocks and Turnover :

A. Particulars in respect of Goods Manufactured :

Class of Goods	Unit of Measurement	Licensed Capacity per Annum	Installed Capacity per Annum	Actual Production	Opening Stock		Closing Stock		Sales [Note (iv)]	
		[Note (i)]	[Note (ii)]	[Note (iii)]	Quantity	Value (₹ Crores)	Quantity	Value (₹ Crores)	Quantity	Value (₹ Crores)
Cement	Tonnes	N.A.	56,00,000	31,56,312	33,501	5.90	65,855	17.50	31,09,585	1,130.28
Ceramic Tiles	Tonnes	N.A.	3,32,720	2,24,477	46,141	68.97	35,658	55.63	2,34,960	431.97
Readymixed Concrete	Cubic Meter	N.A.	60,41,250	29,95,751	Nil	Nil	Nil	Nil	29,34,778	873.48

Notes :

i. Not applicable due to the abolition of Industrial Licenses as per notification issued under the Industries (Development and Regulation) Act, 1951.

ii. As certified by Management and being a technical matter, relied upon by the Auditors.

iii. Out of the above production of cement, 4,028 tonnes (Previous year : 43,770 tonnes) have been used for captive consumption including 3,506 tonnes (Previous year : 43,653 tonnes) for capital jobs. Out of above production of Readymixed Concrete, rejection/wastage/slurry is 6,953 cubic meter (Previous year : 6,765 cubic meter). Captive consumption of Concrete is 2,961 cubic meter (Previous year : 2,050 cubic meter). Out of above production of Ceramic tiles captive consumption is 37 Tonnes (Previous year : Nil)

iv. Cement sales include handling/transit loss and samples 976.21 tonnes (Previous year : 100.39 tonnes).

B. Particulars in respect of Goods Traded :

Class of Goods	Unit of Measurement	Purchases		Opening Stock		Closing Stock		Sales	
		Quantity	Value (₹ Crores)	Quantity	Value (₹ Crores)	Quantity	Value (₹ Crores)	Quantity	Value (₹ Crores)
Readymixed Concrete	Cubic Meter	3,069	0.80	Nil	Nil	Nil	Nil	3,069	0.80
TBK		*	731.64	*	19.05	*	27.58	*	965.30

* It is not practicable to provide quantitative information in case of HRJ Division due to number of different items traded.

21. Raw Material consumed :

	2010-2011		2009-2010	
	Tonnes	₹ Crores	Tonnes	₹ Crores
Limestone - Purchased	**9,31,075**	**14.64**	13,938	0.16
Clay, Sand and Minerals	**18,34,728**	**124.17**	17,39,882	154.32
Fly Ash	**8,47,100**	**70.86**	7,48,804	57.38
Cement (in RMC Division)	**7,18,415**	**276.37**	5,60,924	214.40
Aggregates and crushed rock	**40,97,915**	**183.78**	31,84,967	119.13
Others		**145.52**		63.19
Total		**815.34**		608.58

22. Imported and indigenous raw material and spare parts consumed :

A. Raw material **:**

	2010-2011		2009-2010	
	₹ Crores	%	₹ Crores	%
Imported	**17.40**	**2.13**	13.15	2.16
Indigenous*	**797.94**	**97.87**	595.43	97.84
Total	**815.34**	**100.00**	608.58	100.00

* Includes cost incurred for raising limestone consumed and debited to respective revenue accounts.

B. Stores and Spares :

	2010-2011		2009-2010	
	₹ Crores	%	₹ Crores	%
Imported	**14.50**	**18.18**	24.95	28.52
Indigenous	**65.24**	**81.82**	62.52	71.48
Total	**79.74**	**100.00**	87.47	100.00

23. Value of Imports on CIF basis :

Spares ₹ 20.24 Crores (Previous year : ₹ 27.13 Crores)

Raw materials ₹ 24.52 Crores (Previous year : ₹ 12.28 Crores)

Capital Goods ₹ 148.09 Crores (Previous year : ₹ 130.84 Crores)

Traded Goods ₹ 8.95 Crores (Previous year : ₹ 8.04 Crores)

24. Details of earnings in foreign currency :

F.O.B. Value of Export ₹ 17.91 Crores (Previous year : ₹ 16.08 Crores)

Sale of Carbon Credits ₹ 2.51 Crores (Previous year : ₹ 1.14 Crores)

Interest income ₹ Nil (Previous year : ₹ 0.63 Crores)

25. Details of expenditure in foreign currency :

	2010-2011 **₹ Crores**	2009-2010 ₹ Crores
Finance and other charges	**3.27**	1.81
Travelling and communication expenses	**0.52**	0.40
Fees for technical services	**0.55**	0.48
Other expenditure	**0.95**	0.99
Total	**5.29**	3.68
Less: Pre-operative expenses capitalised	**2.98**	1.40
Balance charged to Profit and Loss Account	**2.31**	2.28

26. The Company has paid interim dividend in respect of shares held by Non Residents on repatriation basis, for the year 2010-11. The details of the same are given below :

Sr. No.	**Particulars**	**Interim Dividend**
i.	Number of Non Resident Shareholders	610
ii.	Number of Equity Shares held by them	23,67,109
iii.	Amount of Dividend paid (Gross) (₹ Crores)	0.24
iv.	Year to which dividend relates	2010-2011

27. Computation of Earnings Per Share (EPS) is as under :

	2010-2011	2009-2010
Profit after Tax excluding dividend on own shares (₹ Crores)	**95.79**	251.05
Less : Preference dividend and Tax thereon (₹ Crores)	**Nil**	0.09
Net Profit available to equity shareholders (₹ Crores)	**95.79**	250.96
Weighted average number of equity shares outstanding (Net of own shares held through Trust)	**49,10,04,980**	49,10,04,980
Earnings Per Share (₹) – Basic & Diluted (Face value ₹ 10/- share)	**1.95**	5.11

28. Disclosure of Foreign Currency Exposure :

(a) Particulars of unhedged foreign currency liability as at Balance Sheet date :

(₹ Crores)

Currency	**Amount in Foreign Currency**	**Amount in ₹**
Euro	**1.32**	**83.83**
Swiss Franks (CHF)	**0.03**	**1.68**
US Dollar (US$)	**0.26**	**11.59**
Japan Yen (Yen)	**0.02**	**0.01**

(b) The Company has outstanding forward contracts to purchase US$ 0.33 Crores (Previous year : US$ 1.25 Crores) as on the Balance Sheet date to hedge foreign currency liability.

29. Figures for the previous year have been regrouped/reclassified/reinstated, wherever considered necessary.

As per our report of even date attached

For N. M. RAIJI & CO.
Chartered Accountants

J. M. Gandhi
Partner

Mumbai, April 29, 2011

Aneeta S. Kulkarni
Company Secretary

Rajesh G. Kapadia — *Chairman*

Manoj Chhabra
Vijay Aggarwal — *Managing Directors*

Ganesh Kaskar — *Executive Director*

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

State Code: 01

Registration No.: L26942AP1992PLC014033

	Date	Month	Year
Balance Sheet Date	31	03	2011

II. Capital raised during the year (Amount in ₹ thousands)

Public Issue	Rights Issue
Nil	Nil
Bonus Issue	**Private Placement**
Nil	Nil

III. Position of Mobilisation and Deployment of Funds (Amount in ₹ thousands)

Total Liabilities	Total Assets
25,097,852	25,097,852

Sources of Funds

Paid-up Capital	Reserves & Surplus
5,033,566	7,044,746
Loans	**Deferred Tax Liability**
11,698,429	1,321,111

Application of Funds

Net Fixed Assets	Investments
19,442,204	3,543,094
Net Current Assets	**Misc. Expenditure**
2,112,554	Nil

IV. Performance of Company (Amount in ₹ thousands)

Total Revenue	Total Expenditure
33,917,218	32,610,605
Profit/Loss before Tax (Tick appropriate box + for Profit, - for Loss)	**Profit/Loss after Tax**
+ 1,306,613	+ 957,913
Earning per share in ₹	**Equity Dividend rate %**
1.95	10

V. Generic Names of Three Principal Products/Services of Company

Item Code No. (ITC Code)	Product description
252329	Portland Cement
69089090	Ceramic Glazed Tiles
69079010	Unglazed Ceramic Vitrified Tiles
69089090	Ceramic Glazed Vitrified Tiles
68101909	Others

Rajesh G. Kapadia — *Chairman*

Manoj Chhabra, Vijay Aggarwal — *Managing Directors*

Aneeta S. Kulkarni
Company Secretary

Ganesh Kaskar — *Executive Director*

Mumbai, April 29, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

	2010-2011		2009-2010	
	₹ Crores	₹ Crores	₹ Crores	₹ Crores
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Profit before tax as per Profit and Loss Account		**130.66**		358.25
Adjustments :				
Depreciation and Amortisation	**113.30**		89.85	
Exchange loss on sale of Preference Shares	**-**		(8.62)	
Dividend Income	**(3.01)**		(2.85)	
Income from Joint Ventures - Dividend	**(8.38)**		(8.60)	
Interest Income	**(1.58)**		(3.00)	
Interest	**93.28**		48.31	
Loss on exchange fluctuation on loans	**3.43**		2.89	
Loss on assets written-off	**-**		0.33	
Profit on sale/discard of assets	**(4.26)**	**192.78**	(0.78)	117.53
Operating Profit before Working Capital changes		**323.44**		475.78
Adjustments for Working Capital changes :				
Inventories	**(97.05)**		(41.77)	
Trade Receivables	**(53.54)**		(47.38)	
Other Receivables	**(134.38)**		(1.77)	
Trade and Other payables	**244.80**	**(40.17)**	112.86	21.94
Cash generated from Operations		**283.27**		497.72
Direct taxes paid		**(29.51)**		(127.49)
Net cash from Operating activities (A)		**253.76**		370.23
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets and additions in CWIP		**(429.92)**		(603.41)
Proceeds from Sale of Fixed Assets		**8.92**		3.64
Purchase of investments		**(477.01)**		(348.79)
Sales proceeds from investments		**448.04**		375.70
Dividend Income		**3.01**		2.85
Income from Joint Ventures - Dividend		**8.38**		8.60
Dividend on own shares held through Trust		**1.24**		1.85
Interest Income		**1.58**		3.00
Net Cash used for Investing activities (B)		**(435.76)**		(556.56)
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Proceeds from Secured Loans		**423.89**		456.93
Repayment of Secured Loans		**(245.04)**		(98.28)
Proceeds from Unsecured Loans		**200.00**		38.41
Repayment of Unsecured Loans		**(14.00)**		(4.24)
Redemption of Preference Shares		**-**		(10.75)
Interest Paid (including capitalised)		**(116.53)**		(48.31)
Dividend paid including distribution tax		**(58.70)**		(141.02)
Net Cash from Financing Activities (C)		**189.62**		192.74
Net increase in cash and cash equivalents during the year (A+B+C)		**7.62**		6.41
Cash and cash equivalents acquired upon amalgamation		**-**		25.01
Cash and cash equivalents at the beginning of the year		**52.28**		20.86
Cash and cash equivalents at the end of the year		**59.90**		52.28
Details of cash and cash equivalents				
Balance as per Schedule G		**60.00**		52.50
Less : Deposits under lien		**0.10**		0.22
Closing Balance		**59.90**		52.28

Note : Cashflow statement has been prepared under the indirect method as set-out in Accounting Standard - 3, notified under the Companies (Accounting Standards) Rules, 2006.

As per our report of even date attached

For N. M. RAIJI & CO.
Chartered Accountants

J. M. Gandhi
Partner

Mumbai, April 29, 2011

Aneeta S. Kulkarni
Company Secretary

Rajesh G. Kapadia — *Chairman*
Manoj Chhabra, Vijay Aggarwal — *Managing Directors*
Ganesh Kaskar — *Executive Director*

AUDITORS' REPORT
ON CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF
PRISM CEMENT LIMITED

1. We have audited the attached Consolidated Balance Sheet of **PRISM CEMENT LIMITED** ('the Company'), its subsidiaries, its joint ventures and its associate (collectively referred as 'the Group') as at March 31, 2011, the Consolidated Profit and Loss account and the Consolidated Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information of the components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with the Standards on Auditing generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets (net) of ₹ 429.53 Crores as at March 31, 2011, total revenues of ₹ 127.59 Crores and net cash inflow of ₹ 1.33 Crores for the year ended on that date. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on the reports of the other auditors.

4. We did not audit the financial statements of certain joint ventures and an associate whose financial statements reflect the Group's share in the total assets (net) of ₹ 190.33 Crores as at March 31, 2011, the Group's share in the total revenues of ₹ 280.70 Crores and the Group's share in net cash inflow of ₹ 4.31 Crores for the year ended on that date. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of these entities, is based solely on the reports of the other auditors.

5. We report that the Consolidated Financial Statements have been prepared by the Company's management in accordance with the requirements of the Accounting Standard (AS) 21 "Consolidated Financial Statements", Accounting Standard (AS) 23, "Accounting for Investments in Associates in Consolidated Financial Statements" and Accounting Standard (AS) 27 "Financial Reporting of Interests in Joint Ventures" as notified under the Companies (Accounting Standards) Rules, 2006. Attention is invited to Note No. 2 of the Notes to Accounts with regard to not considering one of the investee companies as an Associate and hence not consolidated.

6. Based on our audit and on consideration of the separate audit reports on the individual financial statements of the Company, its subsidiaries, an associate and joint ventures and to the best of our information and according to the explanations given to us, in our opinion, the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India :

   i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2011;

   ii) in the case of Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and

   iii) in the case of Consolidated Cash Flow Statement, of the cash flow of the Group for the year ended on that date.

For N. M. RAIJI & CO.
Chartered Accountants

J. M. GANDHI
Partner
Membership No.: 37924
Firm Registration No.: 108296W

Place : Mumbai
Date : April 29, 2011

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedules	As at 31-03-2011 ₹ Crores	As at 31-03-2011 ₹ Crores	As at 31-03-2010 ₹ Crores	As at 31-03-2010 ₹ Crores
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS :					
Share Capital	A		**503.36**		503.36
Reserves and Surplus	B		**747.28**		698.31
LOAN FUNDS :					
Secured Loans	C		**1,114.07**		920.03
Unsecured Loans	D		**250.50**		60.11
MINORITY INTEREST			**49.99**		56.37
DEFERRED TAX LIABILITY			**140.78**		105.77
TOTAL			**2,805.98**		2,343.95
APPLICATION OF FUNDS					
GOODWILL ON CONSOLIDATION			**38.78**		31.42
FIXED ASSETS :					
Gross Block	E	**2,995.94**		1,976.90	
Less: Depreciation and Amortisation		**957.61**		839.79	
Net Block		**2,038.33**		1,137.11	
Capital Work-in-progress		**105.79**	**2,144.12**	627.50	1,764.61
INVESTMENTS	F		**321.48**		274.92
DEFERRED TAX ASSET			**1.25**		0.69
CURRENT ASSETS, LOANS & ADVANCES :	G				
Inventories		**428.44**		316.54	
Sundry Debtors		**270.15**		217.23	
Cash & Bank Balances		**92.10**		130.83	
Loans & Advances		**284.22**		154.41	
		1,074.91		819.01	
Less: **CURRENT LIABILITIES & PROVISIONS** :	H				
Current Liabilities		**723.47**		495.81	
Provisions		**51.09**		50.89	
		774.56		546.70	
Net Current Assets			**300.35**		272.31
TOTAL			**2,805.98**		2,343.95
SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS	N				

As per our report of even date attached

For N. M. RAIJI & CO.
Chartered Accountants

J. M. Gandhi
Partner

Mumbai, April 29, 2011

Aneeta S. Kulkarni
Company Secretary

Rajesh G. Kapadia — *Chairman*
Manoj Chhabra, Vijay Aggarwal — *Managing Directors*
Ganesh Kaskar — *Executive Director*

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedules	2010-2011 ₹ Crores	2010-2011 ₹ Crores	2009-2010 ₹ Crores	2009-2010 ₹ Crores
INCOME :					
Sales			**3,605.39**		3,027.31
Less : Excise duty			**203.68**		152.45
Net Sales			**3,401.71**		2,874.86
Other Income	I		**54.32**		28.36
			3,456.03		2,903.22
EXPENDITURE :					
Material cost and manufacturing overheads	J	**2,146.75**		1,640.95	
Staff cost	K	**203.91**		159.81	
Sales, administration and other expenses	L	**714.07**		535.28	
			3,064.73		2,336.04
Profit before Finance charges, Depreciation, Exceptional items and Tax			**391.30**		567.18
Finance and other charges	M	**119.36**		65.81	
Depreciation and Amortisation		**126.01**		102.35	
			245.37		168.16
Profit before Exceptional items and Tax			**145.93**		399.02
Exceptional items (Refer note No.1)			**0.96**		(18.87)
Profit before Tax			**146.89**		380.15
Provision for Current Tax :					
Income Tax		**(0.12)**		(139.99)	
Minimum Alternate Tax (MAT)		**(35.02)**		-	
MAT Credit Entitlement		**24.87**	**(10.27)**	-	(139.99)
Provision for tax - earlier years					
Minimum Alternate Tax (MAT)		**(0.06)**		(0.66)	
MAT Credit Entitlement		**0.56**	**0.50**	1.29	0.63
Deferred Tax			**(33.55)**		15.74
Provision for fringe benefit tax			**-**		0.01
Profit after Tax (PAT)			**103.57**		256.54
Add : Adjustment for minority interest in PAT			**1.38**		3.24
Profit after tax for the Group			**104.95**		259.78
Add : Dividend on Own Shares held through Trust			**1.24**		1.85
Add : Balance brought forward			**509.18**		351.59
Add : Surplus on Amalgamation			**-**		80.00
Profit available for Appropriation			**615.37**		693.22
Appropriations :					
Transfer to General Reserve			**(7.13)**		(48.50)
Transfer to Capital Redemption Reserve			**(0.38)**		(10.75)
Transfer to Debenture Redemption Reserve			**(6.25)**		(0.08)
Interim dividend			**(50.34)**		(105.33)
Distribution Tax on dividend			**(9.76)**		(19.38)
Balance carried to Balance Sheet			**541.51**		509.18
Weighted average number of Equity shares outstanding (Face Value ₹ 10/- per share) (Net of own shares held through Trust)			**49,10,04,980**		49,10,04,980
Earning per Share - Basic and Diluted (₹) (Face Value ₹ 10/- per share)			**2.14**		5.29
SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS	N				

As per our report of even date attached

For N. M. RAIJI & CO.
Chartered Accountants

J. M. Gandhi
Partner

Mumbai, April 29, 2011

Aneeta S. Kulkarni
Company Secretary

Rajesh G. Kapadia — *Chairman*

Manoj Chhabra
Vijay Aggarwal — *Managing Directors*

Ganesh Kaskar — *Executive Director*

SCHEDULES FORMING PART OF CONSOLIDATED ACCOUNTS

	As at 31-03-2011		As at 31-03-2010	
	₹ Crores	₹ Crores	₹ Crores	₹ Crores
SCHEDULE - A				
SHARE CAPITAL				
Authorised :				
50,50,00,000 Equity shares of ₹ 10/- each		**505.00**		505.00
(Previous year : 50,50,00,000 Equity shares of ₹ 10/- each)				
2,00,00,000 Preference shares of ₹ 10/- each		**20.00**		20.00
(Previous year : 2,00,00,000 Preference shares of ₹ 10/- each)				
		525.00		525.00
Issued, Subscribed and Paid up :				
Equity Shares :				
50,33,56,580 Equity shares of ₹ 10/- each fully paid-up		**503.36**		503.36
(Previous year: 50,33,56,580 Equity shares of ₹ 10/- each)				
- Out of the shares issued pursuant to the Scheme of the Amalgamation, 1,23,51,600 shares are held in Trust for the benefit of the Company.				
SCHEDULE - B				
RESERVES AND SURPLUS				
Capital Reserve				
Opening Balance	**-**		-	
Add : Addition on Amalgamation	**-**		0.17	
Less : Transfer from Amalgamation Reserve	**-**		0.17	
Closing Balance		**-**		-
Capital Redemption Reserve				
Opening Balance	**10.75**		-	
Add : Addition on Amalgamation	**-**		0.50	
Add : Transferred from Profit and Loss Account	**0.38**		10.75	
Less : Transfer from Amalgamation Reserve	**-**		0.50	
Closing Balance		**11.13**		10.75
Debenture Redemption Reserve				
Opening Balance	**-**		-	
Add : Transferred from Profit and Loss Account	**6.25**		-	
Closing Balance		**6.25**		-

	As at 31-03-2011		As at 31-03-2010	
	₹ Crores	₹ Crores	₹ Crores	₹ Crores
SCHEDULE - B *(Contd.)*				
RESERVES AND SURPLUS				
Securities Premium				
Opening Balance	-		-	
Add : Addition on Amalgamation	-		116.13	
Less : Transfer from Amalgamation Reserve	-		116.13	
Closing Balance		-		-
Foreign Currency Translation Reserve				
Opening Balance	(8.69)		-	
Add : Addition on Amalgamation	-		(7.67)	
Add/(Less) : Adjustment during the year	2.88		(1.02)	
Closing Balance		(5.81)		(8.69)
Amalgamation Reserve				
Arising on Amalgamation	-		(122.22)	
Add : Transfer to Capital Reserve	-		0.17	
Add : Transfer to Capital Redemption Reserve	-		0.50	
Add : Transfer to Securities Premium	-		116.13	
Add : Transfer to General Reserve	-	-	5.42	-
State Cash Subsidy		0.63		0.63
Fair Value Change Account		0.03		0.03
General Reserve				
Opening Balance	186.41		13.24	
Add : Transferred from Profit and Loss Account	7.13		48.50	
Add : Addition on Amalgamation	-		101.26	
Add : Impact of realignment of accounting policy on amalgamation	-		28.83	
Less : Transfer from Amalgamation Reserve	-		5.42	
Closing Balance		193.54		186.41
Balance in Profit and Loss Account		541.51		509.18
		747.28		698.31

SCHEDULE - C

SECURED LOANS

	As at 31-03-2011		As at 31-03-2010	
	₹ Crores	₹ Crores	₹ Crores	₹ Crores
Term Loans from :				
Banks	**849.50**		755.80	
Financial Institutions	**1.73**	**851.23**	17.77	773.57
Buyer's Credit from Banks in foreign currency		**60.69**		27.81
Working Capital from banks		**98.48**		114.11
Non-convertible Debentures *		**100.00**		-
Sales Tax deferment loans from State Government (interest free)		**3.67**		4.54
		1,114.07		920.03

* 100 Nos. 9.30% secured redeemable non-convertible debentures of ₹ 1 Crore each allotted on August 18, 2010 and repayable at 30%, 35% and 35% at the end of the third, fourth and fifth year respectively.

SCHEDULE - D

UNSECURED LOANS

	As at 31-03-2011		As at 31-03-2010	
	₹ Crores	₹ Crores	₹ Crores	₹ Crores
Fixed deposits		**27.38**		32.45
Sales Tax deferment loans from State Government (interest free)		**-**		0.13
From Banks :				
Term Loans	**166.41**		25.00	
Others	**6.71**	**173.12**	2.53	27.53
Non-convertible Debentures *		**50.00**		-
		250.50		60.11

* 200 Nos. 9.60% unsecured redeemable non-convertible debentures of ₹ 10 Lakhs each allotted on September 17, 2010 and repayable at the end of the third year.

* 150 Nos. 10.00% unsecured redeemable non-convertible debentures of ₹ 10 Lakhs each allotted on September 17, 2010 and repayable at the end of the fourth year.

* 150 Nos. 10.42% unsecured redeemable non-convertible debentures of ₹ 10 Lakhs each allotted on September 17, 2010 and repayable at the end of the fifth year.

SCHEDULE - E
FIXED ASSETS

(₹ Crores)

DESCRIPTIONS	GROSS BLOCK					DEPRECIATION AND AMORTISATION					NET BLOCK	
	As at 01.04.2010	Acquisition Additions	Additions	Deductions	As at 31.03.2011	Upto 31.03.2010	Acquisition Additions	For the year	Deductions	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
Intangible Assets :												
Software	10.70	-	1.53	-	**12.23**	6.56	-	1.44	-	8.00	**4.23**	4.14
Goodwill	1.03	-	-	1.03	**-**	1.03	-	-	1.03	-	**-**	-
Intellectual property rights	5.87	-	-	-	**5.87**	1.18	-	0.59	-	1.77	**4.10**	4.69
Mining Lease - surface rights	4.70	-	-	-	**4.70**	1.62	-	0.17	-	1.79	**2.91**	3.08
Minerals Procurement Rights	-	-	6.54	-	**6.54**	-	-	0.69	-	0.69	**5.85**	-
Tangible Assets :												
Land - Freehold	177.08	-	36.13	-	**213.21**	-	-	-	-	-	**213.21**	177.08
- Leasehold	7.20	0.10	0.01	0.81	**6.50**	2.24	-	0.13	0.10	2.27	**4.23**	4.96
Leasehold Improvements	6.41	-	1.09	0.63	**6.87**	3.14	-	0.34	0.38	3.10	**3.77**	3.27
Buildings	252.41	0.58	28.92	2.87	**279.04**	63.15	0.17	10.67	0.68	73.31	**205.73**	189.26
Railway siding	13.30	-	-	-	**13.30**	8.84	-	0.70	-	9.54	**3.76**	4.46
Plant and machinery	1,342.06	0.56	937.32	2.48	**2,277.46**	670.83	0.29	96.36	1.56	765.92	**1,511.54**	671.23
Mines Development	7.27	-	2.52	-	**9.79**	5.13	-	1.58	-	6.71	**3.08**	2.14
Furniture, fixtures and office equipments	80.28	0.08	9.77	5.69	**84.44**	38.31	0.04	6.82	3.32	41.85	**42.59**	41.97
Truck Mixers, Loaders and Truck Dumpers	53.83	-	5.06	0.91	**57.98**	31.70	-	4.81	0.91	35.60	**22.38**	22.13
Vehicles	14.75	0.07	4.61	1.43	**18.00**	6.06	0.04	1.85	0.89	7.06	**10.94**	8.69
Livestock	0.01	-	-	-	**0.01**	-	-	-	-	-	**0.01**	0.01
Total	**1,976.90**	**1.39**	**1,033.50**	**15.85**	**2,995.94**	**839.79**	**0.54**	**126.15**	**8.87**	**957.61**	**2,038.33**	1,137.11
Previous year	738.66	-	1,247.82	9.58	1,976.90	341.25	-	504.94	6.40	839.79	1,137.11	

Notes :

A) Depreciation for the year includes ₹ 0.15 Crores (Previous year : ₹ 0.15 Crores) considered for capitalisation.

B) Additions during the year includes ₹ 1.34 Crores (Previous year : ₹ Nil) on account of Research assets.

C) Gross Block of fixed assets includes dedicated electricity lines costing ₹ 7.01 Crores (Previous year : ₹ 7.01 Crores) the ownership of which is with Madhya Pradesh Poorv Kshetra Vidyut Vitaran Company Limited.

D) Previous year figures of addition to Gross Block and Depreciation include assets acquired on account of amalgamation and amalgamation adjustment.

	As at 31-03-2011		As at 31-03-2010	
	₹ Crores	₹ Crores	₹ Crores	₹ Crores
SCHEDULE - F				
INVESTMENTS				
(A) Long Term Investments :				
Quoted :				
- Fully Paid/Ordinary/Equity Shares		**142.91**		134.92
(includes 1,23,51,600 (Previous year 1,23,51,600) own shares amounting to ₹ 24.05 Crores (Previous year ₹ 24.05 Crores) held for the benefit of the Company in the Trust)				
Unquoted :				
- Fully Paid/Ordinary/Equity Shares		**12.68**		12.68
- Government Securities and Guaranteed Bonds	**14.55**		-	
- Debentures/Bonds	**15.14**		10.28	
- Investment in Infrastructure and Social Sector	**20.27**		-	
- Fully paid Non Cummulative Redeemable Preference Shares	**2.50**	**52.46**	-	10.28
- Investment in Associate Company				
4,900 fully paid equity share of ₹ 10/- each of Prism Power and Infrastructure Private Limited		**0.01**		0.01
- Others		**0.03**		0.06
- Mutual Funds				
- ING Global Real Estate Fund - Dividend		**-**		15.00
(B) Current Investments :				
Unquoted :				
- in Mutual Fund units	**1.99**		2.51	
- Government Securities and Guaranteed Bonds	**43.92**		59.16	
- Debentures, Bonds and Certificate of Deposit	**67.48**		15.11	
- Investment in Infrastructure and Social Sector	**-**	**113.39**	25.19	101.97
		321.48		274.92

Aggregate market value of the quoted investments ₹ 225.31 Crores (Previous year : ₹ 146.27 Crores)

	As at 31-03-2011		As at 31-03-2010	
SCHEDULE - G				
CURRENT ASSETS, LOANS & ADVANCES				
Inventories :				
Stores & spares	**108.69**		83.21	
Raw materials	**144.60**		96.63	
Work-in-progress	**48.58**		22.40	
Traded goods	**35.27**		24.93	
Finished goods	**91.30**	**428.44**	89.37	316.54

	As at 31-03-2011 ₹ Crores	As at 31-03-2011 ₹ Crores	As at 31-03-2010 ₹ Crores	As at 31-03-2010 ₹ Crores
SCHEDULE - G *(Contd.)*				
CURRENT ASSETS, LOANS & ADVANCES				
Sundry Debtors (Unsecured unless otherwise specified) :				
Over six months :				
Considered good	**12.70**		12.57	
Considered doubtful	**15.28**		10.13	
	27.98		22.70	
Others :				
Considered good	**257.45**		204.66	
Considered doubtful	**0.62**		0.29	
	286.05		227.65	
Less : Provision for doubtful debts	**15.90**	**270.15**	10.42	217.23
(Note : Debtors considered good are secured to the extent of ₹ 7.13 Crores by dealer deposits with the Company.)				
Cash & Bank Balances :				
Cash on hand	**1.24**		1.05	
Remittances in transit	**7.41**		2.47	
Balances with scheduled banks				
On Current accounts	**56.05**		51.45	
On Term Deposits	**27.40**	**92.10**	75.86	130.83
Loans & Advances (Unsecured, considered good) :				
Deposits	**32.06**		24.98	
Advances recoverable in cash or in kind	**156.35**		89.45	
Taxation (net of provisions)	**8.14**		5.51	
MAT Credit entitlement	**28.16**		2.50	
Inter Corporate deposits	**8.89**		5.94	
Balances with Excise, Customs, etc.	**50.62**	**284.22**	26.03	154.41
		1,074.91		819.01

	As at 31-03-2011 ₹ Crores	As at 31-03-2011 ₹ Crores	As at 31-03-2010 ₹ Crores	As at 31-03-2010 ₹ Crores
SCHEDULE - H				
CURRENT LIABILITIES & PROVISIONS				
Current Liabilities :				
Sundry creditors : - Dues to Micro, Small and Medium enterprises	**0.75**		0.27	
- Dues to others	**437.69**		270.74	
Advance from customers	**42.73**		31.76	
Deposits from customers/suppliers	**67.25**		47.67	
Interest accrued but not due	**2.57**		2.22	
Acceptances	**12.24**		21.09	
Other liabilities	**160.24**	**723.47**	122.06	495.81
Provisions for :				
Leave entitlement and Gratuity	**20.09**		19.14	
Others	**31.00**	**51.09**	31.75	50.89
		774.56		546.70

	2010 - 2011		2009 - 2010	
	₹ Crores	₹ Crores	₹ Crores	₹ Crores
SCHEDULE - I				
OTHER INCOME				
Interest Income on fixed deposits with banks		**0.81**		0.32
(TDS - C.Y. ₹ 0.07 Crores, P.Y. ₹ 0.02 Crores)				
Other interest income on Investments		**12.16**		9.95
Other interest income		**2.52**		3.16
(TDS - C.Y. ₹ 0.10 Crores, P. Y. ₹ 0.06 Crores)				
Dividend Income on Mutual Fund units		**3.01**		2.86
Gain on redemption of mutual fund units		**-**		0.08
Profit on sale of investments		**0.26**		-
Insurance claims recovery		**1.72**		1.12
Income from insurance business		**8.37**		1.94
Sale of scrap		**7.60**		4.12
Profit/(loss) on sale/discard of assets (net)		**-**		0.42
Others		**17.87**		4.39
		54.32		28.36
SCHEDULE - J				
MATERIAL COST AND MANUFACTURING OVERHEADS				
Raw materials consumed		**929.15**		685.39
Cost of traded goods		**447.86**		334.27
Stores and spares consumed		**95.05**		100.56
(Increase)/Decrease in stock :				
Closing stock :				
Finished goods	**91.30**		89.36	
Work-in-progress	**48.58**		22.40	
	139.88		111.76	
Less : Opening stock :				
Finished goods	**89.54**		1.92	
Work-in-progress	**22.70**		5.80	
	112.24		7.72	
Less : Taken over on amalgamation				
Finished goods	**-**		65.34	
Work-in-progress	**-**		4.62	
	-		69.96	
		(27.64)		(34.08)
Adjustment of excise duty on stocks		**(1.34)**		7.73
Power and fuel		**516.14**		378.49
Other manufacturing cost		**32.59**		29.01
Royalty		**28.22**		40.30
Packing and forwarding		**65.58**		53.64
Sub-contract charges		**16.98**		11.21
Repairs to :				
Plant and machinery	**32.85**		31.52	
Buildings	**3.48**		1.99	
Others	**9.92**		8.37	
		46.25		41.88
		2,148.84		1,648.40
Less : Captive consumption		**2.09**		7.45
		2,146.75		1,640.95

	2010 - 2011		2009 - 2010	
	₹ Crores	₹ Crores	₹ Crores	₹ Crores
SCHEDULE - K				
STAFF COST				
Salaries, wages and bonus		**177.27**		139.13
Contribution to Provident and other funds		**14.58**		10.82
Welfare and other expenses		**12.06**		9.86
		203.91		159.81
SCHEDULE - L				
SALES, ADMINISTRATION AND OTHER EXPENSES				
Rent		**27.57**		21.61
Rates and taxes		**15.45**		25.29
Travelling and communication		**38.30**		29.46
Discounts, incentives and commission on sales		**128.43**		111.69
Advertisement, sales promotion and other marketing expenses		**46.18**		25.31
Insurance		**3.22**		3.13
Research expenses		**1.44**		0.80
Freight outward		**335.17**		250.04
Loss on sale of assets		**2.20**		-
Provision for doubtful debts		**6.58**		4.64
Bad debts written off	**1.12**		2.51	
Less: Provision for doubtful debts written back	**1.00**	**0.12**	2.22	0.29
Loss on exchange fluctuation on loans		**3.30**		0.63
Expenses related to insurance business		**12.75**		5.71
Miscellaneous expenses		**93.36**		56.68
		714.07		535.28
SCHEDULE - M				
FINANCE AND OTHER CHARGES				
Interest on fixed loans		**74.33**		39.52
Interest on Income Tax		**0.01**		-
Other Interest		**31.86**		20.55
Processing Fees (including amortisation)		**7.88**		1.12
Bank charges		**5.28**		4.62
		119.36		65.81

SCHEDULE – N

SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

A. Basis of Consolidation

The Consolidated Financial Statements (CFS) relate to Prism Cement Limited (“the Company”), its subsidiary companies, joint ventures and associate (collectively, “the Group”). The financial statements of the entities in the Group used in the Consolidation are drawn upto the same reporting date of the Company i.e. March 31, 2011.

Basis of Accounting and Principles of Consolidation

a. The financial statements of the Subsidiary Companies have been consolidated on a line–by-line basis by adding together like items of assets, liabilities, income and expenses, as per the requirement of the

Accounting Standard - 21 "Consolidated Financial Statements" as notified under the Companies (Accounting Standards) Rules, 2006. The intra-group balances and intra group transactions and unrealised profits and losses are fully eliminated. Share of minority interest in the profit/loss have been eliminated to the extent of share to borne by them. Minority interest (liability) represents the amount of equity attributable to minority shareholders as on the balance sheet date.

b. Share of profit/loss and assets and liabilities in the jointly controlled entities have been consolidated on line-by-line basis by adding together like item of assets, liabilities income and expenses on a proportionate basis to the extent of company's equity interest in such entity. The intra-group balances, intra group transactions and unrealised profits or losses have been eliminated to the extent of the Company's share in the entity. However it is tested for impairment, if any.

c. The Company's share of profit/loss of Associate is consolidated as one line item in CFS.

d. The excess of cost of its investment in the subsidiaries and joint ventures over its share of equity at the date on which the investment is made is recognised in the consolidated financial statements as 'Goodwill on consolidation' and the same is not amortised.

e. As far as possible, the Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances as separate financial statements of the Company.

f. In case of non-integral operations of consolidated entities, assets and liabilities are translated at the exchange rate prevailing on the balance sheet date. Revenue and expenses are translated at monthly average exchange rates prevailing during the year. The resulting Exchange difference is included in "Foreign Currency Translation Reserve" under "Reserves and Surplus". On disposal of investment, the same is transferred to Profit and Loss Account.

B. Particulars of Subsidiaries, Joint Ventures and Associate :

Name of the Subsidiaries, Joint Ventures and Associate	Country of Incorporation	Status	Percentage of Voting Power as at March 31, 2011
RMC Readymix Porselano (India) Ltd. (formerly known as Porselano Tiles Limited)	India	Subsidiary	100%
H. & R. Johnson (India) TBK Ltd.	India	Subsidiary	100%
Silica Ceramica Pvt. Ltd.	India	Subsidiary	92.62%
Lifestyle Investment Pvt Limited	Jersey	Subsidiary	100%
Milano Bathroom Fitting Pvt. Ltd.	India	Subsidiary	100%
Raheja QBE General Insurance Company Ltd.	India	Subsidiary	74%
Ardex Endura (India) Pvt. Ltd.	India	Joint Venture	50%
Sentini Ceramica Pvt. Ltd.	India	Joint Venture	50%
Antique Marbonite Pvt. Ltd. (Formerly Known as Antique Granito Pvt. Ltd.)	India	Joint Venture	50%
Spectrum Johnson Tiles Pvt. Ltd. (Formerly known as Spectrum Tiles Pvt. Ltd.)	India	Joint Venture	50%
TBK Samiyaz Tile Bath Kitchen Pvt. Ltd.	India	Joint Venture of subsidiary	50%
TBK PB Shah Tile Bath Kitchen Pvt. Ltd.	India	Joint Venture of subsidiary	50%
TBK Deepgiri Tile Bath Kitchen Pvt. Ltd.	India	Joint Venture of subsidiary	50%
TBK Shriram Tile Bath Kitchen Pvt. Ltd.	India	Joint Venture of subsidiary	50%
TBK Unique Jalgaon Tile Bath Kitchen Pvt. Ltd.	India	Joint Venture of subsidiary	50%

Name of the Subsidiaries, Joint Ventures and Associate	Country of Incorporation	Status	Percentage of Voting Power as at March 31, 2011
TBK Deziner's Home Pvt. Ltd.	India	Joint Venture of subsidiary	50%
TBK Pratap Tile Bath Kitchen Pvt. Ltd.	India	Joint Venture of subsidiary	50%
TBK Rangoli Tile Bath Kitchen Pvt. Ltd.	India	Joint Venture of subsidiary	50%
TBK Bansal Ceramics Pvt. Ltd.	India	Joint Venture of subsidiary	50%
TBK Venkataramiah Tile Bath Kitchen Pvt. Ltd.	India	Joint Venture of subsidiary	50%
TBK Rathi Sales Agencies Pvt. Ltd.	India	Joint Venture of subsidiary	50%
Prism Power and Infrastructure Private Ltd.	India	Associate	49%

C. Significant Accounting Policies

Basis of Preparation

The financial statements have been prepared to comply in all material aspects with the Notified Accounting Standards by Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

Method of Accounting and Revenue Recognition

Accounts are maintained on an accrual basis and at historical cost.

Sales are recognised on passing of risks and rewards attached to the goods. Sales include excise duty but do not include Value Added Tax (VAT) and Central Sales Tax (CST).

Dividend income is recognised for when the right to receive is established. Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Use of Estimates

The preparation of financial statements in conformity with Indian Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures relating to contingent liabilities as at the date of financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Differences between the actual result and estimates are recognised in periods in which the results are known/materialised.

Fixed Assets

Fixed assets are stated at cost less depreciation/amortisation and impairment loss, if any. The cost is inclusive of interest and incidental expenses incurred during construction year and is net of cenvat credit availed.

The fixed assets are tested for impairment if there is any indication of impairment, based on internal/external factors. Impairment loss, if any, is provided by a charge to Profit and Loss Account.

Machinery spares, which are specific to machinery and whose use is expected to be irregular, are capitalised and depreciated over the useful life of the related asset.

Assets acquired under lease are treated as operating/finance lease as per the provisions of Accounting Standard - 19 "Leases" issued by the Institute of Chartered Accountants of India.

Depreciation and Amortisation

(i) Depreciation on additions to/deductions from fixed assets is being provided on pro-rata basis from/to the date of acquisition/disposal.

(ii) Depreciation on foreign exchange differences on borrowings utilised for acquisition of assets upto 2005-06 is provided prospectively over the remaining life of the assets.

(iii) Depreciation is provided on straight line method at the rates specified in the Schedule XIV to the Companies Act, 1956 except in the following cases where the rates are higher than Schedule XIV of the Companies Act, 1956.

Cement Division :

a. For certain vehicles used by employees 15.25%.

b. Expenses on mines development are capitalised and are amortised over a period of five years from the month of commencement of extraction of limestone from that area.

c. Leasehold land and mining surface rights are amortised from the month of commencement of commercial production, over the remaining lease period.

d. Assets acquired under the finance lease is amortised over the lease period including renewal at nominal cost, if any.

RMC Division [RMC Readymix(India)] :

Asset	Rate of Depreciation
➢ Plant & Machinery :	
● Concrete Pumps	16.67%
● Lab Equipments	10.00%
● Electrical Installations	10.00%
● Others	7.50%
➢ Vehicle used by employees	15.25%
➢ Truck Mixers, Loaders, Excavators and Truck Dumpers	12.50%

a. Cost of acquisition of leasehold land is amortised over the remaining lease period.

b. The civil and other costs attributable to the plants/office on leased premises are capitalised and are being written off over the unexpired period of the lease.

HRJ Division [H & R Johnson (India)] :

Assets	Estimated Useful Life
Intellectual property right	10 years

a. Cost of acquisition of leasehold land is amortised over the period of lease.

b. For certain vehicles used by employees 15.25%.

Research and Development

Revenue expenditure on research phase is recognised as an expense when it is incurred. Expenditure on development phase is capitalised as per Accounting Standard - 26.

Investments

Long Term Investments are carried at cost. Diminution, if any, other than temporary, is provided for Current investments are carried at lower of cost or fair value.

Inventories

Inventories are valued at lower of cost and net realisable value after providing for obsolescence and other losses, wherever considered necessary. The cost is worked out on weighted average basis.

Foreign Currency Transactions

Transactions in foreign currency are accounted at the exchange rate prevailing on the date of the transaction. The exchange differences arising on restatement or on settlement are recognised in the Profit and Loss Account.

Forward contracts are entered into to hedge the foreign currency risk of the underlying outstanding at the Balance Sheet date. The premium or discount on such contracts is amortised as income or expense over the life of the contract. Any profit or loss arising on the cancellation or renewal of forward contracts is recognised as an income or expense for the period.

Borrowing Cost

Borrowing costs that are directly attributable to the acquisition or production of qualifying assets are capitalised as the cost of the respective assets. Other borrowing costs are charged to the Profit and Loss Account in the year in which they are incurred.

Employee Benefits

Superannuation and ESIC are defined contribution plans. Also Provident Fund is treated as defined contribution plan, on account of the surplus available with the Provident Fund Trust. Gratuity benefits are treated as defined benefit plan. Gratuity liability is provided based on actuarial valuation.

Employees are entitled to carry forward unutilised leave, the liability of which is arrived based on an actuarial valuation. Employees are also entitled to medical benefit for which premium is paid by Company.

The contribution made by the Company for Provident Fund, Superannuation and Medical Premium is charged to the Profit and Loss Account. Incremental liability for leave entitlement and gratuity is also charged to the Profit and Loss Account.

Taxes on Income

The Company provides current tax based on the provisions of the Income Tax Act applicable to it. Timing differences between book profit and taxable profit is accounted as deferred tax. Deferred Tax Asset, if any, is recognised considering prudence.

Provision and Contingent Liabilities

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on management's estimate for the amount required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current estimates of the management.

A Contingent Liability is disclosed, unless the possibility of an outflow of resources embodying the economic benefit is remote.

Segment Reporting

The Company has identified primary segments based on the products and does not have any secondary segments. The primary segments identified are as follows :

i. Cement

ii. TBK (Tile, Bath and Kitchen)

iii. RMC (Readymixed Concrete)

Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue, expenses, assets and liabilities, which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "Unallocated revenue/expenses/assets/liabilities".

D. Notes to Accounts

1. Exceptional items shown in the Profit and Loss Account comprises of gain of ₹ 4.36 Crores on sales of land and building, loss of ₹ 1.35 Crores on redemption of mutual fund investments and loss of ₹ 2.05 Crores on redemption of investments in preference shares (Previous year : exceptional items comprises of amalgamation expenses of ₹ 10.25 Crores and exchange loss of ₹ 8.62 Crores on redemption of investments in preference shares.)
2. The group has investment in Norcros Plc to the extent of 29.92% of the equity capital. As per the management of the Company it doesn't have significant influence over Norcros Plc due to professional management structure

and intention for which the investment has been made. Further, the group has no material transactions with Norcros Plc. In view of this, Norcros Plc is not considered as an Associate and accordingly, accounting of the same is carried out as per Accounting Standard - 13 in “Accounting for Investments” as notified under the Companies (Accounting Standards) Rules, 2006.

3. The Depreciation is being provided for on straight line method at the rates provided in schedule XIV to the Companies Act, 1956 except for H. & R. Johnson (India) TBK Ltd., including Joint Ventures of H. & R. Johnson (India) TBK Ltd., Sentini Ceramica Private Ltd. and Milano Bathroom Fittings Private Ltd., where they have charged the same on written down value method. The proportion of value of depreciation which has been charged on written down value method is as under :
   - Amount of Depreciation charged on WDV basis ₹ 4.99 Crores (Previous Year : ₹ 5.68 Crores)
   - Total Depreciation charged in Consolidated Accounts ₹ 126.01 Crores (Previous Year : ₹ 102.35 Crores)
   - Percentage of Depreciation charged on WDV basis to total Depreciation : 3.96%

4. Segment information as required by Accounting Standard - 17 on “Segment Reporting” as notified under the Companies (Accounting Standards) Rules, 2006, is as follows :

(₹ Crores)

Particulars	**Cement**	**TBK**	**RMC**	**Unallocated**	**Total**
Revenue :					
External (Net of excise)	1,061.83	1,472.45	913.33	20.10	3,467.71
Inter – Segment	-	-	-	(14.69)	(14.69)
Total Revenue	1,061.83	1,472.45	913.33	5.41	3,453.02
Segment Result	114.58	119.01	33.69	(7.27)	260.01
Add : Unallocated Income (Net of Unallocated expenditure)					0.96
Less : Borrowing Cost (excluding bank charges)					114.08
Profit Before Tax					146.89
Less : Provision for Tax					43.32
Profit After Tax					103.57

<u>Other Information :</u>

(₹ Crores)

Particulars	**Cement**	**TBK**	**RMC**	**Others**	**Unallocated**	**Total**
Segment Assets	1,759.19	1,102.11	341.82	-	376.16	3,579.28
Segment Liabilities	346.19	291.56	136.80	-	1,554.09	2,328.64
Capital Expenditure	398.91	85.30	26.37	1.21	-	511.79
Depreciation and amortisation	57.11	44.95	22.64	1.31	-	126.01

5. (a) **Contingent liabilities :**

   (i) Guarantees given by the Group’s bankers and counter guaranteed by the Group ₹ 83.25 Crores (Previous year : ₹ 65.71 Crores).

   (ii) Claims against the Group not acknowledged as debts :

   (a) Dispute in respect of exemption of Central Sales Tax on coal purchases ₹ 7.56 Crores (Previous year : ₹ 7.56 Crores). Against this matter, bank guarantee of ₹ 7.70 Crores (Previous year : ₹ 7.70 Crores) has been provided by the Group.

   (b) Energy Development Cess disputed ₹ 7.44 Crores (Previous year : ₹ 7.44 Crores)

   (c) Royalty on limestone disputed ₹ 10.84 Crores (Previous year : ₹ 33.84 Crores)

   (d) Tax on Rural and Road Development disputed ₹ 5.27 Crores (Previous year : ₹ 3.00 Crores)

(e) Other Claims in respect to Income Tax, Sales Tax, Entry Tax, Excise Duty and other claims ₹ 32.05 Crores (Previous year : ₹ 11.11 Crores)

(iii) Group guarantees issued to the bankers of the wholly owned subsidiary company ₹ 64.74 Crores (Previous year : ₹ 61.22 Crores)

(b) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ 43.90 Crores (Previous year : ₹ 356.54 Crores).

(c) Disclosure of provisions made as per the requirements of Accounting Standard – 29 on "Provisions, Contingent Liabilities and Contingent Assets" as notified under the Companies (Accounting Standards) Rules, 2006, is as follows:

(₹ Crores)

Particulars	**As at 01.04.2010**	**Provisions made during the year**	**Amounts utilised or reversed during the year**	**As at 31.03.2011**
MPEB Cess on Generation of Electricity	8.90	Nil	0.57	8.33
MP Entry/VAT Tax	8.37	0.26	Nil	8.63
UP Entry Tax	22.55	Nil	2.00	20.55

The above provision is net-off the payment made there against. In future, there may be cash inflow in case the dispute is settled in the favour of the Group. In case the disputes are settled against the Group there may be cash outflow of ₹ 37.51 Crores (Previous year : ₹ 39.82 Crores).

6. Capital work-in-progress includes capital advances of ₹ 7.41 Crores (Previous year : ₹ 284.29 Crores) and pre-operative expenses of ₹ 11.64 Crores (Previous year : ₹ 36.48 Crores), the details of which are as under :

	2010-2011 ₹ Crores	2009-2010 ₹ Crores
Revenue expenditure for the year considered as pre-operative expenses		
Salary, wages and bonus	**7.03**	5.26
Contribution to Provident and other funds	**0.46**	0.28
Rent, Rates and Taxes	**0.17**	0.14
Interest and other Finance Charges	**25.01**	21.17
Depreciation	**0.15**	0.15
Loss/(Gain) on Foreign Exchange Fluctuations on Project Loans	**4.50**	(6.68)
Miscellaneous expenses	**21.56**	5.94
	58.88	26.26
Add : Expenditure up to Previous year	**36.48**	10.22
	95.36	36.48
Less : Capitalised during the year	**83.72**	-
Balance Carried forward	**11.64**	36.48

7. (a) The Group has entered into finance lease for using the mining surface rights of limestone, against which the total payment has been made and no contingent rent is payable.

(b) Details of operating lease agreements (Machinery and Equipments) – Non Cancellable :

(₹ Crores)

Future Lease Rental Payments	**As at 31.03.2011**	As at 31.03.2010
a. Due but not later than one year	**5.22**	4.80
b. Due later than one year but not later than five years from the balance sheet date	**11.88**	6.88
c. Later than five years	**0.79**	0.87

8. The Group has recognised deferred tax in accordance with the requirement of Accounting Standard - 22 on "Accounting for Taxes on Income" as notified under the Companies (Accounting Standards) Rules, 2006.

a. The breakup of Net Deferred Tax Liability (DTL) is as follows :

	As at 31.03.2011 ₹ Crores	As at 31.03.2010 ₹ Crores
Deferred Tax Assets		
Income tax unabsorbed depreciation	**38.97**	20.35
Expenses provided but allowed in Income Tax on payment	**26.46**	2.72
Exchange Difference allowable on payment	**1.11**	-
Amalgamation Expenses claimed in Income Tax, which was written-off in earlier years in the books	**2.05**	-
Other timing difference	**0.84**	-
Total (A)	**69.43**	23.07
Deferred Tax Liability		
Depreciation	**207.45**	126.51
Capital expenditure on Research claimed in income tax	**2.76**	2.33
Total (B)	**210.21**	128.84
Net Deferred Tax Liability (B - A)	**140.78**	105.77

b. The breakup of Net Deferred Tax Asset (DTA) is as follows :

	As at 31.03.2011 ₹ Crores	As at 31.03.2010 ₹ Crores
Deferred Tax Assets		
Disallowance U/s 43B of Income Tax Act, 1961	**0.76**	0.68
Carry forward losses	**4.28**	0.03
Total (A)	**5.04**	0.71
Deferred Tax Liability		
Depreciation	**3.79**	0.02
Total (B)	**3.79**	0.02
Net Deferred Tax Assets (A – B)	**1.25**	0.69

9. Disclosure in respect of Group's Joint Ventures pursuant to Accounting Standard - 27 on "Financial Reporting of Interest in Joint Ventures" as notified under the Companies (Accounting Standards) Rules, 2006 :

Name of the Joint Ventures	**Proportion of Ownership Interest**	**Country of Incorporation**
Ardex Endura (India) Private Limited.	50%	India
Sentini Ceramica Private Limited.	50%	India
Antique Marbonite Private Limited. (Formerly known as Antique Granito Private Limited.)	50%	India
Spectrum Johnson Tiles Private Limited. (Formerly known as Spectrum Tiles Private Limited.)	50%	India

The aggregate of Company's Share in the above Joint Venture is :

	As at 31.03.2011 ₹ Crores	As at 31.03.2010 ₹ Crores
CAPITAL COMMITMENTS	**-**	1.67
CONTIGENT LIABILITIES	**10.22**	34.03

10. Disclosure regarding transactions with Related Parties in terms of Accounting Standard - 18 is as under :

a. Name of the related parties

Joint Ventures/Associate	Key Management Personnel and their relatives
• Ardex Endura (India) Private Ltd. • Sentini Ceramica Private Ltd. • Antique Marbonite Private Ltd. (Formerly known as Antique Granito Private Ltd.) • Spectrum Johnson Tiles Private Ltd. (Formerly known as Spectrum Tiles Private. Ltd.) • Milano Bathroom Fitting Private Limited (upto 26.06.2010) • TBK Samiyaz Tile Bath Kitchen Private Ltd. • TBK Shriram Tile Bath Kitchen Private Ltd. • TBK Deziner's Home Private Ltd. • TBK Unique Jalgaon Tile Bath Kitchen Private Ltd. • TBK PB Shah Tile Bath Kitchen Private Ltd. • TBK Deepgiri Tile Bath Kitchen Private Ltd. • TBK Pratap Tile Bath Kitchen Private Ltd. • TBK Rangoli Tile Bath Kitchen Private Ltd. • TBK Bansal Ceramics Private Ltd. • TBK Venkataramiah Tile Bath Kitchen Private Ltd. • TBK Rathi Sales Agencies Private Ltd. • Prism Power and Infrastructure Private Ltd. • Umiya Ceramic Private Ltd. • Antique Minerals Private Ltd. • Antique Johnson Ceramic Private Ltd. • Spectrum Floor Tiles Private Ltd. • QBE Holdings (AAP) Pty Ltd. • QBE Insurance (International) Ltd. • QBE Insurance (Europe) Ltd. • QBE Management Services Pty Ltd. • QBE Re Services Pty Ltd. • QBE Insurance Group Ltd. • QBE Hong Kong and Shanghai Insurance Ltd.	• Mr. Manoj Chhabra • Mr. Vijay Aggarwal • Mr. Ganesh Kaskar • Mr. Praveen Gupta • Mr. K. K. Saini • Mr. A. Balu • Ms. Medha Gupta

b. Following are the transactions with related parties as defined under Accounting Standard - 18 on "Related Party Disclosures" as notified under the Companies (Accounting Standards) Rules, 2006.

(₹ Crores)

Name	Relationship	Nature of transaction	**Amount of transaction in 2010-11**	**Amount outstanding as at 31.03.2011 (Payable)/ Receivable**	Amount of transaction in 2009-10	Amount outstanding as at 31.03.2010 (Payable)/ Receivable
R & S Business Centre	Firm in which Director and/or relatives has significant influence	Rent and maintenance charges	**0.19**	**0.02**	0.11	0.02
Windsor Realty Private Limited	Enterprises in which Director and/or relatives has significant influence	Sale of goods and Services	**4.14**	**(0.11)**	Nil	Nil

(₹ Crores)

Name	Relationship	Nature of transaction	Amount of transaction in 2010-11	Amount outstanding as at 31.03.2011 (Payable)/ Receivable	Amount of transaction in 2009-10	Amount outstanding as at 31.03.2010 (Payable)/ Receivable
Mr. Manoj Chhabra	Managing Director	Remuneration	**2.93**	**Nil**	2.23	Nil
Mr. Vijay Aggarwal	Managing Director	Remuneration * *includes leave encashment of ₹ 2.41 Crores paid at the end of the previous tenure during the year.*	**5.41***	**Nil**	2.55	Nil
Mr. Ganesh Kaskar	Executive Director	Remuneration	**1.52**	**(0.24)**	1.22	(0.20)
Prism Power and Infrastructure Private Limited	Associate	Advances	**Nil**	**0.01**	0.01	0.01
Mr. Praveen Gupta	Chief Executive Officer	Remuneration	**1.37**	**(0.22)**	1.34	(0.26)
Ms. Medha Gupta	Relative of Key Management Personnel	Leave and License Exps	**Nil**	**Nil**	0.09	Nil
TBK Samiyaz Tile Bath Kitchen Private Ltd.	Joint Venture of Subsidiary	Sale of goods and Services	**7.61**	**0.20**	6.28	0.41
		Selling and Distribution Expenses	**0.37**	**Nil**	0.21	Nil
TBK Shriram Tile Bath Kitchen Private Ltd.	Joint Venture of Subsidiary	Sale of goods and Services	**4.33**	**0.34**	3.23	0.72
		Interest Received	**Nil**	**Nil**	0.03	Nil
TBK Deepgiri Tile Bath Kitchen Private Ltd.	Joint Venture of Subsidiary	Sale of goods and Services	**5.89**	**0.26**	4.11	0.54
		Selling and Distribution Expenses	**0.30**	**Nil**	0.24	Nil
		Interest Received	**Nil**	**Nil**	0.03	Nil
TBK PB Shah Tile Bath Kitchen Private Ltd.	Joint Venture of Subsidiary	Sale of goods and Services	**Nil**	**Nil**	2.81	0.50
		Selling and Distribution Expenses	**0.21**	**Nil**	0.15	Nil
		Interest Received	**Nil**	**Nil**	0.04	Nil
TBK Deziner's Home Private Ltd.	Joint Venture of Subsidiary	Sale of goods and Services	**5.31**	**Nil**	2.47	0.42
		Selling and Distribution Expenses	**0.34**	**Nil**	0.23	Nil
Sentini Ceramica Private Ltd.	Joint Venture	Purchase of Goods and Services	**63.73**	**(8.71)**	62.20	(9.24)
		Reimbursement	**0.08**	**Nil**	0.10	Nil
Antique Marbonite Pvt. Ltd. (Formerly Known as Antique Granito Pvt. Ltd.)	Joint Venture	Purchase of Goods and Services	**135.38**	**(23.62)**	109.88	(21.88)
		Sales	**Nil**	**0.28**	N.A.	N.A.
		Interest Received	**0.06**	**Nil**	0.03	Nil
		Reimbursement	**0.13**	**Nil**	0.14	Nil

(₹ Crores)

Name	Relationship	Nature of transaction	Amount of transaction in 2010-11	Amount outstanding as at 31.03.2011 (Payable)/ Receivable	Amount of transaction in 2009-10	Amount outstanding as at 31.03.2010 (Payable)/ Receivable
Spectrum Johnson Tiles Pvt. Ltd. (Formerly known as Spectrum Tiles Pvt. Ltd.)	Joint Venture	Purchase of Goods and Services	28.40	(4.45)	27.81	(4.42)
		Sales	Nil	0.61	Nil	N.A.
		Interest Received	0.01	Nil	Nil	Nil
Milano Bathrooms Fittings Private Limited	Joint Venture upto 26-06-2010	Interest Received	0.02	Nil	0.05	Nil
QBE Holdings (AAP) Pty Ltd	Joint Venture/Partner	Share Allotment	Nil	Nil	1.82	Nil
QBE Insurance (International) Ltd.	Joint Venture/Partner	Interest Charges	Nil	Nil	0.15	(0.13)
		Travelling Expenses	0.03	Nil	Nil	Nil
		Subscription Fees	0.01	Nil	Nil	Nil
QBE Management Services Pty Ltd.	Joint Venture/Partner	Data Communication Charges	0.13	(0.12)	0.08	(0.08)
QBE Insurance (Europe) Ltd.	Joint Venture/Partner	Reinsurance Premium Paid	2.87	(0.99)	0.52	(0.04)
		Reinsurance Commission Received	0.55	0.18	0.13	0.01
QBE Hong Kong and Shanghai Insurance Limited	Joint Venture/Partner	Printing and Stationery	0.01	Nil	Nil	Nil
QBE Re Services Pty Ltd.	Joint Venture/Partner	Reimbursement	Nil	Nil	0.01	Nil
		Training Expenses	0.06	Nil	Nil	Nil
Others		Sales	11.19	1.02	5.53	1.07
		Purchase of Goods and Services	1.84	(0.01)	6.27	(0.64)
		Selling and Distribution	0.35	Nil	0.08	Nil
		Interest Received	Nil	Nil	0.06	Nil
		Remuneration	0.16	Nil	0.06	Nil

11. Computation of Earnings Per Share (EPS) is as under :

	2010-2011	2009-2010
Profit after Tax for the Group excluding dividend on own shares (₹ Crores)	**104.95**	259.78
Less : Preference dividend and tax thereon (₹ Crores)	**Nil**	0.08
Net Profit available to equity shareholders (₹ Crores)	**104.95**	259.70
Weighted average number of equity shares outstanding (Net of own shares held through Trust)	**49,10,04,980**	49,10,04,980
Earnings Per Share (₹) – Basic & Diluted (Face value ₹ 10/- share)	**2.14**	5.29

12. Statement pursuant to Section 212 of the Companies Act, 1956 relating to subsidiary companies :

(₹ Crores)

Name of Subsidiaries	Raheja QBE General Insurance Company Limited.	Silica Ceramica Private Limited.	H. & R. Johnson (India) TBK Limited.	RMC Readymix Porselano (India) Ltd. (Formerly Known as Poreslano Tiles Limited.)	Milano Bathroom Fitting Private Limited.	Lifestyle Investments Pvt Limited.
Country	India	India	India	India	India	Jersey
Reporting currency	₹	₹	₹	₹	₹	GBP
Exchange rate as on March 31, 2011	N.A.	N.A.	N.A.	N.A.	N.A.	71.93
Share capital	207.00	2.10	1.61	0.05	2.50	62.64
Reserve and surplus	(22.26)	49.98	(13.73)	(0.01)	3.25	(8.11)
Total assets	191.57	128.33	17.47	0.04	10.96	119.34
Total liabilities	6.83	76.25	29.59	-	5.21	64.81
Investment other than in subsidiaries	181.75	-	0.23	-	0.01	117.23
% of holding	74.00%	92.62%	100.00%	100.00%	100.00%	100.00%
Sales and other income	(7.11)	72.63	32.62	-	22.28	1.81
Profit before taxation	(7.27)	3.96	(2.93)	-	2.21	(5.80)
Provision for taxation	Nil	(2.90)	(0.22)	-	0.23	Nil
Profit after taxation	(7.27)	6.87	(2.71)	-	1.98	(5.80)
Proposed dividend (incl. dividend reserve)	Nil	Nil	Nil	Nil	Nil	Nil

13. Figures for the previous year have been regrouped/reclassified/reinstated, wherever considered necessary.

As per our report of even date attached

For N. M. RAIJI & CO.
Chartered Accountants

J. M. Gandhi
Partner

Mumbai, April 29, 2011

Aneeta S. Kulkarni
Company Secretary

Rajesh G. Kapadia — *Chairman*

Manoj Chhabra
Vijay Aggarwal — *Managing Directors*

Ganesh Kaskar — *Executive Director*

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

	2010-2011		2009-2010	
	₹ Crores	₹ Crores	₹ Crores	₹ Crores
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Profit before tax as per Profit and Loss Account		146.89		380.15
Adjustments:				
Depreciation and Amortisation	126.01		102.34	
Exchange loss on sale of Preference Shares	-		(8.62)	
Dividend Income	(3.01)		(2.85)	
Interest Income	(15.49)		(10.79)	
Interest	106.20		60.16	
Loss on exchange fluctuation on loans	3.30		-	
Loss on assets written-off	-		0.33	
Profit on sale/discard of assets	(2.16)	214.85	(0.42)	140.15
Operating Profit before Working Capital changes		361.74		520.30
Adjustments for Working Capital changes :				
Inventories	(112.02)		(50.83)	
Trade Receivables	(52.94)		(16.37)	
Other Receivables	(133.20)		(5.14)	
Trade and Other payables	263.52	(34.64)	66.65	(5.69)
Cash generated from Operations		327.10		514.61
Direct taxes paid		(38.69)		(143.02)
Net cash from Operating activities (A)		288.41		371.59
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets and additions in CWIP		(491.64)		(618.53)
Proceeds from Sale of Fixed Assets		9.22		3.70
Sales proceeds from investments		(503.49)		235.92
Purchase of investments		448.07		(255.94)
Dividend Income		3.01		2.85
Dividend on own shares held through Trust		1.24		1.85
Interest Income		15.49		10.79
Net Cash used for Investing activities (B)		(518.10)		(619.36)
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Proceeds from Secured Loans		433.44		551.55
Repayment of Secured Loans		(258.94)		(99.84)
Proceeds from Unsecured Loans		225.96		38.04
Repayment of Unsecured Loans		(19.45)		(9.75)
Inter Division transfers		-		1.85
Redemption of Preference Shares		(0.38)		(10.75)
Interest Paid		(129.45)		(60.16)
Dividend paid including distribution tax		(60.10)		(141.02)
Net Cash from Financing Activities (C)		191.08		269.92
Net increase in cash and cash equivalents during the year (A+B+C)		(38.61)		22.15
Cash and cash equivalents acquired upon amalgamation		-		29.33
Cash and cash equivalents at the beginning of the year		130.61		79.13
Cash and cash equivalents at the end of the year		92.00		130.61
Details of cash and cash equivalents				
Cash and Bank Balances (As per Schedule G)		92.10		130.83
Less : Deposits under lien		0.10		0.22
Closing Balance		92.00		130.61

Note : Cashflow statement has been prepared under the indirect method as set-out in Accounting Standard - 3, notified under the Companies (Accounting Standards) Rules, 2006.

As per our report of even date attached

For N. M. RAIJI & CO.
Chartered Accountants

J. M. Gandhi
Partner

Mumbai, April 29, 2011

Aneeta S. Kulkarni
Company Secretary

Rajesh G. Kapadia — *Chairman*
Manoj Chhabra, Vijay Aggarwal — *Managing Directors*
Ganesh Kaskar — *Executive Director*

PRISM CEMENT LIMITED

Registered Office : 305 Laxmi Niwas Apartments, Ameerpet, Hyderabad - 500 016.
Corporate Office : ' Rahejas', Main Avenue, V. P. Road, Santacruz (W), Mumbai - 400 054.

ATTENDANCE SLIP

Please fill in the Attendance Slip and hand it over at the entrance of the meeting hall. Joint Shareholders may obtain additional Attendance Slips on request. Please bring your copy of the Annual Report for reference at the Meeting.

NAME AND ADDRESS OF THE SHAREHOLDER

Folio No. ______________________

DP ID. ______________________

Client ID. ______________________

No. of Shares held : ______________________

I hereby record my presence at the 19th ANNUAL GENERAL MEETING of the Company to be held on Tuesday, July 12, 2011 at 11.30 a.m. at Taj Mahal Hotel, 4-1-999, Abids Road, Hyderabad - 500 001.

SIGNATURE OF THE SHAREHOLDER/PROXY *

* Strike out whichever is not applicable ______________________

— — — — — — — — — — — — — — TEAR HERE — — — — — — — — — — — — — —

PRISM CEMENT LIMITED

Registered Office : 305 Laxmi Niwas Apartments, Ameerpet, Hyderabad - 500 016.
Corporate Office : ' Rahejas', Main Avenue, V. P. Road, Santacruz (W), Mumbai - 400 054.

PROXY FORM

Folio No. ______________________

DP ID. ______________________

Client ID. ______________________

I/We, ____

of ______________________________ being a member/members of PRISM CEMENT LIMITED hereby appoint ______________________ or failing him ______________________ of ______________________ as my/our proxy to vote for me/us and on my/our behalf at the 19th ANNUAL GENERAL MEETING of the Company to be held on Tuesday, July 12, 2011 at 11.30 a.m. or at any adjournment thereof.

Signed this ______________ day of ______________ 2011.

Affix
Revenue
Stamp

NOTES : The Proxy Form must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

The Proxy need not be a member of the Company.

PRISM CEMENT LIMITED

Presence

The map is as of March 31, 2011. It is illustrative and not drawn to scale.

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