



PRISM CEMENT LIMITED

Board of Directors

Mr. Rajesh G. Kapadia
Chairman

Mr. Rajan B. Raheja

Mr. Manoj Chhabra
Managing Director

Mr. Vijay Aggarwal
Managing Director

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

Mr. Satish B. Raheja

Mr. Akshay R. Raheja

Mr. Ganesh Kaskar
Executive Director

Mr. James Arthur Brooks

Ms. Ameeta A. Parpia

Company Secretary

Ms. Aneeta S. Kulkarni

Corporate Office

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

Registered Office

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

Registrar & Transfer Agents

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

Bankers

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

Statutory Auditors

N. M. Raiji & Co., Mumbai

Branch Auditors

Borkar & Muzumdar, Mumbai

Cost Auditors

N. I. Mehta & Co., Mumbai

Contents	Page Nos.
Notice.....	2
Directors' Report.....	6
Management Discussion & Analysis.....	12
Report on Corporate Governance	16
Auditors' Report.....	24
Balance Sheet	28
Profit & Loss Account	29
Schedules	30
Cash Flow Statement.....	54
Consolidated Financial Statements	
Auditors' Report.....	55
Balance Sheet	56
Profit & Loss Account	57
Schedules	58
Cash Flow Statement.....	75
Statement under Section 212 of the Companies Act, 1956 relating to Subsidiary Company.....	76
ECS Mandate Form	
Proxy / Attendance Slip	

NOTICE

NOTICE IS HEREBY GIVEN that the Eighteenth Annual General Meeting of the Company will be held on Tuesday, June 22, 2010, at 11.30 a.m. at Taj Mahal Hotel, 4-1-999, Abids Road, Hyderabad - 500 001, to transact the following business:

Ordinary Business :

1. To receive and adopt the Directors' Report and the audited Profit and Loss Account for the year ended March 31, 2010 and the Balance Sheet as at that date and the report of the Auditors thereon.
2. To confirm the payment of aggregate interim dividend on equity shares for the year ended March 31, 2010 as final dividend.
3. To appoint a Director in place of Mr. Rajan B. Raheja, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Satish B. Raheja, who retires by rotation and being eligible, offers himself for re-appointment.
5. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :
"RESOLVED THAT the retiring Statutory Auditors, M/s. N. M. Rajji & Co. (Registration No. 108296W), who being eligible, have offered themselves for re-appointment, be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting at a remuneration to be mutually agreed between the Board of Directors of the Company and the Statutory Auditors, in addition to reimbursement of out-of-pocket expenses, in connection with the audit of the Company."
6. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :
"RESOLVED that pursuant to the provisions of Section 228 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Borkar & Muzumdar (Registration No. 101569W), be and are hereby appointed as Branch Auditors of the Company, to audit the Accounts in respect of the Company's H & R Johnson (India) and RMC Readymix (India) Divisions, to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration to be mutually agreed between the Board of Directors of the Company and the Branch Auditors, in addition to reimbursement of out-of-pocket expenses, as may be incurred in the performance of their duties."

Special Business :

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

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

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

"RESOLVED THAT subject to the provisions of Sections 309, 314 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") or any modifications/re-enactments thereof, the Articles of Association of the Company and subject to such other approvals/consents/sanctions/permissions as may be necessary, and such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee of the Board), consent of the Company be and is hereby accorded to the payment of remuneration by way of commission of upto one per cent of the net profits of the Company computed in the manner referred to in Sections 198, 309 and all other applicable provisions of the Act, provided that such commission in any financial year shall not exceed Rs. 25 lakhs (Rupees Twenty-five lakhs only) per annum (subject to deduction of applicable taxes) to Mr. James Arthur Brooks, in addition to the sitting fees for attending the meetings of the Board of Directors or any Committee thereof, with effect from April 1, 2010."

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

NOTES :

1. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of the Special Business mentioned under Item Nos. 7 - 11 above, is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES, IN ORDER TO BE VALID, MUST BE RECEIVED BY THE COMPANY AT THE REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING.
3. The Register of Members and Transfer Books of the Company will remain closed from Tuesday, June 15, 2010 to Tuesday, June 22, 2010 (both days inclusive).
4. Shareholders holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the shareholders holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the shareholders.
5. In order to avail the facility of Electronic Clearing System (ECS) for receiving direct credit of dividend to his / their respective account with the Bank(s), the members holding shares in physical form are requested to provide their Bank Account details to the Company's Registrar & Transfer Agent - Karvy Computershare Private Ltd. In the absence of ECS facilities, the Company will print the bank account details, if available, on the payment instrument for distribution of dividend.
6. Members are requested to send all communication relating to shares to the Company's Registrar & Transfer Agent - Karvy Computershare Private Ltd., Unit: Prism Cement Limited, Plot No. 17-24, Vittalrao Nagar, Near Image Hospital, Madhapur, Hyderabad - 500 081. Members holding shares in electronic mode should address all their correspondence to their respective Depository Participants (DPs).
7. Nomination facility for shares is available for Members. The prescribed format, in this regard, can be obtained from the Company's Registrar and Transfer Agent.
8. The Company's equity shares are listed on The Bombay Stock Exchange Limited and The National Stock Exchange of India Limited. The listing fees for the year 2010-2011 have been paid to the aforesaid Stock Exchanges.
9. Pursuant to Section 205C of the Companies Act, 1956, the Company has transferred unclaimed interest on non-convertible debentures in respect of 16th and 17th Interest Accounts and the Unclaimed Redemption - 3rd instalment of non-convertible debentures to the Investor Education & Protection Fund, during the year ended March 31, 2010 .

By Order of the Board of Directors,

Aneeta S. Kulkarni
Company Secretary

Place : Mumbai
Date : May 5, 2010

EXPLANATORY STATEMENT

As required by Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out the material facts relating to Item Nos. 7 - 11 mentioned in the accompanying Notice dated May 5, 2010.

Item No. 7

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

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

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

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

Item No. 8

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

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

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

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

Item No. 9

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

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

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

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

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

Item No. 10

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

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

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

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

Item No. 11

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

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

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

By Order of the Board of Directors,

Aneeta S. Kulkarni
Company Secretary

Date : May 5, 2010

Place : Mumbai

Registered Office :

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

DIRECTORS' REPORT

To the Shareholders,

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

OPERATING RESULTS

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

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

DIVIDEND

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

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

OPERATIONS

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

CAPITAL & FINANCE

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

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

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

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

FIXED DEPOSIT

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

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

DIRECTORS

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

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

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

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

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. in preparation of the Annual Accounts for the year ended March 31, 2010, the applicable Accounting Standards have been followed and there has been no material departure;
2. they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as on March 31, 2010 and of the profit of the Company for the year ended on that date;
3. they have taken proper and sufficient care to the best of their knowledge for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. they have prepared the accounts for the year ended March 31, 2010 on a going concern basis.

PARTICULARS OF EMPLOYEES

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

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

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

CORPORATE GOVERNANCE

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

AUDITORS

The Statutory Auditors, M/s. N. M. 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 Auditors has been received to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956.

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

As per the requirement of the Central Government and pursuant to Section 233 B of the Companies Act, 1956, the Company's Cost Records in respect of

cement for the year ended March 31, 2010 are being audited by Cost Auditors, M/s. N. I. Mehta & Co.

SUBSIDIARY AND JOINT VENTURE COMPANIES

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

Subsidiaries

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

Joint Ventures (JV)

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

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

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

The Company has received the exemption from the Central Government under Section 212(8) of the Companies Act, 1956, from attaching a copy of the Balance Sheet, Profit and Loss Account, Directors' Report and Auditors' Report of the subsidiary companies and other documents required to be attached under Section 212(1) of the Act to the Balance Sheet of the Company. Accordingly, the said documents are not being attached herewith. However, the financial data of the subsidiaries has been furnished along with the statement pursuant to Section 212 of the Companies Act, 1956 forming part of the Annual Report. Further, pursuant to Accounting Standard (AS - 21) issued by the Institute of Chartered Accountants of India, the Company has presented the consolidated financial statements

which include the financial information relating to its subsidiaries and forms part of the Annual Report.

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

CONSOLIDATED FINANCIAL STATEMENTS

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

For the year ended March 31, 2010, the consolidated net profit of the Company and its subsidiary companies amounted to Rs. 259.78 crores as compared to Rs. 251.05 crores for the Company on a stand alone basis.

ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors

RAJESH G. KAPADIA
Chairman

Place : Mumbai
Date : May 5, 2010

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 2009-10 for improving the productivity and reducing the specific power consumption and specific heat consumption :

- ❖ Re-routing of compressed air line.
- ❖ Use of modified cooler plates for better heat recuperation.
- ❖ Optimisation of tripping circuit to avoid idle running of equipments.
- ❖ Modified scrapper system in Raw Mills to reduce breakdowns.
- ❖ Semi choke feed system in Cement Roller Press to get continuous run hours.

(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

- ❖ Replacement of old fan blower motors with NEMA energy efficient motor at Dewas Plant.
- ❖ Installation of efficient blower in dust extraction system at Dewas Plant.
- ❖ Installation of Variable Frequency Drive (VFD) in the kiln exit and glaze line motor at Dewas and Kunigal Plants.
- ❖ Reducing the ball mill grinding hours and power consumption through parameter optimization at Karaikal Plant.
- ❖ Replacement of energy efficient motor in press and ball mills at Dewas Plant.
- ❖ Variable Frequency Drive for ID fan for reducing start up current and reduce operational power consumption in blowers motors at Karaikal Plant.
- ❖ Compressed air leakage identification and conservation measures at Pen Plant.
- ❖ Replacement of the lighting fixture with CFL lamps for interior and exterior lighting at Pen & Dewas Plants.

- ❖ Use of day lighting for interior lighting and eliminating use of conventional electrical lighting at Pen Plant.
- ❖ Increased utilisation of gas turbine for captive power generation at Pen Plant.

(b) Savings in Thermal Energy

- ❖ Increased utilisation of cogeneration facility and replacing coal gas in spray driers at Pen Plant.
- ❖ Commissioning of biomass gasifier for spray drying application at Karaikal facility.
- ❖ Reduction in fuel consumption across plants by optimisation of slip parameters.

(c) Water Management

- ❖ Modification of pipelines in the dipping and glaze lines to reduce leakage of water at Pen 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.

2009 - 2010 2008 - 2009
(12 months) (9 months)

(A) POWER AND FUEL CONSUMPTION

1. Electricity

a) Purchased

Units (Lakhs - KWH)	2121.80	1607.73
Total Amount (Rs. Crores)	84.48	64.14
Rate/Unit (Rs.)	3.98	3.99

b) Own Generation

i) Through Diesel Generator

Net Units (Lakhs - KWH)	11.86	22.67
Unit per Ltr. of Diesel		
Furnace Oil (KWH)	3.52	3.47
Cost/Unit (Rs./KWH)	15.04	7.70

ii) Through Steam

Turbine/Generator	NIL	NIL
-------------------	-----	-----

2. Coal (used in Kiln)

Quantity (Tonnes)	386522	305863
Total Cost (Rs. Crores)	124.51	98.89
Average Rate (Rs.)	3221.24	3233.24

3. Furnace Oil

Quantity (K.Ltrs.)	265	618
Total Cost (Rs. Crores)	0.58	0.87
Average Rate (Rs./K.Ltr.)	21982.83	14056.93

4. High Speed Diesel

Quantity (K.Ltrs.)	386	289
Total Cost (Rs. Crores)	1.39	1.04
Average Rate (Rs./K.Ltr.)	35872.27	35917.79

5. Others/Internal Generation

NIL	NIL
-----	-----

	<u>2009 - 2010</u> <u>(12 months)</u>	<u>2008 - 2009</u> <u>(9 months)</u>
(B) CONSUMPTION PER UNIT OF PRODUCTION		
Electricity (KWH/T of Cement)	68.94	70.63
HSD/FO (Ltr./T of Clinker)	0.13	0.13
Coal (Percentage of Clinker)	16.68	17.53

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)

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

Cement Division

- ❖ Installation & commissioning of standby Fine Coal Hopper & Firing system in Kiln
- ❖ Up-gradation of PLC in Cement Mill
- ❖ Installation of Semi Choke Feed system in Cement Mill Roller Press

HRJ Division

- ❖ Low density alumina balls for inclusion removal
- ❖ Glossy yellow soluble salts
- ❖ Glaze and body stains of various colours
- ❖ Application of Antimicrobial compound in Tiles, Concrete, Paint, Toilet seat cover and handsanitizer
- ❖ Reactive glaze
- ❖ Kiln furniture for stain and antimicrobial compound
- ❖ Castable with 90% alumina content
- ❖ Organic dispersant for clay - feldspar system
- ❖ Organic binder for clay - feldspar system
- ❖ Printing powder
- ❖ Concrete admixture based on SNF & PC for Readymix concrete with 100% crushed sand.
- ❖ Ceramic colours like black, ivory, beige, coffee brown etc.

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

Cement Division

- ❖ Improved Kiln availability and stability in Kiln Operation
- ❖ Increased & improved availability of Cement Mill
- ❖ Increase in Cement Mill output

HRJ Division

- ❖ 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.

3. Future plan of action

Cement Division

- ❖ Studies to be done to upgrade production.
- ❖ Modification of packing plant has been started.

HRJ Division

Research and Development

- ❖ Lustre glaze
- ❖ Coral - pink stain
- ❖ Identification of niche area for application of antimicrobial compounds
- ❖ Soluble salts with new colours including white
- ❖ Ceramic membrane with coating for ultra/nano filtration
- ❖ Inclusion stain
- ❖ Third fired colour
- ❖ Construction chemicals
- ❖ Electromagnetic interference pigments
- ❖ Foundry Chemicals

Energy Management

- ❖ Installation of inlet air chilling in gas turbine to improve efficiency of gas turbine at Pen Plant.
- ❖ Installation of energy efficient motors across all plants
- ❖ Feasibility study on extracting water from water vapour in spray dryer exhaust at Pen Plant.
- ❖ Feasibility study on energy efficient street lighting and indoor lighting system with Light Emitting Diodes (LED) lighting / alternate lighting system at Pen Plant.
- ❖ Installation of solar water heater / biogas for canteen application at Pen Plant.
- ❖ Variable speed drives application for areas like fans, blowers & ball mills across Plants.
- ❖ Implementation of BS 16001 - Energy Management System at Pen Plant.

4 Expenditure on R&D

	<u>2009- 2010</u> <u>(12 months)</u> <u>Rs. Crores</u>	<u>2008 - 2009</u> <u>(9 months)</u> <u>Rs. Crores</u>
Capital	Nil	Nil
Recurring	0.80	0.08
Total R&D expenditure as percentage of turnover	0.03	0.01

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

- ❖ Use of Municipal waste (Alternate Fuel) in pyro system
- ❖ POP Waste in cement Mill
- ❖ Installation of 'SCADA' in Packing Plant

2. Benefits derived as results of the above efforts

- ❖ Reduction in Energy consumption
- ❖ Step towards Environmental Protection & Safety Minimisation of Municipal waste is a part of Corporate Social Responsibility & Dioxine & Furon Gases is negligible during the burning of municipal waste above 1000 Deg.C
- ❖ Reduction in down time and fast trouble shooting

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

The year 2009-10 witnessed buoyant and sustained growth of the Indian economy. In the last five years, the GDP of the Indian economy has grown at an average of 8.5% p.a. notwithstanding the significant dip in growth in 2008-09 on account of the global slowdown. This year, despite the setbacks and challenges, the Indian economy has achieved a GDP growth rate of around 7%.

With this backdrop, the Company achieved a turnover of Rs. 2,988.87 crores with a profit after tax of Rs. 251.05 crores. The Board of Directors declared two interim dividends aggregating to Rs. 2.50 per equity share during the year ended March 31, 2010.

The Scheme of Amalgamation of erstwhile H. & R. Johnson (India) Limited and erstwhile RMC Readymix (India) Private Limited with Prism Cement Limited was approved by the High Courts of Judicature at Bombay and Andhra Pradesh. The Scheme became effective on March 3, 2010 and is operative from April 1, 2009, the appointed date fixed in the sanctioned Scheme. From the said date the Company operates three divisions – Prism Cement, H & R Johnson (India) and RMC Readymix (India). The amalgamation of the three companies will create an integrated company in the building materials segment which will create a niche for itself and gain advantage from this unique position within the market.

Cement Division

Overview

The Indian cement industry continued its buoyant performance and registered cement consumption growth of about 13% on YoY basis. In the last two financial years, the cement industry has registered a double-digit growth in capacity addition compared to moderate growth of 3-7% registered during the period FY 03-07. The strong drive in housing and infrastructure spending is leading to a sharp rise in cement consumption.

Performance at a Glance

12 months ended
March 31, 2010

Production - Lakh Tonnes	25.68
Sales volume (cement) - Lakh Tonnes	25.02
Net Revenue – Rs. Crores	1,020.93
PBDIT – Rs. Crores	355.28
Power consumption - KWH/T	72.3

Expansions

The Company's second cement plant adjoining the present

plant location at Satna with a proposed cement capacity of 3.6 MTPA is under progress. The Company endeavours to commence commercial production in the last quarter of 2010.

The Company also 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 certain clearances from the State Government after which further activity shall take place.

The Company has been allotted a Coal Block in the Chhindwara District of Madhya Pradesh. The Mining Plan has been approved by the Central Government and the Company has received clearance from the Ministry of Environment & Forests. The Company is in the process of evaluating offers from contractors and machinery suppliers.

Future Outlook

The key growth drivers like housing and infrastructure are continuing to be robust which augurs well for the cement industry. Gains will be fueled by rising Government investments in housing and infrastructure, driven by economic growth and increasing per capita income levels. The planned infrastructure projects of road, airports, ports and power generation should push cement demand further. Cement continues to be one of the highly taxed products in the country despite being a basic essential commodity for growth. Any move on the part of the Government to hike tax rates further to garner more revenue may impact the profitability of the industry.

H & R Johnson (India) (HRJ) Division

Overview

H & R Johnson (India) (HRJ) has been the market leader in the field of ceramic tiles 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. HRJ Division comprises of the erstwhile H. & R. Johnson (India) Limited along with its subsidiaries, joint ventures & associates which operate in the Tiles, Bath & Kitchen segment. The manufacturing plants of the Division and that of its joint ventures are spread across the country in order to effectively cater to the market requirements.

Tiles

The global ceramic tiles industry is estimated to be 8.5 billion m². Asia recorded a healthy growth of over 7% during the year. In terms of consumption, India is the third largest consumer of ceramic tiles in the world accounting for 4.9% of the world's total consumption of ceramic tiles. It is the fifth-largest manufacturer of ceramic tiles in the

world accounting for 4.6% of the world's total production. India produces close to 400 million m² of ceramic tiles per annum and the size of the industry is approximately Rs. 9,000 crores. While about 50% of the industry comprises the organised sector made up of about 10-12 players, the remaining 50% is the unorganised sector comprising a large number of small players. The key product categories of ceramic tiles in India are glazed wall tiles, glazed floor tiles, vitrified polished tiles, glazed porcelain tiles, and industrial tiles.

The per-capita consumption of ceramic tiles in India is approximately 0.34 m² per annum. As a comparison, China's per-capita consumption is 2.33 m² per annum; Brazil's consumption is 3.45 m² and Russia's per-capita consumption is 1.49 m² per annum. This shows a huge potential for growth of ceramic tiles in India. The key growth drivers for India's consumption are healthy GDP growth, rising income levels, increasing urbanisation, growing middle-class, a younger population with exposure to lifestyle trends in developed economies and growth of sectors like infrastructure and organised retailing. 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 approximately Rs. 3,700 crores comprising sanitaryware, faucets, taps and bath fittings. As in case of tiles, there is a huge potential for growth in India due to growing demand for modern sanitation. The organised sector of the industry focuses mainly on middle and upper market segments in urban areas, whereas the unorganised sector is popular in lower-middle and price sensitive end of the market as well as rural areas.

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

Kitchen

Kitchen 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.

Performance at a glance

The sales revenue of the Division for the year ended March 31, 2010 was Rs. 1,187.63 crores with a PBDIT of Rs. 175.80 crores.

It was a year of uncertainty, starting with the economy

in the shadows of recession but ending on a cheery note of recovery. With the Indian economy improving in the second-half of the year, there was a revival in demand for tiles, bath products and kitchens. Many projects which were put on hold due to liquidity crunch re-started during the third and fourth quarters of the year. Thus, there has been a noticeable improvement on the demand side during the latter part of the year and it is expected to improve further in the current year.

The Division continued to strengthen its brands and build its distribution network. The major marketing activities during the year were merchandising, sales promotions for the trade network and advertising in various media. On the distribution front, warehouse operations were started in 4 cities during the year. This takes the total number of warehouses to 33 across the country which enables to cater effectively to the market requirements by shortening the lead time for order servicing. The Division has also appointed 16 Johnson Kitchen Franchisees with 19 counters across the country and is in the process of scaling-up the activities further.

Innovation being one of its core values, the Division launched some trend-setting innovative products. Marbonite StainFree tiles exhibit enhanced stain resistance when compared to ordinary vitrified polished tiles. Most common household stains can be cleaned-off with water or commercially available acids, provided they are cleaned immediately. Endura ScratchFree is an ideal product for use in high-traffic areas and areas susceptible to abrasion like offices, malls, hotels, etc. When tested as per ISO 13006 standards, Endura ScratchFree tiles exhibit much higher level of scratch and abrasion resistance as compared to ordinary glazed floor tiles. Johnson GermFree wall tile is another innovative offering which protects and prevents the growth of fungus and bacteria. Johnson GermFree tiles have been shown to reduce the bacteria count of common bacteria such as Escherichia Coli, Staphylococcus Aureus, Pseudomonas Aeruginosa, etc., when tested against Japanese standards JIS Z 2801-2000 to a level of greater than 95%. Johnson GermFree helps promotes better hygiene and reduces the possibility of infections and diseases.

Ceramic World Review, a reputed magazine published from Italy, conducted a study in 2009 of the world's top ceramic tile manufacturers. H & R Johnson (India) was listed at number 19 in the list of 27 companies being the only Indian company to feature in the ranking.

Future Outlook

With the healthy growth of the Indian economy and the industries that the Company operates in, it is well-positioned to continue the growth in future also.

Moreover, bulk of the products are targeted towards the 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 the Company to enjoy a distinct competitive advantage over others in the market.

Expansions / Upgrade

In line with the efforts to introduce cutting-edge manufacturing technology, a state-of-the-art Inkjet Printing System has been installed at the Pen Plant in the month of May, 2010. It is aimed at producing high-end, value-added Wall and Floor Tiles. This is the largest Inkjet Printing System for the tile industry in India.

The Turbine control system at Pen is being upgraded to give better control and trouble-free performance. Along with this upgrade, equipments are being added for "Inlet Air Chilling" which will enhance the power generation capacity from 3.5 MW to 4.5 MW. The upgrade is likely to be completed by the second quarter of 2010-11.

The Company has signed an agreement with IOC to shift the LNG facility (supply by road) from Pen to Kunigal. This would reduce the cost of energy for the Kunigal Plant significantly. This project is likely to be completed by the second quarter of 2010-11.

RMC Readymix (India) (RMC) Division

Overview

The RMC Division is engaged in supplying readymixed concrete and aggregates required by the construction industry. As at March 31, 2010, the Division operated 59 concrete plants and 7 aggregate quarries in different locations across the country. The Division has a pan-India presence and is respected as a leading supplier of readymixed concrete.

Performance at a Glance

12 months ended
March 31, 2010

Sales Volume in Lakh M ³	23.72
Net Revenue - Rs. in Crores	679.91
PBDIT - Rs. in Crores	40.20

The RMC markets were badly affected in the wake of recessionary conditions prevailing during the year 2008-09 resulting in fall in demand in real estate sector and reduced construction activities in the Division's primary markets.

Despite adverse market conditions, better profitability

was achieved by prudent cost control and taking efforts to increase volume from the current operating plants and closing unviable plants. Two commercial plants were added during the year under review to its existing operations.

Expansion

During the year, the Division enlarged its scope of operations and has commenced operating a Mega Project Vertical in view of the large infrastructure construction work expected to be put in place to meet the requirements of the power, water, irrigation and infrastructure sectors. The Mega Project Vertical will offer dedicated site project solutions to the construction industry.

The Division has planned to increase its size of operations in the coming years and is actively pursuing certain projects in the RMC and Aggregates Verticals. Some of these projects will become operational during 2010-11.

Future Outlook

The readymixed concrete industry is 15 years old and has been on a fast track growth mode over the last few years. The anticipated construction boom and developments in the residential, commercial and infrastructure space will offer great opportunities to the Division. The growth for RMC will come through higher penetration in more areas of construction. At present, around 8-10% of the total concrete manufactured in the country is obtained through the RMC route whereas internationally this figure is in the region of 60-70%. It is expected that this will undergo change and going ahead the penetration will be more and faster.

Internal Control Systems

The Company has a system of internal control commensurate with the size of its business comprising authority levels and powers, supervision, checks and balances, policies and procedures. The system is reviewed and updated on an on-going basis. The Internal Auditors examine and evaluate the adequacy, relevance and effectiveness of the internal control systems, compliance with policies, plans and statutory / regulatory requirements. Appropriate recommendations are made from operational and financial management perspectives. They also provide value-added services to the management for improvement in efficiencies and prevention of avoidable losses.

Internal audit findings are regularly reviewed by the Audit Committee. The statutory auditors independently monitor the internal controls, compliance with procedures and their adequacy from time to time and express their opinion on issues of concern at the Audit Committee Meetings.

Human Resources

The Company has always considered its human resources as an asset and is committed towards their development for continuous growth. The Company believes that the employees are central to its sustainable success and initiatives are taken to ascertain their levels of satisfaction and to ensure that employees' morale and motivation are constantly improved. Industrial Relations have remained cordial throughout the year.

Focus on training to enhance the skill-sets of employees in line with the business and market requirements continued during the year. Skill up-gradation as well as specialised psychological profile support programmes for enhancing the happiness quotient of employees was undertaken. Off-site bonding events were organised for employees. Employee volunteering was encouraged, whereby some of the staff participated in the Cyclothon (cycling marathon) which was organised in Mumbai in February 2010 to promote a better environment.

Corporate Social Responsibility

Prism is proud of being a socially committed organisation and a responsible corporate citizen. The Company attaches great importance to discharging its responsibilities to the community and society wherever located. CSR includes maintaining top notch ethical and business practices, health and well being of employees, energy conservation measures and concern for environment.

The Company has been consistently taking action to integrate the community around its plants through various community development programmes related to issues like health, hygiene, safety, education, environment, water management, sports, social and cultural activities.

The health centres at the manufacturing units are well equipped and regular medical check-ups are carried out. Health care measures are offered not just for its employees and their families, but also to those residing in the immediate vicinity. The Company organises various health programmes on vaccinations, immunisation camps, free medical eye and general check-up camps, blood donation camps, etc.

Apart from undertaking a series of energy saving activities at the plant and manufacturing processes, the Company has initiated stringent measures to economise fuel consumption. The Company's HRJ Division has utilised the cogeneration facility at the Pen Plant and

commissioned a biomass gasifier for spray drying application at the Karaikal facility during the year. Thermal energy generation using renewable biomass has been implemented at the tile manufacturing facilities at Dewas, Kunigal and Karaikal. The purpose of the project was to replace fossil fuels for generating thermal energy by using renewable biomass residues like Soyabean/ Ground Nut/Rice Husk which were earlier treated as waste and thus serve as an additional source of revenue for farmers.

The cement factory of the Company at Satna has one of the lowest power consumption in the industry.

Safety, Health & Environment

The Company manages its operations with a high concern for safety and environment. The efforts undertaken by the Company in managing and nurturing the environment fulfill all safety norms. The Company also provides suitable training to the Company's employees about the importance of safety in day-to-day life in general and work in particular.

During the year, the Company's cement plant was awarded the runner-up position for NATIONAL SAFETY AWARD - 2007 for the Lowest Average (Accident) Frequency Rate and the Accident Free year. The Cement Packing Plant at Allahabad received the Winner position in the same categories.

The Company has been accredited with ISO 9001, ISO 14001 and the OHSAS 18001 for its cement plant at Satna and the tile manufacturing facilities of HRJ Division at Pen, Dewas, Kunigal and Karaikal.

During the year, the Company has received 13,692 CERs (Carbon credits).

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 corporate governance philosophy of the Company is to ensure professionalism in management, transparency in all dealings and sound business ethics. All management efforts are driven towards delivering proper returns to shareholders by ensuring a good business performance and achieving lasting development through transparent and sound management. Long-term and stable growth is achieved by building positive relationships with all stakeholders, including shareholders and customers as well as business partners, local communities and employees. The Company fully satisfies its customers by offering quality products and services by maintaining at all times an accurate view of the business and financial needs and a precise understanding of how they can be met, and by continuously innovating to provide products and services that are of superior quality and value, delivered in a fast and efficient manner.

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, 2010, nine Board Meetings were held on the following dates: (i) April 14, 2009 (ii) July 7, 2009 (iii) August 8, 2009 (iv) August 14, 2009 (v) October 6, 2009 (vi) January 5, 2010, (vii) February 11, 2010 (viii) March 3, 2010 and (ix) March 10, 2010.
- iii. None of the Directors on the Board is a member on more than 10 Committees and Chairman of more than 5 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	Chairman
Mr. Rajesh G. Kapadia (Chairman)	Independent	9	Yes	8	2	4
Mr. Rajan B. Raheja	Non-executive Non-independent	7	No	7	4	-
Mr. Manoj Chhabra (Managing Director)	Non-independent Executive	9	Yes	1	1	-
Mr. Vijay Aggarwal * (Managing Director)	Non-independent Executive	6	No	4	2	1
Mr. Aziz H. Parpia**	Independent Non-executive	9	No	3	1	1
Mr. Satish B. Raheja	Non-independent Non-executive	-	No	3	1	-
Mr. Akshay R. Raheja	Non-independent Non-executive	8	No	3	1	-
Mr. Ganesh Kaskar *** (Executive Director)	Non-independent Executive	1	NA	-	-	-
Mr. James Arthur Brooks#	Independent Non-Executive	-	NA	-	-	-
Ms. Ameeta A. Parpia##	Independent Non-executive	NA	NA	1	-	-

* Ceased as Alternate Director w.e.f. March 2, 2010 and Appointed as Additional Director and Managing Director w.e.f. March 3, 2010

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

*** Appointed as Additional Director and Executive Director w.e.f. March 3, 2010

Appointed as Additional Director w.e.f. March 3, 2010

Appointed as Additional 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, 2010, the Audit Committee comprised of three non-executive Directors, Mr. R. G. Kapadia, Chairman of the Committee, a practising Chartered Accountant, Mr. Aziz H. Parpia a practising Solicitor and Mr. A. R. Raheja who has the requisite accounting and financial management expertise. Two of the members are independent. Mr. Aziz H. Parpia resigned from the Committee on May 5, 2010. To increase the strength of the Committee to the minimum requirement under the Regulations, Ms. Ameeta A. Parpia was appointed a Member of the Committee on May 5, 2010.

The terms of reference of the Audit Committee are in conformity with the statutory guidelines, 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, 2010 on April 14, 2009, July 7, 2009, September 25, 2009, October 6, 2009 and January 5, 2010 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. Aziz H. Parpia *	5
Mr. Akshay R. Raheja	5
Ms. Ameeta A. Parpia**	N. A.

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

** Appointed as Member 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. A. H. Parpia and Mr. R. G. Kapadia. Mr. A. H. Parpia resigned from the Committee on May 5, 2010. To increase the strength of the Committee to the minimum requirement under the Regulations, Ms. Ameeta A. Parpia was appointed a Member of the Committee on May 5, 2010. The Committee decides on the Company's policy on the remuneration package for its Executive Directors.

Two meetings of the Remuneration Committee were held on October 6, 2009 and March 3, 2010, and the details of attendance by the Committee Members are as follows:

Name of Director	No. of Remuneration Committee Meetings attended
Mr. Rajan B. Raheja	1
Mr. Rajesh G. Kapadia	2
Mr. Aziz H. Parpia	2

A. Details of Remuneration paid to Directors for year ended March 31, 2010

a. Non-executive Directors

The non-executive Directors are only paid sitting fees for attending the Board and Audit Committee meetings. For the year March 31, 2010, the non-executive Directors were paid in aggregate, an amount of Rs. 9,20,000/- as sitting fees.

PRISM CEMENT LIMITED

b. Executive Directors

Name	Business relationship with the Company	Remuneration paid during the year (Rs. Crores)	Date of Appointment
Mr. Manoj Chhabra	Managing Director	2.23	August 25, 2008
Mr. Vijay Aggarwal	Managing Director	2.55	March 3, 2010
Mr. Ganesh Kaskar	Executive Director	1.22	March 3, 2010

- The appointment is on contractual basis for a period of three years and is subject to termination by six months' notice on either side.
- 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 are as under :

Name	No. of shares
Mr. Rajesh G. Kapadia	99
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 Eighteenth Annual General Meeting to be held on June 22, 2010 are furnished below :

Name of Director	Mr. Rajan B. Raheja	Mr. Satish B. Raheja	Mr. Vijay Aggarwal	Mr. Ganesh Kaskar	Mr. James Arthur Brooks	Ms. Ameeta A. Parpia
Date of Birth	17.6.1954	3.1.1964	8.7.1968	27.5.1959	10.6.1948	22.2.1965
Expertise in specific functional areas	Industrialist	Industrialist	Managing Director	Executive Director	General Management	Legal and company law matters
Qualification	B. Com	B. Sc. BM	B. Tech (IIT, Delhi), PGDM (IIM, Ahmedabad)	M. Tech (IIT)		B. A. LL.B Advocate & Solicitor
No. of Equity shares held	5,14,02,627	500	-	-	-	76,000
List of outside Company Directorships held	1. Exide Industries Limited 2. EIH Associated Hotels Limited 3. EIH Limited 4. Hathway Cable & Datacom Limited 5. ING Vysya Life Insurance Company Limited 6. Juhu Beach Resorts Limited 7. Supreme Petrochem Limited	1. Exide Industries Limited, 2. ING Vysya Life Insurance Company Limited 3. Supreme Petrochem Limited	1. Aptech Limited 2. Asianet Satellite Communications Limited 3. Exide Industries Limited 4. ING Vysya Life Insurance Company Limited	-	-	1. Raheja QBE General Insurance Company Limited

Chairman/ Member of the Committees of Directors of other Companies in which he is a Director:						
Audit Committee	1. EIH Associated Hotels Limited 2. EIH Limited 3. Juhu Beach Resorts Limited	-	1. Exide Industries Lim- ited - Member 2. Asianet Satellite Communications Limited - Chair- man 3. Aptech Limited - Mem- ber	-	-	-
Shareholders/ Investors' Grievance Committee	Supreme Petrochem Limited - Member	Supreme Petrochem Limited - Member	-	-	-	-

4. Shareholders/Investors Grievance Committee

The Committee comprises of Ms. Ameeta A. Parpia - Chairman, Mr. R. G. Kapadia, Mr. M. 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. Ameeta 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, 2010

Complaints :

Received from	Received and Cleared	Pending
Direct to the Company	772	Nil
Through SEBI	Nil	Nil
Through Stock Exchange (s)	Nil	Nil
Through Investors' Association(s)	Nil	Nil

Share Transfers :

No. of transfer deeds received	487
No. of shares received for transfer	81,904
No. of shares transferred	81,304
No. of shares pending due to objections (as on March 31, 2010)	600

6. Details of General Meetings and Resolutions passed

Annual General Meetings

The Annual General Meetings for the last three years were held on August 7, 2007, August 5, 2008 and May 12, 2009, respectively. All the three meetings were held at Taj Mahal Hotel, Abids Road, Hyderabad - 500 001. No special resolutions were passed at the Meetings. 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.

Court Convened Meeting

Date	Time	Venue	Resolutions passed
November 17, 2009	11.00 a.m.	Bhaskara Auditorium, B.M. Birla Museum, Adarsh Nagar, Hyderabad - 500 063.	Approving the Scheme of Amalgamation of H. & R. Johnson (India) Limited and RMC Readymix (India) Private Limited with Prism Cement Limited.

Details of Resolutions passed through postal ballot, the persons who conducted the postal ballot exercise and details of the voting pattern

Pursuant to Section 192(A)(2) of the Companies Act, 1956 read with the Companies (Passing of the Resolutions by Postal Ballot) Rules 2001, the following resolutions were passed through postal ballot :

Sr. No.	Details of Resolutions passed	% of Valid Votes in favour of the resolution	Name of Scrutiniser
1	Special Resolution for reduction of capital	99.98	Ms. Savita Jyoti, Practising Company Secretary
2	Ordinary Resolution for re-organisation of share capital	99.98	
3	Special Resolution for increase in the authorised share capital	99.98	
4	Special Resolution for alteration in the Main Object Clause	99.98	
5	Ordinary Resolution for increase in the limits u/s 293(1)(a)	99.07	
6	Ordinary Resolution for increase in the limits u/s 293(1)(d)	99.08	

7. Disclosures

- 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.
- 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.

3. (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

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

(iii) Non-mandatory Requirements

- a. The Company has set up a Remuneration Committee of the Board of Directors, details of which have been provided in Item 3.
- b. The statutory annual financial statements of the Company are unqualified.
4. 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.
5. 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 Executive 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, 2010.

9. Means of Communication

1. The Quarterly 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 India 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 : June 22, 2010 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, 2010	} - Within 45 days from the close of the quarter
September 30, 2010	
December 31, 2010	
March 31, 2011	- Before May 31, 2011
- Annual General Meeting for the year 2011	- Within six months of the close of the financial year

- C. **Book Closure :** Tuesday, June 15, 2010 to Tuesday, June 22, 2010 (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, 2010:

MONTH	BSE SENSEX		BSE PRICES		NSE PRICES	
	High	Low	High - Rs.	Low - Rs.	High - Rs.	Low - Rs.
Apr-2009	11492.10	9546.29	32.40	22.85	30.80	22.80
May-2009	14930.54	11621.30	38.65	24.40	38.60	24.30
June-2009	15600.30	14016.95	46.75	33.60	46.80	33.20
July-2009	15732.81	13219.99	47.85	31.45	47.90	35.05
Aug-2009	16002.46	14684.45	60.30	44.10	60.40	44.00
Sep-2009	17142.52	15356.72	60.25	52.20	60.30	52.50
Oct-2009	17493.17	15805.20	56.75	37.75	56.60	37.55
Nov-2009	17290.48	15330.56	44.80	36.50	44.85	36.25

PRISM CEMENT LIMITED

MONTH	BSE SENSEX		BSE PRICES		NSE PRICES	
	High	Low	High - Rs.	Low - Rs.	High - Rs.	Low - Rs.
Dec-2009	17530.94	16577.78	48.40	41.80	48.40	41.90
Jan-2010	17790.33	15982.08	53.40	43.25	53.80	43.35
Feb-2010	16669.25	15651.99	53.90	44.90	53.10	43.90
Mar-2010	17793.01	16438.45	57.80	45.80	57.40	50.55

F. Registrar and Transfer Agents

Karvy Computershare Private Limited,
Unit : Prism Cement Limited,
Plot No. 17-24, Vittalrao Nagar,
Near Image Hospital,
Madhapur,
Hyderabad - 500 081.
e-mail : mailmanager@karvy.com
website : www.karvycomputershare.com
Tel. No. : 040-23420818 / 828
Fax No. : 040-23420814 / 857

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, 2010 :

Distribution of Shareholding

No. of shares held	No. of shareholders
1 - 100	62,413
101 - 200	25,828
201 - 300	9,530
301 - 400	4,085
401 - 500	9,659
501 - 1000	9,297
1001 - 5000	6,564
5001 - 10000	780
10001 - 50000	530
50001 and above	167
Total	1,28,853

Shareholding Pattern

Category	No. of Shares	% Shareholding
Promoters	37,68,81,169	74.87
Indian Public *	7,73,53,327	15.37
FIIIs / NRIs / OCBs	2,55,04,173	5.07
Bodies Corporate	1,96,40,598	3.90
Financial Institutions/Banks/Mutual Funds	39,77,313	0.79
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, 2010, equity shares representing 94% have been dematerialised with the following depositories :

Description	ISIN	Depositories
Equity shares	INE010A01011	NSDL & CDSL

J. Plant Locations

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 59 readymixed concrete plants in 27 cities/towns across the Country.

K. Address for correspondence

Shareholders correspondence should be addressed to the Registrar & 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, 2010.

For Prism Cement Limited

Manoj Chhabra
Managing Director

Place : Mumbai
Date : May 5, 2010

For Prism Cement Limited

Vijay Aggarwal
Managing Director

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 on March 31, 2010, 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 : May 5, 2010

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, 2010, 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 have been audited separately by Branch Auditors appointed by the Company and their reports have been considered for overall reporting by us 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, 2010, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2010 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, 2010;
 - (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 : May 5, 2010

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, 2010)

- (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) According to the information and explanations given to us, during the year there are no contracts or arrangements that need to be entered in the register maintained under section 301 of the Companies Act, 1956.
- (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 there under 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 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 with the appropriate authorities. No undisputed statutory dues payable were in arrears as at March 31, 2010, 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:

PRISM CEMENT LIMITED

(Rs. Crores)

Particulars	Financial years to which the matter pertains	Forum where dispute is pending	Amount
Excise Duty	1997-1998	Commissioner of Appeal	0.08
	1997-2002	Custom Excise & Service Tax Appellate Tribunal	0.35
	2006-2010	Commissioner of Appeal	0.02
Sales Tax (Central and State)	2000-2006	High Court of Chattisgarh	7.56
	2005-2006	Deputy Commissioner of Appeal	0.05
	2002-2005	Commissioner of Appeal	0.07
	2002-2004	Deputy Commissioner	0.02
	2005-2006	Deputy Commissioner	1.14
	1999-2002	Sales Tax Appellate Tribunal	0.21
	2004-2005	Sales Tax Appellate Tribunal	0.18
	1999-2002	Appellate Asst. Commissioner of Commercial Tax	0.29
	2005-2006	Appellate Deputy Commissioner of Commercial Tax	0.03
Local Body Tax	1996-1997	High Court of Madhya Pradesh	0.02
MP Entry Tax	2006-2007	The Supreme Court	0.17
	2001-2002	High Court of Madhya Pradesh	0.14
Cess on Land	1990-91 to 2003-04	Tehsildar Court	0.37
Energy Development Cess	2000-2006	The Supreme Court	9.44
Royalty on Limestone mining	1996-2009	The Supreme Court	33.84
Tax on Road Development	2008-2010	Mining Collector	3.00
Income Tax	2003-2004	Commissioner of Appeal	2.66
	2005-2006	Appellate Tribunal	0.09
	2006-2007	Commissioner of Appeal	0.08
Service Tax	2005-2007	Service Tax Appellate Tribunal	0.23
	2007-2008	Commissioner of Central Excise (Appeals)	0.22
Madhya Pradesh Commercial Tax	2005-2006	Commissioner of Appeal	0.03
	2004-2005	Appellate Tribunal	0.08

- (x) The Company does not have accumulated losses as at March 31, 2010 and has not incurred any cash losses during the current financial year or in the immediately preceding period.

- (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.
- (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, the Company has not issued any debentures which were outstanding during the period covered by our report.
- (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 material 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 : May 5, 2010

PRISM CEMENT LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedules	As at 31-03-2010		As at 31-03-2009	
		Rs. Crores	Rs. Crores	Rs. Crores	Rs. Crores
<u>SOURCES OF FUNDS</u>					
SHAREHOLDERS' FUNDS :					
Share Capital	A		503.36		298.25
Reserves and Surplus	B		666.14		363.40
LOAN FUNDS :					
Secured Loans	C		743.20		—
Unsecured Loans	D		58.37		—
DEFERRED TAX LIABILITY (NET)			97.59		52.77
TOTAL			<u>2,068.66</u>		<u>714.42</u>
<u>APPLICATION OF FUNDS</u>					
FIXED ASSETS :					
Gross Block	E	1,783.13		733.39	
Less: Depreciation		<u>792.00</u>		<u>340.69</u>	
Net Block		991.13		392.70	
Capital Work-in-progress		<u>621.23</u>	1,612.36	<u>109.16</u>	501.86
INVESTMENTS		F	326.67		203.81
CURRENT ASSETS, LOANS & ADVANCES :		G			
Inventories		274.24		76.90	
Sundry Debtors		211.08		—	
Cash & Bank Balances		52.50		25.87	
Loans & Advances		<u>145.71</u>		<u>65.89</u>	
		<u>683.53</u>		<u>168.66</u>	
Less : CURRENT LIABILITIES & PROVISIONS :		H			
Current Liabilities		505.24		109.82	
Provisions		48.66		50.09	
		<u>553.90</u>		<u>159.91</u>	
Net Current Assets			129.63		8.75
TOTAL			<u>2,068.66</u>		<u>714.42</u>
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, May 5, 2010

Aneeta S. Kulkarni
Company Secretary

Rajesh G. Kapadia	Chairman
Rajan B. Raheja	Director
Manoj Chhabra	Managing Directors
Vijay Aggarwal	
Ganesh Kaskar	Executive Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedules	2009-2010 (12 months)		2008-2009 (9 months)	
		Rs. Crores	Rs. Crores	Rs. Crores	Rs. Crores
INCOME :					
Sales			2,988.87		741.52
Less : Excise duty			150.89		94.17
Net Sales			2,837.98		647.35
Income from Joint Ventures - Dividend			8.60		—
Other Income	I		13.45		9.69
			2,860.03		657.04
EXPENDITURE :					
Material cost and manufacturing overheads	J	1,686.99		327.57	
Staff cost	K	134.88		26.04	
Sales, administration and other expenses	L	518.67		123.60	
			2,340.54		477.21
Profit before finance charges, depreciation, exceptional items and tax			519.49		179.83
Finance and other charges	M	52.52		3.54	
Depreciation		89.85		24.31	
			142.37		27.85
Profit before tax and exceptional items			377.12		151.98
Exceptional items (Refer note no.3)			18.87		—
Profit before tax			358.25		151.98
Provision for current tax			(125.63)		(61.24)
Provision for tax - earlier years					
Minimum Alternate Tax (MAT)		(0.66)		—	
MAT credit entitlement		1.26	0.60	—	
Deferred tax			17.83		6.00
Provision for fringe benefit tax			—		(0.51)
Profit after tax			251.05		96.23
Add : Dividend on own shares held through trust			1.85		—
Add : Surplus brought forward			358.40		319.52
Add : Surplus on Amalgamation			48.49		—
Profit available for Appropriation			659.79		415.75
Appropriation :					
Transfer to General Reserve			(26.00)		(5.00)
Transfer to Capital Redemption Reserve			(10.75)		—
Preference dividend			(0.08)		—
Interim dividend			(105.33)		(29.83)
Proposed dividend			—		(14.92)
Tax on dividend			(17.91)		(7.60)
Surplus carried to Balance Sheet			499.72		358.40
Weighted average number of equity shares outstanding (Face Value Rs. 10/- per share) (Net of own shares held through Trust)			491004980		298250000
Earning per Share - Basic and Diluted (Rs.) (Face Value Rs. 10/- per share)			5.11		3.23*
SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS	N				*(Not Annualised)

As per our report of even date attached

For N. M. RAIJI & CO.
Chartered AccountantsJ. M. Gandhi
Partner

Mumbai, May 5, 2010

Aneeta S. Kulkarni
Company Secretary

Rajesh G. Kapadia

Rajan B. Raheja

Manoj Chhabra

Vijay Aggarwal

Ganesh Kaskar

Chairman

Director

Managing Directors

Executive Director

SCHEDULES FORMING PART OF ACCOUNTS

	<u>As at 31-03-2010</u>		<u>As at 31-03-2009</u>	
	<u>Rs. Crores</u>	<u>Rs. Crores</u>	<u>Rs. Crores</u>	<u>Rs. Crores</u>
SCHEDULE - A				
SHARE CAPITAL				
Authorised :				
50,50,00,000 equity shares of Rs. 10/- each		505.00		325.00
(Previous period : 32,50,00,000 equity shares of Rs. 10/- each)				
2,00,00,000 preference shares of Rs. 10/- each		20.00		—
(Previous period : NIL)				
		<u>525.00</u>		<u>325.00</u>
Issued, Subscribed and Paid up :				
Equity Shares :				
50,33,56,580 equity shares of Rs. 10/- each		503.36		298.25
(Previous period : 29,82,50,000 equity shares of Rs. 10/- each)				
- Out of the above equity shares, 20,51,06,580 shares were issued pursuant to a Scheme of Amalgamation of erstwhile H. & R. Johnson (India) Limited and RMC Readymix (India) Private Limited with the Company without payments being received in cash.				
- 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.				
Preference Shares :				
10,75,000 6.5% redeemable preference shares of Rs. 100/- each (transferred on amalgamation)	10.75		—	
Less : Redeemed during the year	<u>10.75</u>		<u>—</u>	
		—		—
SCHEDULE - B				
RESERVES AND SURPLUS				
Capital Reserve				
Opening Balance	—		—	
Add : Addition on amalgamation	0.17		—	
Less : Transfer from Amalgamation Reserve	<u>0.17</u>		<u>—</u>	
Closing Balance		—		—

SCHEDULE - B (Contd.)

RESERVES AND SURPLUS

Capital Redemption Reserve

Opening Balance	—	
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

Securities Premium

Opening Balance	-	
Add : Addition on amalgamation	116.13	
Less : Transfer from Amalgamation Reserve	116.13	
Closing Balance		—

Amalgamation Reserve

Arising on amalgamation [refer note no. 1(d)]	(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	—

General Reserve

Opening Balance	5.00	
Add : Transferred from Profit and Loss Account	26.00	5.00
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

Balance in Profit and Loss Account

499.72	358.40
666.14	363.40

SCHEDULE - C

SECURED LOANS

Term Loans from:

Banks	559.85	—	
Foreign banks	90.82	—	
Financial institutions	5.20	655.87	—
Buyer's credit from banks in foreign currency		14.72	—
Working Capital from banks		68.07	—
Sales tax deferment loans from State Government (interest free)		4.54	—
		743.20	—

PRISM CEMENT LIMITED

SCHEDULE - D UNSECURED LOANS

Fixed deposits
Sales tax deferment loans from State Government (interest free)
Term loans from banks
Inter Corporate loan

As at 31-03-2010
Rs. Crores

32.45

0.13
25.00
0.79
58.37

As at 31-03-2009
Rs. Crores

—
—
—
—
—

SCHEDULE - E FIXED ASSETS

(Rs. Crores)

	GROSS BLOCK					DEPRECIATION						NET BLOCK	
Description	Cost as at 01.04.2009	Additions on Amalgamation	Additions	Deductions	Cost as at 31.03.2010	Upto 31.03.2009	Additions on Amalgamation	For the year	Amalgamation Adjustment	Deductions	Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
<u>Tangible Assets :</u>													
Land - Freehold	118.69	27.73	19.76	—	166.18	—	—	—	—	—	—	166.18	118.69
- Leasehold	2.09	6.34	—	—	8.43	1.58	1.56	0.14	0.32	—	3.60	4.83	0.51
Buildings	44.80	155.16	22.72	1.84	220.84	10.15	62.41	9.22	(23.60)	0.69	57.49	163.35	34.65
Raliway siding	13.30	—	—	—	13.30	8.14	—	0.70	—	—	8.84	4.46	5.16
Plant and machinery	524.26	663.79	27.08	3.85	1,211.28	307.08	264.94	66.36	(0.58)	3.01	634.79	576.49	217.18
Mines Development	7.27	—	—	—	7.27	3.68	—	1.45	—	—	5.13	2.14	3.59
Furniture, fixtures and office equipments	12.69	47.23	9.30	0.79	68.43	6.65	28.81	4.51	(4.06)	0.53	35.38	33.05	6.04
Truck Mixers, Loaders and Truck Dumpers	—	54.83	—	1.00	53.83	—	27.84	4.71	—	0.85	31.70	22.13	—
Vehicles	4.84	6.22	2.71	1.39	12.38	1.33	4.28	1.20	(0.64)	0.94	5.23	7.15	3.51
<u>Intangible Assets :</u>													
Software	2.59	6.15	0.85	—	9.59	0.60	4.94	0.74	(0.27)	—	6.01	3.58	1.99
Goodwill	—	1.03	—	—	1.03	—	0.79	0.24	—	—	1.03	—	—
Intellectual property rights	—	5.87	—	—	5.87	—	0.59	0.59	—	—	1.18	4.69	—
Mining Lease - surface rights	2.86	—	1.84	—	4.70	1.48	—	0.14	—	—	1.62	3.08	1.38
Total	733.39	974.35	84.26	8.87	1,783.13	340.69	396.16	90.00	(28.83)	6.02	792.00	991.13	392.70
Previous period	702.95	—	31.92	1.48	733.39	317.43	—	24.34	—	1.08	340.69	392.70	

Notes :

- Depreciation for the year includes Rs. 0.15 crores (Previous period Rs. 0.03 crores) considered for capitalisation.
- Fixed assets includes dedicated electricity lines costing Rs. 7.01 crores (Previous period Rs. Nil) the ownership of which is with Madhya Pradesh Poorv Kshetra Vidut Vitaran Company Limited (MPPKVVCL).
- Amalgamation adjustment is in respect of alignment of accounting policies of depreciation followed by transferor companies prior to amalgamation.

SCHEDULE - F INVESTMENTS

(a) Long Term Investments :

All unquoted unless otherwise specified:

	<u>As at 31-03-2010</u>		<u>As at 31-03-2009</u>	
	<u>Rs. Crores</u>	<u>Rs. Crores</u>	<u>Rs. Crores</u>	<u>Rs. Crores</u>
Investment in own shares through Prism Trust 1,23,51,600 fully paid equity shares of Rs. 10/- each (Quoted) @	24.05		—	
100 fully paid equity shares of Rs. 10/- each of Bell Ceramics Ltd. (Quoted) @	#		—	
500 fully paid equity shares of Rs. 2/- each of Kajaria Ceramics Ltd. (Quoted) @	#		—	
100 fully paid equity shares of Rs. 10/- each of Regency Ceramics Ltd. (Quoted) @	#		—	
100 fully paid equity shares of Rs. 10/- each of Somany Ceramics Ltd. (Quoted) @	#		—	
100 fully paid equity shares of Rs. 10/- each of Spartek Ceramics Ltd. @	#		—	
200 fully paid equity shares of Rs. 10/- each of Sun Earth Ceramics Ltd. @	#		—	
2,500 fully paid equity shares of Rs. 10/- each of New India Co-op Bank Ltd. @	#		—	
1,000 fully paid equity shares of Rs. 10/- each of North Kanara GSB Co-op Bank Ltd. @	#		—	
Investment in Subsidiary Company - Trade:				
15,31,80,000 fully paid equity shares of Rs. 10/- each of Raheja QBE General Insurance Co. Ltd. (Previous period 14,80,00,000 shares of Rs. 10/-each)	153.18		148.00	
50,000 fully paid equity shares of Rs. 10/- each of Porselano Tiles Ltd. @	0.05		—	
79,84,116 fully paid 0.01% preference shares of GBP 1/- each of Lifestyle Investments Pvt. Ltd. @	62.99		—	
10,000 fully paid equity shares of GBP 1/- each of Lifestyle Investments Pvt. Ltd. @	0.09		—	
1,61,020 fully paid equity shares of Rs. 100/- each of H. & R. Johnson (India) TBK Ltd. @	1.62		—	
6,40,000 fully paid equity shares of Rs. 10/- each of Silica Ceramica Pvt. Ltd. @	17.36		—	
5,00,000 equity share of Rs. 10/- each (partly paid Re.1/- each) of Silica Ceramica Pvt. Ltd. @	1.25	260.59	—	148.00
Investment in Joint Ventures - Trade (unquoted) :				
65,00,000 fully paid equity shares of Rs. 10/- each of Ardex Endura (India) Pvt. Ltd. @	6.50		—	
26,00,000 fully paid equity shares of Rs. 10/- each of Sentini Cermica Pvt. Ltd. @	13.00		—	

PRISM CEMENT LIMITED

SCHEDULE - F (Contd.)

INVESTMENTS

	<u>As at 31-03-2010</u>		<u>As at 31-03-2009</u>	
	<u>Rs. Crores</u>	<u>Rs. Crores</u>	<u>Rs. Crores</u>	<u>Rs. Crores</u>
40,00,000 fully paid equity shares of Rs. 10/- each of Antique Granito Pvt. Ltd. @	20.03			
31,233 fully paid equity shares of Rs. 100/- each of Milano Bathroom Fittings Pvt. Ltd. @	2.50		—	
37,500 fully paid 1% preference shares of Rs. 100/- each of Milano Bathroom Fittings Pvt. Ltd. @	0.38		—	
21,65,388 fully paid equity shares of Rs. 10/- each of Spectrum Tiles Pvt. Ltd. @	8.03	50.44	—	—
Investment in Associate Company (unquoted) :				
4,900 fully paid equity shares of Rs. 10/- each of Prism Power and Infrastructure Pvt. Ltd.	0.01		0.01	
Investment in Mutual Funds (unquoted) :				
ING Global Real Estate Fund - Dividend	15.00	15.01	15.00	15.01
(b) Current Investments :				
Investment in Mutual Funds (unquoted) :				
ING Mutual Fund (Treasury Advantage Fund) - Daily Dividend		0.63		40.80
		<u>326.67</u>		<u>203.81</u>

denotes amounts less than Rs. 50,000/-

@ denotes investments transferred pursuant to Scheme of Amalgamation

<u>Particulars</u>	<u>As at</u>	<u>As at</u>
	<u>31-03-2010</u>	<u>31-03-2009</u>
	<u>(Rs. Crores)</u>	<u>(Rs. Crores)</u>
Quoted Investments		
Book Value	24.05	-
Market Value	69.54	-
Unquoted Investments		
Book Value	302.62	203.81

SCHEDULE - G

CURRENT ASSETS, LOANS & ADVANCES

Inventories :

Stores & spares	72.17	49.40
Raw materials	85.83	19.78
Work-in-progress	20.35	5.80
Traded goods	19.05	—
Finished goods	76.84	1.92
	<u>274.24</u>	<u>76.90</u>

SCHEDULE - G (Contd.)

CURRENT ASSETS, LOANS & ADVANCES

Sundry Debtors (Unsecured) :

Over six months :

Considered good

Considered doubtful

Others :

Considered good

Considered doubtful

Less : Provision for doubtful debts

Cash & Bank Balances :

Cash on hand

Remittances in transit

Balances with scheduled banks

On Current accounts

On Term Deposits

Loans & Advances (Unsecured, considered good) :

Share Application Money to Raheja QBE General Insurance Co. Ltd.

Deposits

Advances recoverable in cash or in kind

Taxation (net of provisions)

Loan to subsidiary companies

Balances with Excise, Customs, etc.

SCHEDULE - H

CURRENT LIABILITIES & PROVISIONS

Current Liabilities :

Sundry creditors : - Dues to Micro, Small and Medium enterprises

- Dues to Others

Advance from customers

Deposits from customers / suppliers

Interest accrued but not due

Other liabilities

Provisions for :

Leave encashment and Gratuity

Proposed dividend

Tax on dividend

Others

PRISM CEMENT LIMITED

SCHEDULE - I

OTHER INCOME

Interest income on fixed deposits with banks (TDS - C.Y. Rs. 0.02 crores, Previous period Rs. 0.07 crores)	0.14	0.30
Other interest income (TDS - C.Y. Rs. 0.07 crores, Previous period Rs. Nil)	2.86	0.11
Dividend income on mutual fund units	2.85	7.31
Insurance claims recovery	0.95	0.54
Sale of scrap	4.02	1.24
Profit/(loss) on sale/discard of assets (net)	0.78	(0.24)
Others	1.85	0.43
	13.45	9.69

SCHEDULE - J

MATERIAL COST AND MANUFACTURING OVERHEADS

Raw materials consumed	608.58	53.74
Cost of traded goods	556.60	—
Stores and spares consumed	87.47	48.62
(Increase) / Decrease in stock :		
Closing stock:		
Finished goods	76.84	1.92
Work-in-progress	20.35	5.80
	97.19	7.72
Less : Opening stock:		
Finished goods	1.92	4.00
Work-in-progress	5.80	7.45
	7.72	11.45
Less : Taken over on amalgamation		
Finished goods	57.99	—
Work-in-progress	3.56	—
	61.55	—
	(27.92)	3.73
Adjustment of excise duty on stocks	6.62	(0.72)
Power and fuel	308.54	174.58
Other manufacturing cost	24.43	—
Royalty	40.30	11.34
Packing and forwarding	40.96	22.26
Sub-contract charges	11.17	6.29
Repairs to :		
Plant and machinery	28.65	6.82
Buildings	1.80	0.26
Others	7.24	0.66
	37.69	7.74
	1,694.44	327.58
Less : Captive consumption of cement	7.45	0.01
	1,686.99	327.57

SCHEDULE - K

STAFF COST

	<u>2009-2010 (12 months)</u>	<u>2008-2009 (9 months)</u>
	<u>Rs. Crores</u>	<u>Rs. Crores</u>
Salaries, wages and bonus	116.15	22.03
Contribution to Provident and other funds	9.72	3.20
Welfare and other expenses	9.01	0.81
	<u>134.88</u>	<u>26.04</u>

SCHEDULE - L

SALES, ADMINISTRATION AND OTHER EXPENSES

Rent	15.35	1.03
Rates and taxes	24.68	10.23
Travelling and communication	26.06	4.67
Discounts, incentives and commission on sales	108.71	23.60
Advertisement, sales promotion and other marketing expenses	33.15	3.14
Insurance	2.73	1.14
Research and development expenses	0.80	—
Freight outward	247.67	67.59
Loss on exchange fluctuation	2.89	—
Provision for doubtful debts	4.54	—
Bad debts written off	2.21	2.56
Less: Provision for doubtful debts written back	<u>2.21</u>	<u>2.56</u>
Miscellaneous expenses	52.09	12.20
	<u>518.67</u>	<u>123.60</u>

SCHEDULE - M

FINANCE AND OTHER CHARGES

Interest on fixed loans	33.93	—
Other interest	14.38	1.51
Lease rentals	—	0.29
Bank charges	4.21	1.74
	<u>52.52</u>	<u>3.54</u>

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 period 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.

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.

RMC Division [RMC Readymix(India)]:

Assets	Rate of Depreciation
Plant & Machinery	
➤ Concrete Pumps	16.67%
➤ Lab Equipments	10.00%
➤ Electrical Installations	10.00%
➤ Radio Sets	20.00%
➤ Others	7.50%
Vehicle used by employees	15.25%
Truck Mixers, Loaders, Excavators and Truck Dumpers	12.50%

- Cost of acquisition of leasehold land is amortised over the remaining lease period.
- The civil and other costs attributable to the plants set up on leased lands are capitalised to Buildings 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
Goodwill	10 years

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

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.

PRISM CEMENT LIMITED

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 & Loss Account. Incremental liability for leave encashment and gratuity is also charged to the Profit & 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. **Scheme of Amalgamation of H. & R. Johnson (India) Limited and RMC Readymix (India) Private Limited with the Company**
 - a. Pursuant to the Scheme of Amalgamation ["the Scheme"] under Section 391/394 of the Companies Act, 1956, sanctioned by the Hon'ble High Court of Judicature at Bombay and Andhra Pradesh vide their orders dated January 22, 2010 and February 4, 2010, respectively, H. & R. Johnson (India) Limited (HRJ) and RMC Readymix (India) Private Limited (RMC), were merged with the Company. Accordingly, all assets and properties, both movable and immovable, industrial and other licenses, all rights and obligations, trademarks, all other interests, rights and power of every kind, etc., and all debts, liabilities including contingent liabilities, duties and obligations, of HRJ and RMC have been transferred to and vested in the Company with effect from April 1, 2009 (the appointed date). The Scheme has accordingly been given effect to in the accounts.
 - b. The operations of HRJ comprises of manufacturing and trading of tile, bath and kitchen (TBK) and the operations of RMC comprises of manufacturing and trading of readymixed concrete (RMC).
 - c. The amalgamation has been accounted for under the "Pooling of Interest" method as prescribed in Accounting Standard (AS-14) as notified under the Companies (Accounting Standards) Rules, 2006. Accordingly, the

assets, liabilities and reserves of HRJ and RMC as at April 1, 2009 have been taken over at their book value. The details of the same are given below:

<u>Particulars</u>	<u>Rs. Crores</u>	<u>Rs. Crores</u>
Gross Assets		850.93
Less : Loans and other Liabilities	490.75	
Preference Share Capital	10.75	
Reserves and Surplus	266.55	768.05
Net Amount (A)		82.88
Shares issued on amalgamation		
a. in the ratio of 124 equity shares of Rs. 10/- each of Prism Cement Limited for 1 equity share of Rs. 100/- each of HRJ		153.64
b. in the ratio of 73 equity shares of Rs. 10/- each of Prism Cement Limited for 100 equity shares of Rs. 10/- each of RMC		51.46
Face Value of Shares issued (B)		205.10
Net Deficit (C=A-B)		(122.22)

- d. As per the terms of the approved Scheme, the assets, liabilities and the balances in the reserves of the transferor companies are recorded in the same form in which they appeared in the respective financial statements at their respective book value and the excess of amount recorded as share capital over the net book value of such assets, liabilities and reserves vested in the Company aggregating to Rs. 122.22 crores is treated as Amalgamation Reserve. Further, the Amalgamation Reserve is adjusted against Capital Reserve (Rs. 0.17 crores), Capital Redemption Reserve (Rs. 0.50 crores), Securities Premium (Rs. 116.13 crores) as approved by the High Court order dated February 4, 2010 under Section 100 of the Companies Act, 1956. The remaining balance is the Amalgamation Reserve of Rs. 5.42 crores is adjusted against General Reserve, as per the approved Scheme.
 - e. In terms of the Scheme, the equity shares issued and allotted by the Company shall rank for dividend, voting rights and in all respects pari-passu with the existing equity shares of the Company.
 - f. As per the Scheme of Amalgamation, against shares of RMC held by HRJ, 1,23,51,600 equity shares of the Company have been issued to the Prism Trust, which is held for the benefit of the Company. The dividend received on such shares has been disclosed below "Profit after tax".
 - g. Certain depreciation policy earlier followed by transferor companies has been realigned to be in line with the policy followed by the Company. The impact of the same on the accumulated depreciation upto the date of amalgamation has been adjusted in the General Reserve of the Company, as per the provisions of the Scheme. Accordingly an amount of Rs. 28.83 crores has been added to the General Reserve.
2. Previous period figures are for nine months, while the current year (12 months) figures include operations of HRJ and RMC Divisions consequent to amalgamation. The current year figures are, therefore, not comparable with previous period.
 3. Exceptional items shown in the Profit and Loss Account comprises of amalgamation expenses of Rs. 10.25 crores and exchange loss of Rs. 8.62 crores on redemption of investments in preference shares.
 4. Segment information has been presented in the Consolidated Financial Statements as permitted by AS - 17 on Segment Reporting as notified under the Companies (Accounting Standards) Rules, 2006.

PRISM CEMENT LIMITED

5. (a) Term loans and working capital facilities are secured as follows:

Particulars	Rs. Crores
Financial Institutions :	
By a first charge on immovable properties located at Mahape, Taloja, Ambernath & Santacruz (East), Mumbai, of the RMC Division	5.20
Banks	
By pari-passu first charge on entire movable fixed assets excluding assets charged exclusively to other lenders and further, secured by a First exclusive charge on land and building at Whitefield, Bangalore; Poonamalee, Chennai and land at Hadapsar, Pune of RMC Division	19.22
By pari-passu first charge on entire movable fixed assets excluding assets charged exclusively to other lenders, first exclusive charge on land and building at Nacharam, Hyderabad; land, buildings and plant and machinery at Goa and Ahmedabad, Second charge on the current assets for RMC Division	14.38
By hypothecation on equipments financed to RMC Division	11.95
By a first charge on the entire movable fixed assets, other than equipments financed by other lenders of RMC Division	10.62
By an exclusive charge on specific movable fixed assets of RMC Division.	2.63
By first pari-passu charge on immovable properties situated at Kunigal and Pen, both present & future, and first pari-passu charge by way of hypothecation of all the movable fixed assets located at Pen, Dewas & Kunigal, both present & future of HRJ Division	52.38
By first charge on vehicles together with all accessories & addition to or in the vehicles, whether present or future of HRJ Division	2.28
By first pari-passu charge on all present & future movable and Immovable fixed assets situated at Karaikal of HRJ Division	20.00
By first & exclusive charge on all present & future movable and Immovable fixed assets situated at Kalina office of the Company of HRJ Division	50.00
By Second pari-passu charge on immovable properties of situated at Kunigal and Pen, both present & future, and Second pari-passu charge by way of hypothecation of all the movables fixed assets located at Pen, Dewas & Kunigal, both present & future and the loan availed under Structured Mezzanine Credit Facility (SMCF) and security created in favour of IL&FS Trust Company Limited who is appointed as security trustee by SMCF term loan lenders of HRJ Division	46.39
By charge on movable and immovable properties, both present and future, subject to prior charges on specific assets in favour of Cement Division's bankers towards Working Capital facilities of the Cement Division for term loans facility	420.82
Working Capital Demand Loans / Cash Credits :	
By First charge on the entire current assets (both present & future), Second charge on the fixed assets, except land and building of the RMC Division	3.01
By first pari-passu charge by way of hypothecation of stocks and book debts & 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	79.78
By hypothecation of stocks, stores and book debts for Cement Division for Working Capital facility from banks	Nil
Sales Tax Deferment	
By a second charge on the fixed assets of the concrete plant at Thirumudivakkam, Chennai of RMC Division	4.54

Out of the above term loans, Rs. 202.55 crores is repayable within one year.

- (b) In case of unsecured loans, Rs. 36.13 crores is repayable within one year.

6. (a) Contingent liabilities:

- (i) Guarantees given by the Company's bankers and counter guaranteed by the Company - Rs. 61.28 crores (Previous period: Rs. 32.02 crores).
- (ii) Claims against the Company not acknowledged as debts :
 - (a) Dispute in respect of exemption of Central Sales Tax on coal purchases – Rs. 7.56 crores (Previous period: Rs. 7.56 crores). Against this matter, bank guarantee of Rs. 7.70 crores (Previous period: Rs. 7.70 crores) has been provided by the Company.
 - (b) Energy Development Cess disputed Rs. 7.44 crores (Previous period : Rs. 9.89 crores)
 - (c) Royalty on limestone disputed Rs. 33.84 crores (Previous period : Rs. 31.91 crores)
 - (d) Tax on Rural and Road Development disputed Rs. 3.00 crores (Previous period : Rs. Nil)
 - (e) Other Claims in respect to Income Tax, Sales Tax, Entry Tax, Excise Duty and other claims Rs. 11.11 crores. (Previous period: Rs. 2.37 crores)
- (iii) Corporate guarantees issued to the bankers of the wholly owned subsidiary company – Rs. 61.22 crores (Previous period: Rs. Nil)

6. (b) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) - Rs. 354.88 crores (Previous period: Rs. 474.24 crores).

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

(Rs. Crores)

Particulars	As at 01.04.2009	Provisions made during the year	Amounts utilised or reversed during the year	As at 31.03.2010
MPEB Cess on Generation of Electricity	8.90	Nil	Nil	8.90
MP Entry Tax	2.74	5.63	Nil	8.37
UP Entry Tax	14.93	7.62	Nil	22.55

The above provision has been netted off against the payment made there against, in the Balance Sheet. 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 Rs. 39.82 crores.

7. Capital work-in-progress includes capital advances of Rs. 284.29 crores (Previous period Rs. 57.37 crores) and pre-operative expenses of Rs. 36.48 crores (Previous period Rs. 10.22 crores), the details of which are as under:

Particulars	2009-2010 (12 months) Rs. Crores	2008-2009 (9 months) Rs. Crores
Salary, wages and bonus	5.26	2.00
Contribution to Provident and other funds	0.28	0.19
Rent, rates and taxes	0.14	0.35
Fees and bank charges	21.17	0.90
Depreciation	0.14	0.03
Gain on foreign exchange fluctuations on Project loans	(6.68)	—
Miscellaneous expenses	5.95	3.12
	<u>26.26</u>	<u>6.59</u>
Add: Expenditure up to previous period	10.22	3.63
	<u>36.48</u>	<u>10.22</u>

PRISM CEMENT LIMITED

8. Term Deposits with scheduled banks include deposits of Rs. 0.22 crores (Previous period: Rs. 5.01 crores) on which the bank has lien for guarantee given by them.

9. Employee Defined Benefits:

(a) Defined contribution plans:

The Company has recognised an expense of Rs. 7.85 crores (Previous period Rs. 3.04 crores) towards defined contribution plans, in respect of Provident Fund, Superannuation Fund, Employees State Insurance, Labour Welfare Fund and Medical Premium.

(b) Defined benefit plans:

The actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out at March 31, 2010. 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 on March 31, 2010 for the Defined Benefits Plan:

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

(Rs. Crores)

Particulars	2009-2010 (12 months)		2008-2009 (9 months)	
	Leave Encashment	Gratuity	Leave Encashment	Gratuity
A. Changes in the defined benefit obligation:				
Liability at the beginning of the year (April 1, 2009)	4.73	5.75	4.44	5.00
Add : Opening liabilities on amalgamation	3.73	4.20	Nil	Nil
Current service cost	1.18	1.84	0.62	0.41
Interest cost	0.63	0.77	0.26	0.29
Actuarial (gain) / loss on obligation	2.34	0.87	(0.31)	0.31
Benefits paid	(1.49)	(0.78)	(0.28)	(0.26)
Liability at the end of the year (March 31, 2010) (A)	11.12	12.65	4.73	5.75
B. Changes in the fair value of plan assets:				
Fair value of plan assets at the beginning of the year (April 1, 2009)	N.A.	3.83	N.A.	3.84
Add : Opening assets on amalgamation	N.A.	2.42	N.A.	Nil
Expected return on plan assets	N.A.	0.67	N.A.	0.23
Employer's contributions	1.49	3.26	0.28	—
Actuarial gain / (loss) on plan assets	N.A.	1.00	N.A.	0.02
Benefits paid	(1.49)	(0.78)	(0.28)	(0.26)
Fair value of plan assets at the end of the year (March 31, 2010) (B)	N.A.	10.40	N.A.	3.83
C. Balance Liability (A - B)	11.12	2.25	4.73	1.92

(ii) Actual Return on Plan Assets :

(Rs. Crores)

Particulars	2009-2010 (12 months)		2008-2009 (9 months)	
	Leave Encashment	Gratuity	Leave Encashment	Gratuity
Expected Return on Plan Assets	N.A.	0.67	N.A.	0.23
Actuarial gain/(loss) on Plan Assets	N.A.	1.00	N.A.	0.02
Actual Return on Plan Assets	N.A.	1.67	N.A.	0.25

(iii) Expenses recognised in Profit and Loss Account for the year ended March 31, 2010 :

(Rs. Crores)

Particulars	2009-2010 (12 months)		2008-2009 (9 months)	
	Leave Encashment	Gratuity	Leave Encashment	Gratuity
Current service cost	1.18	1.84	0.62	0.41
Interest cost	0.63	0.77	0.26	0.29
Expected return on plan assets	N.A.	(0.67)	N.A.	(0.23)
Actuarial (Gain) / Loss	2.34	(0.12)	(0.31)	0.29
Expense recognised in P&L Account	4.15	1.82	0.57	0.76

(iv) Categories of plan assets are not available as the fund is independently managed by the insurance companies.

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

(i) Discount rate – 8.00% (Previous period – 7.96%)

(ii) Expected rate of return on plan assets – 8% (Previous period – 8%)

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

10. During the year the Company has acquired and redeemed the following investments:

Particulars	Face Value per unit	Opening units as at 01.04.2009	Acquired during the year	Redeemed during the year	Closing units as at 31.03.2010
A. Mutual Fund					
ING Mutual Fund (Treasury Advantage Fund) - Daily Dividend	Rs. 10/-	4,07,88,178	29,07,37,527	33,08,90,806	6,34,899
ICICI Prudential Liquid Fund - Super Institutional Plus - Daily Dividend	Rs. 10/-	Nil	3,14,49,616	3,14,49,616	Nil
ING Vysya Liquid Fund Institutional (Daily Dividend Option)	Rs. 10/-	Nil	1,83,32,044	1,83,32,044	Nil
JM Mutual High Liquidity – Super Institutionals	Rs. 10/-	Nil	1,50,26,966	1,50,26,966	Nil
Kotak - Liquid (Institutional Premium) – Daily Dividend	Rs. 10/-	Nil	12,67,684	12,67,684	Nil
Birla Cash Plus - Institutional Premium (Daily Dividend Option)	Rs. 10/-	Nil	39,92,904	39,92,904	Nil
B. Preference Shares					
Lifestyle Investments Private Ltd.	1 GBP	73,25,000*	60,05,000	53,45,884	79,84,116

(* Transferred pursuant to Scheme of Amalgamation)

11. Amount recoverable in cash or kind includes Rs. 0.02 crores (Previous period: Rs. 0.04 crores) due from an officer of the Company. Maximum amount outstanding during the period Rs. 0.04 crores (Previous period: Rs. 0.04 crores).

12. There are no dues to the Micro, Small and Medium Enterprises which are outstanding as at the Balance Sheet date. During the year there were no delays in payment of dues to such enterprises. This information regarding Micro, Small and Medium Enterprises has been determined on the basis of information available with the Company. This has been relied upon by the Auditors.

PRISM CEMENT LIMITED

13. Details of Managerial Remuneration to the Managing Directors and Executive Director:

	<u>2009-2010</u> <u>(12 months)</u> <u>Rs. Crores</u>	<u>2008-2009</u> <u>(9 months)</u> <u>Rs. Crores</u>
Salary	5.37	1.09
Contribution to Provident and other funds #	0.63	0.29
Total	6.00	1.38

Excluding contribution to Gratuity Fund and provision for Leave Encashment, as the same is provided on actuarial basis for the Company as a whole.

14. Remuneration to statutory auditors:

	<u>2009-2010</u> <u>(12 months)</u> <u>Rs. Crores</u>	<u>2008-2009</u> <u>(9 months)</u> <u>Rs. Crores</u>
Audit fees (including limited review fees)	0.22	0.16
Tax Audit fees	0.02	0.02
Other services *	0.20	0.03
Expenses reimbursed	0.01	0.01
Total	0.45	0.22

(*includes service rendered to transferor companies before amalgamation)

15. The Company has operating leases for commercial premises which are cancellable at any time during the tenure of the agreement. The Company has operating lease for machinery and equipments in RMC Division which are non-cancellable during the tenure of the lease.

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

(Rs. Crores)

Future Lease Rental Payments	As at 31.03.2010	As at 31.03.2009
a. Due but not later than one year	3.80	Nil
b. Due later than one year but not later than 5 years from the balance sheet date	2.89	Nil
c. Later than 5 years	Nil	Nil

16. Provision for current tax includes Wealth Tax of Rs. 0.13 crores (Previous period Rs. 0.06 crores).

17. 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 Deferred Tax Liability (DTL) is as follows:

	<u>As at 31.03.2010</u> <u>Rs. Crores</u>	<u>As at 31.03.2009</u> <u>Rs. Crores</u>
<u>Deferred Tax Assets</u>		
Expenses provided but allowed in Income Tax on payment	16.04	5.28
Amalgamation Expenses	2.72	-
Total (A)	18.76	5.28
<u>Deferred Tax Liability</u>		
Depreciation	114.02	58.05
Amount capitalised in books and claimed in Income Tax	2.33	-
Total (B)	116.35	58.05
Net Deferred Tax Liability/ (Asset) (B – A)	97.59	52.77

18. 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 Venture	Proportion of Ownership Interest	Country of Incorporation
Ardex Endura (India) Private Ltd.	50%	India
Sentini Cermica Private Ltd.	50%	India
Antique Granito Private Ltd.	50%	India
Milano Bathroom Fittings Private Ltd.	50%	India
Spectrum Tiles Private Ltd.	50%	India

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

As at 31.03.2010
(Rs. Crores)

ASSETS

Net Fixed Assets	97.54
Investment	12.70
Current Assets	86.14
Profit and Loss Account	0.26

LIABILITIES

Share Capital	15.95
Share Premium	15.30
Profit and Loss Account	22.88
General Reserve	36.37
Debts	71.73
Current Liabilities	28.10

CAPITAL COMMITMENTS

1.67

CONTINGENT LIABILITIES

34.03

TOTAL INCOME

224.22

TOTAL EXPENSES

179.53

19. Disclosure regarding transactions with Related Parties in terms of AS - 18 are as under:

- a. Name of the related parties.

Joint Venture / Associates	Subsidiaries	Key Management Personnel
Ardex Endura (India) Private Ltd. Sentini Cermica Private Ltd. Antique Granito Private Ltd. Milano Bathroom Fittings Private Ltd. Spectrum Tiles Private Ltd. TBK Samiyaz Tile Bath Kitchen Private Ltd. TBK Shri Ram Tile Bath Kitchen Private Ltd. TBK Deziner's Home Private Ltd. TBK Unique Jalgaon Tile Bath Kitchen Private Ltd. TBK P B Shah Tile Bath Kitchen Private Ltd. TBK Deepgiri Tile Bath Kitchen Private Ltd. R & S Business Centre Prism Power and Infrastructure Private Ltd.	Raheja QBE General Insurance Company Limited Porselano Tiles Limited H. & R. Johnson (India) TBK Ltd. Lifestyle Investments Private Ltd. Silica Ceramica Private Ltd.	Mr. Manoj Chhabra Mr. Vijay Aggarwal Mr. Ganesh Kaskar

PRISM CEMENT LIMITED

- 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.

(Rs. Crores)

Name	Relationship	Nature of transaction	Amount of transaction in 2009-10 (12 months)	Amount outstanding as at 31.03.2010	Amount of transaction in 2008-09 (9 months)	Amount outstanding as at 31.03.2009
R & S Business Centre	Firm in which Director and / or relatives has significant influence	Rent and maintenance charges	0.11	0.02	0.09	0.02
Mr. Manoj Chhabra	Managing Director	Remuneration	2.23	Nil	1.38	Nil
Mr. Vijay Aggarwal	Managing Director	Remuneration	2.55	Nil	Nil	Nil
Mr. Ganesh Kaskar	Executive Director	Remuneration	1.22	0.20	Nil	Nil
Raheja QBE General Insurance Company Limited	Subsidiary	Investments (Equity Share Capital)	5.18	Nil	140.60	Nil
		Share Application Money	Nil	Nil	5.18	5.18
		Reimbursement	Nil	Nil	0.16	Nil
		Insurance Premium	0.31	Nil	Nil	Nil
Prism Power and Infrastructure Private Limited	Associate	Investment (Equity Share Capital)	Nil	0.01	Nil	Nil
		Advances	0.01	0.01	Nil	0.02
H. & R. Johnson (India) TBK Ltd.	Subsidiary	Sale of goods and services	17.47	0.14	Nil	Nil
		Selling and Distribution Expenses	0.88	Nil	Nil	Nil
		Loan given	4.56	21.95	Nil	Nil
		Purchase of goods and services	0.94	(0.07)	Nil	Nil
TBK Samiyaz Tile Bath Kitchen Private Ltd.	Joint Venture/ Associates	Sale of goods and Services	12.35	(0.06)	Nil	Nil
		Selling and Distribution Expenses	0.43	Nil	Nil	Nil
TBK Shri Ram Tile Bath Kitchen Private Ltd.	Joint Venture/ Associates	Sale of goods and Services	6.27	(0.41)	Nil	Nil
TBK Unique Jalgaon Bath Kitchen Private Ltd.	Joint Venture/ Associates	Sale of goods and Services	Nil	(0.03)	Nil	Nil

(Rs. Crores)

Name	Relationship	Nature of transaction	Amount of transaction in 2009-10 (12 months)	Amount outstanding as at 31.03.2010	Amount of transaction in 2008-09 (9 months)	Amount outstanding as at 31.03.2009
TBK Deepgiri Tile Bath Kitchen Private Ltd.	Joint Venture/ Associates	Sale of goods and Services	8.14	(0.44)	Nil	Nil
		Selling and Distribution Expenses	0.48	Nil	Nil	Nil
TBK P B Shah Tile Bath Kitchen Private Ltd.	Joint Venture/ Associates	Sale of goods and Services	5.58	(0.11)	Nil	Nil
		Selling and Distribution Expenses	0.31	Nil	Nil	Nil
TBK Deziner's Home Private Ltd.	Joint Venture/ Associates	Selling and Distribution Expenses	0.46	0.02	Nil	Nil
Silica Ceramica Private Ltd.	Subsidiary	Sale of Assets	0.19	Nil	Nil	Nil
		Purchase of Goods and Services	55.36	12.44	Nil	Nil
		Investments	1.25	Nil	Nil	Nil
Sentini Cermica Private Ltd.	Joint Venture/ Associates	Purchase of Goods and services	124.41	18.00	Nil	Nil
		Reimbursement	0.20	Nil	Nil	Nil
		Dividend Received	2.60	Nil	Nil	Nil
Antique Granito Private Ltd.	Joint Venture/ Associates	Purchase of Goods and services	219.75	43.02	Nil	Nil
		Reimbursement	0.28	Nil	Nil	Nil
		Interest Received	0.06	Nil	Nil	Nil
		Dividend Received	6.00	Nil	Nil	Nil
Spectrum Tiles Private Ltd.	Joint Venture/ Associates	Purchase of Goods and services	55.63	8.22	Nil	Nil
Milano Bathroom Fittings Private Limited	Joint Venture/ Associates	Purchase of Goods and services	12.35	1.04	Nil	Nil
		Interest Received	0.11	Nil	Nil	Nil
Lifestyle Investments Private Ltd.	Subsidiary	Investments	46.68	Nil	Nil	Nil
		Loan Given	23.92	Nil	Nil	Nil
		Redemption of Preference Shares	36.10	Nil	Nil	Nil
		Interest received	0.63	Nil	Nil	Nil

PRISM CEMENT LIMITED

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

A. Particulars in respect of Goods Manufactured:

Class of Goods	Unit of Measurement	Licensed Capacity per Annum [Note (i)]	Installed Capacity per Annum [Note (ii)]	Actual Production [Note (iii)]	Opening Stock		Closing Stock		Sales [Note (iv)]	
					Quantity	Value (Rs. Crores)	Quantity	Value (Rs. Crores)	Quantity	Value (Rs. Crores)
Cement	Tonnes	N.A.	20,00,000	25,68,324	11,386	1.92	33,501	5.90	25,02,439	1,028.34
Ceramic Tiles	Tonnes	N.A.	3,32,720	2,14,900	38,456	55.45	46,141	68.97	2,07,215	381.37
Ready-mixed Concrete	Cubic Meter	N.A.	56,70,000	23,80,538	Nil	Nil	Nil	Nil	23,71,723	647.52

Notes:

- Not applicable due to the abolition of Industrial Licenses as per notification issued under the Industries (Development and Regulation) Act, 1951.
- As certified by Management and being a technical matter, relied upon by the Auditors.
- Out of the above production of cement, 43,770 tonnes (Previous period: 6,465 tonnes) have been used for captive consumption including 43,653 tonnes (Previous period 6,415 tonnes) for capital jobs. Out of above production of Readymixed Concrete, rejection/wastage/slurry is 6,765 Cubic Meter. Captive Consumption of Concrete is 2,050 cubic meter (Previous period Nil cubic meter).
- Cement Sales include handling/transit loss and samples – 100.39 tonnes (Previous period: 78 tonnes).

B. Particulars in respect of Goods Traded:

Class of Goods	Unit of Measurement	Purchases		Opening Stock		Closing Stock		Sales	
		Quantity	Value (Rs. Crores)	Quantity	Value (Rs. Crores)	Quantity	Value (Rs. Crores)	Quantity	Value (Rs. Crores)
Readymixed Concrete	Cubic Meter	2,017	0.43	Nil	Nil	Nil	Nil	2,017	0.43
TBK			*560.48		*14.74		*19.05		*740.65

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

21. Raw material consumed :

	2009-2010 (12 months)		2008-2009 (9 months)	
	Tonnes	Rs. Crores	Tonnes	Rs. Crores
Limestone - Raised	31,99,249	53.44*	24,63,006	37.87 *
Purchased	13,938	0.16	7,622	0.09
Clay and Minerals	17,39,882	154.32	1,34,494	27.04
Fly Ash	7,48,804	57.38	4,17,980	25.20
Cement (in RMC Division)	5,60,924	214.40	—	—
Aggregates and crushed rock	31,84,967	119.13	—	—
Others	—	63.19	—	1.41
Total		662.02		91.61

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

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

A. Raw material:

	<u>2009-2010 (12 months)</u>		<u>2008-2009 (9 months)</u>	
	<u>Rs. Crores</u>	<u>%</u>	<u>Rs. Crores</u>	<u>%</u>
Imported	13.15	1.99	—	—
Indigenous*	648.87	98.01	91.61	100.00
Total	<u>662.02</u>	<u>100.00</u>	<u>91.61</u>	<u>100.00</u>

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

B. Stores and spares:

	<u>2009-2010 (12 months)</u>		<u>2008-2009 (9 months)</u>	
	<u>Rs. Crores</u>	<u>%</u>	<u>Rs. Crores</u>	<u>%</u>
Imported	24.95	28.52	15.75	32.39
Indigenous	62.52	71.48	32.87	67.61
Total	<u>87.47</u>	<u>100.00</u>	<u>48.62</u>	<u>100.00</u>

23. Value of Imports on CIF basis:

Spares - Rs. 27.13 crores (Previous period: Rs. 18.32 crores)

Raw materials - Rs. 12.28 crores (Previous period: Rs. Nil)

Capital Goods - Rs. 130.84 crores (Previous period: Rs. Nil)

Traded Goods - Rs. 8.04 crores (Previous period: Rs. Nil)

24. Details of earnings in foreign currency:

F.O.B Value of Export - Rs. 16.08 crores (Previous period: Rs. 3.86 crores)

Sale of Carbon Credits - Rs. 1.14 crores (Previous period: Rs. Nil)

Interest income - Rs. 0.63 crores (Previous period: Rs. Nil)

25. Details of expenditure in foreign currency:

	<u>2009-2010 (12 months) Rs. Crores</u>	<u>2008-2009 (9 months) Rs. Crores</u>
Finance and other charges	1.81	0.80
Travelling and communication expenses	0.40	—
Fees for technical services	0.48	0.35
Other expenditure	0.99	—
Total	<u>3.68</u>	<u>1.15</u>
Less: Expenditure during the construction period	1.40	0.80
Balance charged to Profit and Loss Account	<u>2.28</u>	<u>0.35</u>

PRISM CEMENT LIMITED

26. The Company has paid dividend in respect of shares held by Non Residents on repatriation basis, in respect of final dividend for the year 2008-09 and two interim dividends for the year 2009-10. The details of the same are given below:

Sr. No.	Particulars	2nd Interim Dividend	1st Interim Dividend	Final Dividend
i)	Year to which dividend relates	2009-2010	2009-2010	2008-2009
ii)	Number of Non Resident Shareholders	692	685	701
iii)	Number of Equity Shares held by them	25,66,925	17,76,062	18,01,205
iv)	Amount of Dividend paid (Gross) (Rs. Crores)	0.39	0.18	0.09

27. Earnings Per Share has been computed as under.

Particulars	2009-2010 (12 months)	2008-2009 (9 months)
Net Profit excluding dividend on own shares (Rs. Crores)	251.05	96.23
Less : Preference dividend and tax thereon (Rs. Crores)	0.09	—
Net Profit available to equity shareholders (Rs. Crores)	250.96	96.23
Weighted average number of equity shares outstanding (Net of own shares held through Trust)	49,10,04,980	29,82,50,000
Earnings Per Share (Rs.) – Basic & Diluted (Face value Rs. 10/- per share)	5.11	3.23* * Not Annualised

28. Disclosure of Foreign Currency Exposure:

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

(Figures in Crores)

Currency	Amount in Foreign Currency	Amount in INR
Euro	1.53	93.44
Swiss Franks (CHF)	0.01	0.05
US Dollar (USD)	0.14	6.44
Japan Yen (Yen)	0.04	0.02

- (b) Forward contracts to hedge the foreign currency payment exposure is USD 1.25 crores.

29. Figures for the previous period have been regrouped wherever necessary.

As per our report of even date attached
For N. M. RAIJI & CO.
Chartered Accountants

J. M. Gandhi
Partner

Aneeta S. Kulkarni
Company Secretary

Rajesh G. Kapadia

Chairman

Rajan B. Raheja

Director

Manoj Chhabra

Vijay Aggarwal

Managing Directors

Ganesh Kaskar

Executive Director

Mumbai, May 5, 2010

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.

Balance Sheet Date

State Code

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

Public Issue	<input type="text" value="Nil"/>	Rights Issue	<input type="text" value="Nil"/>
Bonus Issue	<input type="text" value="Nil"/>	Private Placement	<input type="text" value="Nil"/>

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

Total Liabilities	<input type="text" value="2,06,86,601"/>	Total Assets	<input type="text" value="2,06,86,601"/>
Sources of Funds		Reserves & Surplus	<input type="text" value="66,61,439"/>
Paid-up Capital	<input type="text" value="50,33,566"/>	Deferred Tax Liability	<input type="text" value="9,75,912"/>
Loans	<input type="text" value="80,15,684"/>		
Application of Funds		Investments	<input type="text" value="32,66,586"/>
Net Fixed Assets	<input type="text" value="1,61,23,628"/>	Misc. Expenditure	<input type="text" value="Nil"/>
Net Current Assets	<input type="text" value="12,96,387"/>		

IV. Performance of Company (Amount in Rs. thousands)

Total Revenue	<input type="text" value="2,86,00,353"/>	Total Expenditure	<input type="text" value="2,50,17,833"/>
Profit/Loss before Tax (Tick appropriate box + for Profit, - for Loss)	<input type="text" value="+ 35,82,520"/>	Profit/Loss after Tax	<input type="text" value="+ 25,10,464"/>
Earning per share in Rs.	<input type="text" value="5.11"/>	Equity Dividend rate %	<input type="text" value="25"/>

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

Item Code No. (ITC Code)	<input type="text" value="252329"/>	Product description	<input type="text" value="Portland Cement"/>
Item Code No. (ITC Code)	<input type="text" value="69089090"/>	Product description	<input type="text" value="Ceramic Glazed Tiles"/>
Item Code No. (ITC Code)	<input type="text" value="69079010"/>	Product description	<input type="text" value="Unglazed Ceramic Vitrified Tiles"/>
Item Code No. (ITC Code)	<input type="text" value="69089090"/>	Product description	<input type="text" value="Ceramic Glazed Vitrified Tiles"/>
Item Code No. (ITC Code)	<input type="text" value="68101909"/>	Product description	<input type="text" value="Others"/>

Rajesh G. Kapadia	Chairman
Rajan B. Raheja	Director
Manoj Chhabra	Managing Directors
Vijay Aggarwal	
Ganesh Kaskar	Executive Director

Mumbai, May 5, 2010

Aneeta S. Kulkarni
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	2009-2010 (12 months)		2008-2009 (9 months)	
	(Rs. Crores)	(Rs. Crores)	(Rs. Crores)	(Rs. Crores)
A. CASH FLOW FROM OPERATING ACTIVITIES:				
Profit before tax as per Profit and Loss Account		358.25		151.98
Adjustments:				
Depreciation and amortisation	89.85		24.31	
Exchange loss on sale of preference shares	(8.62)		—	
Dividend income	(2.85)		(7.31)	
Income from Joint Ventures - Dividend	(8.60)		—	
Interest income	(3.00)		(0.41)	
Interest paid	48.31		1.51	
Lease rentals	—		0.29	
Loss on assets written-off	0.33		—	
(Profit)/Loss on sale/discard of assets	(0.78)	114.64	0.24	18.63
Operating Profit/(Loss) before Working Capital changes		472.89		170.61
Adjustment for Working Capital changes:				
Inventories	(41.77)		13.45	
Trade receivables	(47.38)		3.38	
Other receivables	(1.77)		(12.00)	
Trade and other payables	112.86	21.94	(5.76)	(0.93)
Cash generated from operations		494.83		169.68
Direct taxes paid		(127.49)		(64.82)
Net cash used for operating activities (A)		367.34		104.86
B. CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets and additions in CWIP		(603.41)		(123.12)
Proceeds from sale of fixed assets		3.64		0.16
Sales proceeds from investments		375.70		54.95
Purchase of investments		(348.79)		—
Dividend income		2.85		7.31
Income from Joint Ventures - Dividend		8.60		0.36
Dividend on own shares held through trust		1.85		—
Interest income		3.00		—
Net Cash used for Investing activities (B)		(556.56)		(60.34)
C. CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds from secured loans		459.82		—
Repayment of secured loans		(98.28)		—
Proceeds from unsecured loans		38.41		—
Repayment of unsecured loans		(4.24)		—
Redemption of preference shares		(10.75)		—
Interest paid		(48.31)		(1.51)
Lease rentals		—		(0.14)
Dividend paid including tax on dividend		(141.02)		(34.90)
Net Cash from Financing Activities (C)		195.63		(36.55)
Net increase in cash and cash equivalents during the year (A+B+C)		6.41		7.97
Cash and cash equivalents acquired upon amalgamation		25.01		—
Cash and cash equivalents at the beginning of the year		20.86		12.89
Cash and cash equivalents at the end of the year		52.28		20.86
Details of cash and cash equivalents:				
Balance as per Schedule G		52.50		25.87
Less : Deposits under lien		0.22		5.01
Balance		52.28		20.86

As per our report of even date attached

For N. M. RAIJI & CO.
Chartered Accountants

J. M. Gandhi
Partner

Aneeta S. Kulkarni
Company Secretary

Rajesh G. Kapadia
Rajan B. Raheja
Manoj Chhabra
Vijay Aggarwal
Ganesh Kaskar

Chairman
Director
Managing Directors
Executive Director

Mumbai, May 5, 2010

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, 2010, 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 regarding the group. 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. We did not audit the financial statements of subsidiaries, whose financial statements reflect total assets (net) of Rs. 256.82 Crores as at March 31, 2010, total revenues of Rs. 76.78 Crores and net cash outflow of Rs. 0.31 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 subsidiaries, is based solely on their reports.
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 Rs. 95.80 Crores as at March 31, 2010, the Group's share in the total revenues of Rs. 248.99 Crores and the Group's share in net cash inflow of Rs. 1.87 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.
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. 4 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 and in our opinion the aforesaid 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, 2010;
 - 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

Place : Mumbai
Date : May 5, 2010

Membership No.: 37924
Firm Registration No.: 108296W

PRISM CEMENT LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

		As at 31-03-2010		As at 31-03-2009	
	Schedules	Rs. Crores	Rs. Crores	Rs. Crores	Rs. Crores
<u>SOURCES OF FUNDS</u>					
SHAREHOLDERS' FUNDS :					
Share Capital	A		503.36		298.25
Reserves and Surplus	B		698.31		356.59
LOAN FUNDS :					
Secured Loans	C		920.03		—
Unsecured Loans	D		60.11		—
DEFERRED TAX LIABILITY			105.77		52.77
MINORITY INTEREST			56.37		49.61
TOTAL			<u>2,343.95</u>		<u>757.22</u>
<u>APPLICATION OF FUNDS</u>					
GOODWILL ON CONSOLIDATION			31.42		—
FIXED ASSETS :					
Gross Block	E	1,976.90		738.66	
Less: Depreciation		839.79		341.25	
Net Block		<u>1,137.11</u>		<u>397.41</u>	
Capital Work-in-progress		<u>627.50</u>	1,764.61	<u>109.16</u>	506.57
INVESTMENTS			274.92		185.38
DEFERRED TAX ASSETS			0.69		—
CURRENT ASSETS, LOANS & ADVANCES :					
Inventories	G	316.54		76.90	
Sundry Debtors		217.23		—	
Cash & Bank Balances		130.83		84.14	
Loans & Advances		<u>154.41</u>		<u>67.68</u>	
		<u>819.01</u>		<u>228.72</u>	
Less: CURRENT LIABILITIES & PROVISIONS :	H				
Current Liabilities		495.81		113.26	
Provisions		50.89		50.19	
		<u>546.70</u>		<u>163.45</u>	
Net Current Assets			<u>272.31</u>		65.27
TOTAL			<u>2,343.95</u>		<u>757.22</u>
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

Aneeta S. Kulkarni
Company Secretary

Rajesh G. Kapadia

Chairman

Rajan B. Raheja

Director

Manoj Chhabra

Managing Directors

Vijay Aggarwal

Ganesh Kaskar

Executive Director

Mumbai, May 5, 2010

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedules	2009-2010 (12 months)		2008-2009 (9 months)	
		Rs. Crores	Rs. Crores	Rs. Crores	Rs. Crores
INCOME :					
Sales			3,027.31		741.52
Less : Excise duty			152.45		94.17
Net Sales			2,874.86		647.35
Other Income	I		28.36		15.05
			2,903.22		662.40
EXPENDITURE :					
Material cost and manufacturing overheads	J	1,640.95		327.59	
Staff cost	K	159.81		32.24	
Sales, administration and other expenses	L	535.62		127.79	
			2,336.38		487.62
			566.84		174.78
Profit before finance charges, depreciation, exceptional items and tax					
Finance and other charges	M	65.47		3.54	
Depreciation		102.35		24.86	
			167.82		28.40
Profit before tax and exceptional items			399.02		146.38
Exceptional items (Refer note no.3)			18.87		—
Profit before tax			380.15		146.38
Provision for current tax			(139.99)		(61.24)
Provision for tax - earlier years					
Minimum Alternate Tax (MAT)		(0.66)		—	—
MAT credit entitlement		1.29	0.63	—	—
Deferred tax			15.74		6.00
Provision for fringe benefit tax			0.01		(0.55)
Profit after tax			256.54		90.59
Add : Adjustment for minority interest			3.24		1.47
Less : Share of loss in Associate			—		0.01
Profit after tax for the Group			259.78		92.05
Add : Dividend on own shares held through trust			1.85		—
Add : Surplus brought forward			351.59		316.89
Add : Surplus on Amalgamation			80.00		—
Profit available for Appropriation			693.22		408.94
Appropriation :					
Transfer to General Reserve			(48.50)		(5.00)
Transfer to Capital Redemption Reserve			(10.75)		—
Preference dividend			(0.08)		—
Interim dividend			(105.33)		(29.83)
Proposed dividend			—		(14.92)
Tax on dividend			(19.38)		(7.60)
Surplus carried to Balance Sheet			509.18		351.59
Weighted average number of equity shares outstanding (Face Value Rs. 10/- per share) (Net of own shares held through Trust)			491004980		298250000
Earning per Share - Basic and Diluted (Rs.) (Face Value Rs. 10/- per share)			5.29		3.09*
					*(Not Annualised)

SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

As per our report of even date attached

For N. M. RAIJI & CO.
Chartered Accountants

J. M. Gandhi
Partner

Mumbai, May 5, 2010

Aneeta S. Kulkarni
Company Secretary

Rajesh G. Kapadia

Rajan B. Raheja

Manoj Chhabra

Vijay Aggarwal

Ganesh Kaskar

Chairman

Director

Managing Directors

Executive Director

SCHEDULES FORMING PART OF ACCOUNTS

	<u>As at 31-03-2010</u>		<u>As at 31-03-2009</u>	
	<u>Rs. Crores</u>	<u>Rs. Crores</u>	<u>Rs. Crores</u>	<u>Rs. Crores</u>
SCHEDULE - A				
SHARE CAPITAL				
Authorised :				
50,50,00,000 equity shares of Rs. 10/- each		505.00		325.00
(Previous period : 32,50,00,000 equity shares of Rs. 10/- each)				
2,00,00,000 preference shares of Rs. 10/- each		20.00		—
(Previous period : NIL)				
		<u>525.00</u>		<u>325.00</u>
Issued, Subscribed and Paid up :				
Equity Shares :				
50,33,56,580 equity shares of Rs. 10/- each		503.36		298.25
(Previous period : 29,82,50,000 equity shares of Rs. 10/- each)				
- Out of the above equity shares, 20,51,06,580 shares were issued pursuant to a Scheme of Amalgamation of erstwhile H. & R. Johnson (India) Limited and RMC Readymix (India) Private Limited with the Company without payments being received in cash.				
- Out of the shares issued pursuant to the Scheme of Amalgamation, 1,23,51,600 shares are held in Trust for the benefit of the Company.				
Preference Shares :				
10,75,000 6.5% redeemable preference shares of Rs. 100/- each (transferred on amalgamation)		10.75		—
Less : Redeemed during the year		<u>10.75</u>		<u>—</u>
		—		—
SCHEDULE - B				
RESERVES AND SURPLUS				
Capital Reserve				
Opening Balance		—		—
Add : Addition on amalgamation		0.17		—
Less : Transfer from Amalgamation Reserve		<u>0.17</u>		<u>—</u>
Closing Balance		—		—
Capital Redemption Reserve				
Opening Balance		—		—
Add : Addition on amalgamation		0.50		—
Add : Transferred from Profit and Loss Account		10.75		—
Less : Transfer from Amalgamation Reserve		<u>0.50</u>		<u>—</u>
Closing Balance		10.75		—

SCHEDULE - B

RESERVES AND SURPLUS (Contd.)

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	—	
Add : Addition on amalgamation	(7.67)	
Add : Created during the year	(1.02)	
Closing Balance	(8.69)	—

State Cash Subsidy

0.63

—

Fair Value Change Account

0.03

—

Amalgamation Reserve

Arising on Amalgamation [refer note no. 1(d)]	(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	—

General Reserve

Opening Balance	13.24	
Add : Transferred from Profit and Loss Account	48.50	5.00
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	186.41	5.00

Balance in Profit and Loss Account

509.18

351.59

698.31

356.59

SCHEDULE - C

SECURED LOANS

Term Loans from:

Banks	664.98	
Foreign banks	90.82	
Financial institutions	17.77	773.57
Buyer's credit from banks in foreign currency	27.81	—
Working Capital from banks	114.11	—
Sales tax deferment loans from State Government (interest free)	4.54	—
	920.03	—

PRISM CEMENT LIMITED

SCHEDULE - D UNSECURED LOANS

Fixed deposits
Sales tax deferment loans from State Government (interest free)
Term loans from banks
Others

As at 31-03-2010

Rs. Crores

32.45

0.13

25.00

2.53

60.11

As at 31-03-2009

Rs. Crores

—

—

—

—

—

SCHEDULE - E FIXED ASSETS

(Rs. Crores)

Description	GROSS BLOCK					DEPRECIATION						NET BLOCK	
	Cost as at 01.04.2009	Additions on Amalgamation	Additions	Deductions	Cost as at 31.03.2010	Upto 31.03.2009	Additions on Amalgamation	For the year	Amalgamation Adjustment	Deductions	Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
Tangible Assets :													
Land - Freehold	118.69	36.25	22.14	—	177.08	—	—	—	—	—	—	177.08	118.69
- Leasehold	2.09	5.07	0.04	—	7.20	1.58	0.20	0.14	0.32	—	2.24	4.96	0.51
Leasehold improvements	2.50	3.23	0.88	0.20	6.41	0.29	1.83	1.06	—	0.04	3.14	3.27	2.21
Buildings	44.80	185.26	24.19	1.84	252.41	10.15	66.76	10.53	(23.60)	0.69	63.15	189.26	34.65
Raliway siding	13.30	—	—	—	13.30	8.14	—	0.70	—	—	8.84	4.46	5.16
Plant and machinery	524.26	780.24	41.50	3.94	1,342.06	307.08	292.91	74.50	(0.58)	3.08	670.83	671.23	217.18
Mines Development	7.27	—	—	—	7.27	3.68	—	1.45	—	—	5.13	2.14	3.59
Furniture, fixtures and office equipments	14.95	56.59	10.07	1.00	80.61	6.85	30.34	5.97	(4.06)	0.65	38.45	42.16	8.08
Truck Mixers, Loaders and Truck Dumpers	—	54.83	—	1.00	53.83	—	27.84	4.71	—	0.85	31.70	22.13	—
Vehicles	5.04	8.19	3.11	1.59	14.75	1.37	4.92	1.49	(0.64)	1.08	6.06	8.69	3.68
Live Stock	—	0.01	0.01	0.01	0.01	—	—	0.01	—	0.01	—	0.01	—
Intangible Assets :													
Software	2.90	6.57	0.90	—	10.37	0.63	5.09	1.21	(0.51)	—	6.42	3.95	2.28
Goodwill	—	1.03	—	—	1.03	—	0.79	—	0.24	—	1.03	—	—
Intellectual property rights	—	5.87	—	—	5.87	—	0.59	0.59	—	—	1.18	4.69	—
Mining Lease - surface rights	2.86	—	1.84	—	4.70	1.48	—	0.14	—	—	1.62	3.08	1.38
Total	738.66	1,143.14	104.68	9.58	1,976.90	341.25	431.27	102.50	(28.83)	6.40	839.79	1,137.11	397.41
Previous period	703.19	—	36.95	1.48	738.66	317.44	—	24.89	—	1.08	341.25	397.41	

Notes :

- A) Depreciation for the year includes Rs. 0.15 crores (Previous period Rs. 0.03 crores) transferred to Pre-operative expenses.
- B) Fixed assets includes dedicated electricity lines costing Rs. 7.01 crores (Previous period Rs. Nil) the ownership of which is with Madhya Pradesh Poorv Kshetra Vidyut Vitaran Company Limited (MPPKVVCL).
- C) Amalgamation adjustment is in respect of alignment of accounting policies of depreciation followed by transferor companies prior to amalgamation.

SCHEDULE - F INVESTMENTS

All unquoted unless otherwise specified :

(a) Long Term Investments :

Investment in own shares through Prism Trust
1,23,51,600 fully paid equity shares of Rs. 10/- each
(Quoted) @

24.05

—

100 fully paid equity shares of Rs. 10/- each
of Bell Ceramics Ltd. (Quoted) @

#

—

500 fully paid equity shares of Rs. 2/- each
of Kajaria Ceramics Ltd. (Quoted) @

#

—

100 fully paid equity shares of Rs. 10/- each
of Regency Ceramics Ltd. (Quoted) @

#

—

100 fully paid equity shares of Rs. 10/- each
of Somany Ceramics Ltd. (Quoted) @

#

—

100 fully paid equity shares of Rs. 10/- each
of Spartek Ceramics Ltd. @

#

—

200 fully paid equity shares of Rs. 10/- each
of Sun Earth Ceramics Ltd. @

#

—

2,500 fully paid equity shares of Rs 10/- each
of New India Co-op Bank Ltd. @

#

—

1,000 fully paid equity shares of Rs. 10/- each
of North Kanara GSB Co-op Bank Ltd. @

#

—

3,45,000 fully paid equity shares of Rs. 10/- each
of Umiya Ceramics Pvt. Ltd. @

10.35

—

25,500 fully paid equity shares of Rs. 10/- each
of Antique Minerals Pvt. Ltd. @

0.26

—

2,50,000 fully paid equity shares of Rs. 10/- each
of Spectrum Floor Tiles Pvt. Ltd. @

2.06

—

5,000 fully paid equity shares of Rs. 10/- each
of Bal Endura Building Products Pvt. Ltd. @

0.01

—

17,27,02,242 ordinary shares of GBP 0.10 each
of Norcros Plc. @ (Quoted)

110.88

147.61

—

—

Investment in Infrastructure and Housing Bonds

10.28

30.15

ING Global Real Estate Fund - Dividend

15.00

25.28

15.00

45.15

Investment in Associate Company :

4,900 fully paid equity shares of Rs. 10/- each of Prism
Power and Infrastructure Pvt. Ltd.

0.01

0.01

PRISM CEMENT LIMITED

SCHEDULE - F

INVESTMENTS (Contd.)

(b) Current Investments

ING Mutual Fund (Treasury Advantage Fund) - Daily

Dividend

Birla Sun Life Saving Fund

ING Liquid Fund

ING Vysya Liquid Growth Fund

Government Securities

Investment in Infrastructure and Housing Bonds

SCPL Mining

Certificates of Deposits

denotes amounts less than Rs. 50,000/-

@ denotes investments transferred pursuant to Scheme of Amalgamation

Particulars	As at 31-03-2010 (Rs. Crores)	As at 31-03-2009 (Rs. Crores)
Quoted Investments		
Book Value	134.92	—
Market Value	146.27	—
Unquoted Investments		
Book Value	140.00	185.38

SCHEDULE - G

CURRENT ASSETS, LOANS & ADVANCES

Inventories :

Stores & spares

Raw materials

Work-in-progress

Traded goods

Finished goods

Sundry Debtors (Unsecured) :

Over six months :

Considered good

Considered doubtful

Others :

Considered good

Considered doubtful

Less : Provision for doubtful debts

As at 31-03-2010		As at 31-03-2009	
Rs. Crores	Rs. Crores	Rs. Crores	Rs. Crores
0.63		40.79	
1.71		—	
0.16		—	
0.03		—	
59.16		79.57	
40.30		—	
0.03		—	
—	102.02	19.86	140.22
	274.92		185.38
83.21		49.40	
96.63		19.78	
22.40		5.80	
24.93		—	
89.37	316.54	1.92	76.90
12.57		—	
10.13		—	
22.70		—	
204.66		—	
0.29		—	
204.95		—	
10.42	217.23	—	—

SCHEDULE - G

CURRENT ASSETS, LOANS & ADVANCES (Contd..)

Cash & Bank Balances :

	<u>As at 31-03-2010</u>		<u>As at 31-03-2009</u>	
	<u>Rs. Crores</u>	<u>Rs. Crores</u>	<u>Rs. Crores</u>	<u>Rs. Crores</u>
Cash on hand	1.05		0.53	
Remittances in transit	2.47		0.11	
Balances with scheduled banks				
On Current accounts	51.45		20.59	
On Term Deposits	75.86	130.83	62.91	84.14

Loans & Advances (Unsecured, considered good) :

Deposits	24.98		21.28	
Advances recoverable in cash or in kind	77.59		39.92	
Taxation (net of provisions)	8.01		1.33	
Loan to subsidiaries companies	5.94		—	
Balances with Excise, Customs, etc.	37.89	154.41	5.15	67.68
		<u>819.01</u>		<u>228.72</u>

SCHEDULE - H

CURRENT LIABILITIES & PROVISIONS

Sundry creditors : - Dues to Micro, Small and Medium enterprises

- Dues to Others

Share Application Money

Advance from customers

Deposits from customers / suppliers

Interest accrued but not due

Acceptances

Other liabilities

Provisions for :

Leave encashment and Gratuity

Proposed dividend

Tax on dividend

Others

0.27		—	
270.74		35.11	
—		1.82	
31.76		20.81	
47.67		26.07	
2.22		—	
21.09		—	
122.06	495.81	29.45	113.26
19.14		6.76	
—		14.91	
—		2.53	
31.75	50.89	25.99	50.19
	<u>546.70</u>		<u>163.45</u>

PRISM CEMENT LIMITED

SCHEDULE - I

OTHER INCOME

	<u>2009-2010 (12 months)</u>		<u>2008-2009 (9 months)</u>	
	<u>Rs. Crores</u>	<u>Rs. Crores</u>	<u>Rs. Crores</u>	<u>Rs. Crores</u>
Interest income on fixed deposits with banks (TDS - C.Y. Rs. 0.02 crores, Previous period Rs. 0.07 crores)		0.32		1.86
Interest income on investments		9.95		—
Other interest income (TDS - C.Y. Rs. 0.06 crores, Previous period Rs. Nil)		3.16		3.35
Dividend income on mutual fund units		2.86		7.54
Profit on redemption of mutual fund units		0.08		0.28
Insurance claims recovery		1.12		0.54
Income from insurance business		1.94		—
Sale of scrap		4.12		1.24
Profit/(loss) on sale/discard of assets (net)		0.42		(0.24)
Others		4.39		0.48
		<u>28.36</u>		<u>15.05</u>

SCHEDULE - J

MATERIAL COST AND MANUFACTURING OVERHEADS

Raw materials consumed		685.39		53.74
Cost of traded goods		334.27		—
Stores and spares consumed		100.56		48.62
(Increase) / Decrease in stock :				
Closing stock:				
Finished goods	89.36		1.92	
Work-in-progress	22.40		5.80	
	<u>111.76</u>		<u>7.72</u>	
Less : Opening stock:				
Finished goods	1.92		4.00	
Work-in-progress	5.80		7.45	
	<u>7.72</u>		<u>11.45</u>	
Less: Stock taken over on amalgamation				
Finished goods	65.34		—	
Work-in-progress	4.62		—	
	<u>69.96</u>	(34.08)	<u>—</u>	3.73
Adjustment of excise duty on stocks		7.73		(0.72)
Power and fuel		378.49		174.58
Other manufacturing cost		29.01		—
Royalty		40.30		11.34
Packing and forwarding		53.64		22.26
Sub-contract charges		11.21		6.29
Repairs to :				
Plant and machinery	31.52		6.82	
Buildings	1.99		0.26	
Others	8.37		0.68	
		<u>41.88</u>		<u>7.76</u>
		<u>1,648.40</u>		<u>327.60</u>
Less : Captive consumption of cement		7.45		0.01
		<u>1,640.95</u>		<u>327.59</u>

SCHEDULE - K

STAFF COST

	<u>2009-2010 (12 months)</u>	<u>2008-2009 (9 months)</u>
	<u>Rs. Crores</u>	<u>Rs. Crores</u>
Salaries, wages and bonus	139.13	26.43
Contribution to Provident and other funds	10.82	3.55
Welfare and other expenses	9.86	2.26
	<u>159.81</u>	<u>32.24</u>

SCHEDULE - L

SALES, ADMINISTRATION AND OTHER EXPENSES

Rent	21.61	3.61
Rates and taxes	25.29	11.54
Travelling and communication	29.46	5.09
Discounts, incentives and commission on sales	111.69	23.60
Advertisement, sales promotion and other marketing expenses	25.31	3.14
Insurance	3.13	1.15
Research and development expenses	0.80	—
Freight outward	250.04	67.59
Loss on exchange fluctuation	0.63	—
Provision for doubtful debts	4.64	—
Bad debts written off	2.51	2.56
Less : Provision for doubtful debts written back	<u>2.22</u>	<u>2.56</u>
Expenses related to insurance business	5.71	—
Miscellaneous expenses	57.02	12.07
	<u>535.62</u>	<u>127.79</u>

SCHEDULE - M

FINANCE AND OTHER CHARGES

Interest on fixed loans	39.52	—
Other interest	20.55	1.51
Lease rentals	—	0.29
Bank charges	5.40	1.74
	<u>65.47</u>	<u>3.54</u>

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, 2010.

Basis of Accounting and Principles of Consolidation

- 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.

PRISM CEMENT LIMITED

- b. Share of Profit/Loss and Assets & 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.
- 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 Company's separate financial statements.
- 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. Exchange differences arising on settlement or yearend restatement are included in "Foreign Currency Translation Reserve" under "Reserves and Surplus".

B. Particulars of Subsidiaries, Joint Ventures & Associate:

Name of the Subsidiary, Joint Venture and Associate	Country of incorporation	Status	Percentage of Voting Power as at March 31, 2010
Porselano Tiles Ltd.	India	Subsidiary	100%
H & R Johnson (India) TBK Ltd.	India	Subsidiary	100%
Silica Ceramica Private Ltd.	India	Subsidiary	65.71%
Lifestyle Investments Private Ltd.	Jersey	Subsidiary	100%
Raheja QBE General Insurance Company Ltd.	India	Subsidiary	74%
Ardex Endura (India) Private Ltd.	India	Joint Venture	50%
Sentini Cermica Private Ltd.	India	Joint Venture	50%
Antique Granito Private Ltd.	India	Joint Venture	50%
Spectrum Tiles Private Ltd.	India	Joint Venture	50%
Milano Bathroom Fittings Private Ltd.	India	Joint Venture	50%
TBK Samiyaz Tile Bath Kitchen Private Ltd.	India	Joint Venture	50%
TBK P B Shah Tile Bath Kitchen Private Ltd.	India	Joint Venture	50%
TBK Deepgiri Tile Bath Kitchen Private Ltd.	India	Joint Venture	50%
TBK Shri Ram Tile Bath Kitchen Private Ltd.	India	Joint Venture	50%
TBK Unique Jalgaon Tile Bath Kitchen Private Ltd.	India	Joint Venture	50%
TBK Deziner's Home Private Ltd.	India	Joint Venture	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.

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 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 period 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 and 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.

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 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.
- (iii) 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.

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.

RMC Division [RMC Readymix (India)]:

Assets	Rate of Depreciation
Plant & Machinery	
➤ Concrete Pumps	16.67%
➤ Lab Equipments	10.00%
➤ Electrical Installations	10.00%
➤ Radio Sets	20.00%
➤ 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 set up on leased lands are capitalised to Buildings 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
Goodwill	10 years

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

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 are recognised as an income or expense for the year.

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 benefits 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 encashment 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, 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 of 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. Scheme of Amalgamation of H. & R. Johnson (India) Limited and RMC Readymix (India) Private Limited with the Company

- a. Pursuant to the Scheme of Amalgamation ["the Scheme"] under Section 391/394 of the Companies Act, 1956, sanctioned by the honorable High Court of Judicature at Bombay and Andhra Pradesh vide their orders dated January 22, 2010 and February 4, 2010 respectively, H. & R. Johnson (India) Limited (HRJ) and RMC Readymix (India) Private Limited (RMC), were merged with the Company. Accordingly, all assets and properties, both movable and immovable, industrial and other licenses, all rights and obligations, trademarks, all other interests, rights and power of every kind, etc., and all debts, liabilities including contingent liabilities, duties and obligations, of HRJ and RMC have been transferred to and vested in the Company with effect from April 1, 2009 (the appointed date). The Scheme has accordingly been given effect to in the accounts.
- b. The operations of HRJ comprises of manufacturing and trading of tile, bath and kitchen (TBK) and the operations of RMC comprises of manufacturing and trading of ready mixed concrete (RMC).
- c. The amalgamation has been accounted for under the "pooling of interest" method as prescribed in Accounting Standard (AS - 14) as notified under the Companies (Accounting Standards) Rules, 2006. Accordingly, the assets, liabilities and reserves of HRJ and RMC as at April 1, 2009 have been taken over at their book value.

The details of the same are given below:

Particulars	<u>Rs. Crores</u>	<u>Rs. Crores</u>
Gross Assets		850.93
Less : Loans and other Liabilities	490.75	
Preference Share Capital	10.75	
Reserves and Surplus	266.55	768.05
Net Amount (A)		<u>82.88</u>
Shares issued on amalgamation		
a. in the ratio of 124 equity shares of Rs. 10/- each of Prism Cement Limited for 1 equity share of Rs. 100/- each of HRJ		153.64
b. in the ratio of 73 equity shares of Rs. 10/- each of Prism Cement Limited for 100 equity shares of Rs. 10/- each of RMC		51.46
Face Value of Shares issued (B)		<u>205.10</u>
Net Deficit (C=A-B)		<u>(122.22)</u>

- d. As per the terms of the approved Scheme, the assets, liabilities and the balances in the reserves of the transferor companies are recorded in the same form in which they appeared in the respective financial statements at their respective book value and the excess of amount recorded as share capital over the net book value of such assets, liabilities and reserves vested in the Company aggregating to Rs. 122.22 crores is treated as Amalgamation Reserve. Further, the Amalgamation Reserve is adjusted against Capital Reserve (Rs. 0.17 crores), Capital Redemption Reserve (Rs. 0.50 crores), Securities Premium (Rs. 116.13 crores) as approved by the High Court order dated February 4, 2010 under Section 100 of the Companies Act, 1956. The remaining balance is the Amalgamation Reserve of Rs. 5.42 crores is adjusted against General Reserve, as per the approved Scheme.
- e. In terms of the Scheme, the Equity Shares issued and allotted by the Company shall rank for dividend, voting rights and in all respects pari-passu with the existing Equity Shares of the Company.
- f. As per the Scheme of Amalgamation, against shares of RMC held by HRJ, 1,23,51,600 equity shares of the Company have been issued to the Prism Trust, which is held for the benefit of the Company. The dividend received on such shares has been disclosed below "Profit after tax".
- g. Certain depreciation policy earlier followed by transferor companies has been realigned to be in line with the policy followed by the Company. The impact of the same on the accumulated depreciation upto the date of amalgamation has been adjusted in the General Reserve of the Company, as per the provisions of the Scheme. Accordingly an amount of Rs. 28.83 crores have been added to the General Reserve.
2. Previous period figures are for 9 months, while the current year (12 months) figures include operations of HRJ and RMC Divisions consequent to amalgamation. The current year figures are therefore not comparable with previous period.
3. Exceptional items shown in the Profit and Loss Account comprises of amalgamation expenses of Rs. 10.25 crores and exchange loss of Rs. 8.62 crores on redemption of investments in preference shares.
4. 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.
5. 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., Sentini Cermica Private Ltd. & Milano Bathroom Fittings Private Ltd., where they have charged the same on written down value method. The proportion of value of depreciation which been charged on written down value method (WDV) is as under:
 - Amount of depreciation charged on WDV basis Rs. 5.68 crores

PRISM CEMENT LIMITED

- Total depreciation charged in Consolidated Accounts Rs. 102.35 crores
- % of depreciation charged on WDV basis to total depreciation (5.55%)

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

(Rs. Crores)

Particulars	Cement	TBK	RMC	Unallocated	Total
Revenue					
External (Net of Excise)	1,020.93	1,187.63	679.91	11.89	2,900.36
Inter - Segment	—	—	—	—	—
Total Revenue	1,020.93	1,187.63	679.91	11.89	2,900.36
Segment Result	319.81	128.33	16.72	(5.77)	459.09
Unallocated Income (Net of Unallocated expenditure)					18.87
Borrowing Cost (excluding bank charges)					60.07
Profit Before Tax					380.15
Provision for Tax					123.61
Profit After Tax					256.54

Other Information:

Particulars	Cement	TBK	RMC	Others	Unallocated	Total
Segment Assets	1,331.46	969.28	306.23	—	282.92	2,889.89
Segment Liabilities	208.66	238.43	99.46	—	1,141.67	1,688.22
Capital Expenditure	579.98	20.68	4.36	0.01		605.03
Depreciation	33.42	44.35	23.39	1.19		102.35

7(a) Contingent liabilities:

- (i) Guarantees given by the Group's bankers and counter guaranteed by the Group - Rs. 65.71 crores (Previous period: Rs. 32.02 crores).
- (ii) Claims against the Group not acknowledged as debts :
 - (a) Dispute in respect of exemption of Central Sales Tax on coal purchases - Rs. 7.56 crores (Previous period: Rs. 7.56 crores). Against this matter, bank guarantee of Rs. 7.70 crores (Previous period: Rs. 7.70 crores) has been provided by the Group.
 - (b) Energy Development Cess disputed Rs. 7.44 crores (Previous period : Rs. 9.89 crores)
 - (c) Royalty on limestone disputed Rs. 33.84 crores (Previous period : Rs. 31.91 crores)
 - (d) Tax on Rural and Road Development disputed Rs. 3.00 crores (Previous period : Rs. Nil)
 - (e) Other Claims in respect to Income Tax, Sales Tax, Entry Tax, Excise Duty and Labour claims Rs. 11.11 crores. (Previous period: Rs. 2.37 crores)

7 (b) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) - Rs. 356.54 crores (Previous period: Rs. 474.24 crores).

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

(Rs. Crores)

Particulars	As at 01.04.2009	Provisions made during the year	Amounts utilised or reversed during the year	As at 31.03.2010
MPEB Cess on Generation of Electricity	8.90	Nil	Nil	8.90
MP Entry Tax	2.74	5.63	Nil	8.37
UP Entry Tax	14.93	7.62	Nil	22.55

The above provision has been netted off against the payment made there against, in the Balance Sheet. 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 Rs. 39.82 crores.

8. Capital work-in-progress includes for capital advances of Rs. 284.29 crores (Previous period Rs. 57.37 crores) and pre-operative expenses of Rs. 36.48 crores (Previous period Rs. 10.22 crores) the details of which are as under:

<u>Particulars</u>	<u>2009-2010</u> <u>(12 months)</u> <u>Rs. Crores</u>	<u>2008-2009</u> <u>(9 months)</u> <u>Rs. Crores</u>
Salary, wages and bonus	5.26	2.00
Contribution to Provident and other funds	0.28	0.19
Rent, rates and taxes	0.14	0.35
Fees and bank charges	21.17	0.90
Depreciation	0.14	0.03
Gain on foreign exchange fluctuations on Project loans	(6.68)	—
Miscellaneous expenses	5.95	3.12
	<u>26.26</u>	<u>6.59</u>
Add: Expenditure up to previous period	<u>10.22</u>	<u>3.63</u>
	<u>36.48</u>	<u>10.22</u>

9. The Group has operating leases for commercial premises which are cancellable at any time during the tenure of the agreement. The Group has operating lease for machinery and equipments which are non-cancellable during the tenure of the lease.

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

(Rs. Crores)

<u>Future Lease Rental Payments</u>	<u>As at 31.03.2010</u>	<u>As at 31.03.2009</u>
a. Due but not later than one year	4.80	Nil
b. Due later than one year but not later than 5 years from the Balance Sheet date	6.88	Nil
c. Later than 5 years	0.87	Nil

10. The Group has recognised deferred tax in accordance with the requirement of Accounting Standard 22 – “Accounting for Taxes on Income”, as notified under the Companies (Accounting Standards) Rules, 2006. The breakup of deferred tax is as follows:

	<u>As at 31.03.2010</u> <u>Rs. Crores</u>	<u>As at 31.03.2009</u> <u>Rs. Crores</u>
Deferred Tax Assets		
Expenses provided but allowed in Income Tax on payment	20.35	5.39
Preliminary Expenditure	—	0.02
Unabsorbed Depreciation	—	0.03
Amalgamation Expenses	2.72	—
Total (A)	23.07	5.44
Deferred Tax Liability		
Depreciation	126.51	58.21
Amount capitalised in books and claimed in Income Tax	2.33	—
Total (B)	128.84	58.21
Net Deferred Tax Liability/ (Asset) (B – A)	105.77	52.77

PRISM CEMENT LIMITED

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

Name of the Joint Venture	Proportion of Ownership Interest	Country of Incorporation
Ardex Endura (India) Private Ltd.	50%	India
Sentini Cermica Private Ltd.	50%	India
Antique Granito Private Ltd.	50%	India
Milano Bathroom Fittings Private Ltd.	50%	India
Spectrum Tiles Private Ltd.	50%	India

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

As at 31.03.2010

(Rs. Crores)

CAPITAL COMMITMENTS

1.67

CONTINGENT LIABILITIES

34.03

12. Disclosure regarding transactions with Related Parties in terms of AS - 18 are as under:

a. Name of the related parties.

Joint Venture / Associates:

- ❖ Ardex Endura (India) Private Ltd.
- ❖ Sentini Cermica Private Ltd.
- ❖ Antique Granito Private Ltd.
- ❖ Milano Bathroom Fittings Private Ltd.
- ❖ Spectrum Tiles Private Ltd.
- ❖ TBK Samiyaz Tile Bath Kitchen Private Ltd.
- ❖ TBK Shri Ram Tile Bath Kitchen Private Ltd.
- ❖ TBK Deziner's Home Private Ltd.
- ❖ TBK Unique Jalgaon Tile Bath Kitchen Private Ltd.
- ❖ TBK P B Shah Tile Bath Kitchen Private Ltd.
- ❖ TBK Deepgiri Tile Bath Kitchen Private Ltd.
- ❖ Umiya Ceramic Private Ltd.
- ❖ R & S Business Centre
- ❖ Prism Power and Infrastructure 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.
- ❖ Ms. Medha Gupta

Key Management Personnel:

- ❖ Mr. Manoj Chhabra
- ❖ Mr. Vijay Aggarwal
- ❖ Mr. Ganesh Kaskar
- ❖ Mr. Praveen 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.

(Rs. Crores)

Name	Relationship	Nature of transaction	Amount of transaction in 2009-10 (12 months)	Amount outstanding as at 31.03.2010	Amount of transaction in 2008-09 (9 months)	Amount outstanding as at 31.03.2009
R & S Business Centre	Firm in which Director and/or relatives has significant influence	Rent and maintenance charges	0.11	0.02	0.09	0.02
Mr. Manoj Chhabra	Managing Director	Remuneration	2.23	Nil	1.38	Nil
Mr. Vijay Aggarwal	Managing Director	Remuneration	2.55	Nil	Nil	Nil
Mr. Ganesh Kaskar	Executive Director	Remuneration	1.22	0.20	Nil	Nil
Mr. Praveen Gupta	Chief Executive Officer	Remuneration	1.34	0.26	1.32	0.30
Ms. Medha Gupta	Relative of key management prersonnel	Leave and License Expenses	0.09	Nil	0.09	Nil
Sentini Cermica Private Ltd.	Joint Venture/ Associates	Purchase of Goods and services	62.20	9.24	Nil	Nil
		Reimbursement	0.10	Nil	Nil	Nil
		Dividend Received	2.60	Nil	Nil	Nil
Antique Granito Private Ltd.	Joint Venture/ Associates	Purchase of Goods and services	109.88	21.88	Nil	Nil
		Reimbursement	0.14	Nil	Nil	Nil
		Interest Received	0.03	Nil	Nil	Nil
		Dividend Received	6.00	Nil	Nil	Nil
Spectrum Tiles Private Ltd.	Joint Venture/ Associates	Purchase of Goods and services	27.81	4.42	Nil	Nil
Milano Bathroom Fittings Private Limited	Joint Venture/ Associates	Interest Received	0.05	Nil	Nil	Nil
TBK Samiyaz Tile Bath Kitchen Private Ltd.	Joint Venture/ Associates	Sale of Goods and Services	6.28	(0.41)	Nil	Nil
		Selling and Distribution Expenses	0.21	Nil	Nil	Nil
TBK Shri Ram Tile Bath Kitchen Private Ltd.	Joint Venture/ Associates	Sale of Goods and Services	3.23	(0.72)	Nil	Nil
		Loans and Advances	0.38	Nil	Nil	Nil
		Interest Received	0.03	Nil	Nil	Nil
TBK Deepgiri Tile Bath Kitchen Private Ltd.	Joint Venture/ Associates	Sale of Goods and Services	4.11	(0.54)	Nil	Nil
		Interest Received	0.03	Nil	Nil	Nil
		Selling and Distribution Expenses	0.24	Nil	Nil	Nil

PRISM CEMENT LIMITED

(Rs. Crores)

Name	Relationship	Nature of transaction	Amount of transaction in 2009-10 (12 months)	Amount outstanding as at 31.03.2010	Amount of transaction in 2008-09 (9 months)	Amount outstanding as at 31.03.2009
TBK P B Shah Tile Bath Kitchen Private Ltd.	Joint Venture/ Associates	Sale of Goods and Services	2.81	(0.50)	Nil	Nil
		Loans and Advances	0.17	Nil	Nil	Nil
		Interest Received	0.04	Nil	Nil	Nil
		Selling and Distribution Expenses	0.50	Nil	Nil	Nil
TBK Deziner's Home Private Ltd.	Joint Venture/ Associates	Sale of Goods and Services	2.47	(0.42)	Nil	Nil
		Investments	0.02	Nil	Nil	Nil
		Selling and Distribution Expenses	0.23	Nil	Nil	Nil
		Loans and Advances	0.37	Nil	Nil	Nil
TBK Unique Jalgaon Tile Bath Kitchen Private Ltd.	Joint Venture/ Associates	Selling and Distribution Expenses	0.13	Nil	Nil	Nil
QBE Holdings (AAP) Pty Limited	Joint Venture Partner	Share Allotment	1.82	Nil	49.40	Nil
		Share Application Money	Nil	Nil	1.82	1.82
QBE Insurance (International) Limited	Associate	Internet Charges/ IT Support	0.15	0.13	0.08	0.08
		Re-imbursement of Expenses	Nil	Nil	0.01	Nil
QBE Insurance (Europe) Limited	Associate	Reinsurance premium paid	0.52	0.04	Nil	Nil
		Reinsurance commission received	0.13	0.01	Nil	Nil
QBE Re Services Pty Limited	Associate	Reimbursement of Expenses	0.01	Nil	Nil	Nil

13. Figures for the previous period have been regrouped wherever necessary.

As per our report of even date attached

For N. M. RAIJI & CO.

Chartered Accountants

J. M. Gandhi

Partner

Mumbai, May 5, 2010

Aneeta S. Kulkarni

Company Secretary

Rajesh G. Kapadia

Chairman

Rajan B. Raheja

Director

Manoj Chhabra

Vijay Aggarwal

Ganesh Kaskar

Managing Directors

Executive Director

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	2009-2010 (12 months)		2008-2009 (9 months)	
	(Rs. Crores)	(Rs. Crores)	(Rs. Crores)	(Rs. Crores)
A. CASH FLOW FROM OPERATING ACTIVITIES:				
Profit before tax as per Profit and Loss Account		380.15		146.38
Adjustments:				
Depreciation and amortisation	102.34		24.86	
Exchange loss on sale of preference shares	(8.62)		—	
Dividend income	(2.85)		(7.54)	
Interest income	(10.79)		(5.21)	
Interest paid	60.16		1.51	
Lease rentals	—		0.29	
Loss on assets written-off	0.33		—	
(Profit)/Loss on sale of assets	(0.42)	140.15	0.24	14.15
Operating Profit/(Loss) before Working Capital changes		520.30		160.53
Adjustment for Working Capital changes				
Inventories	(50.83)		13.45	
Trade receivables	(16.37)		3.38	
Other receivables	(5.14)		(7.10)	
Trade and other payables	66.65	(5.69)	(4.98)	4.75
Cash generated from operations		514.61		165.28
Direct taxes paid		(143.02)		(64.83)
Net cash used for operating activities (A)		371.59		100.45
B. CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets and additions in CWIP		(618.53)		(128.14)
Proceeds from sale of fixed assets		3.70		0.16
Sales proceeds from investments		236.94		66.04
Purchase of fixed deposits		12.35		—
Purchase of investments		(268.29)		—
Foreign exchange loss on investments held in foreign currency		(1.02)		—
Dividend income		2.85		7.54
Dividend on own shares held through Trust		1.85		3.50
Interest income		10.79		—
Net Cash used for Investing activities (B)		(619.36)		(50.90)
C. CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds from issue of equity shares		—		49.40
Proceeds from secured loans		551.55		—
Repayment of secured loans		(99.84)		—
Changes in the cash credit balances		(2.39)		—
Proceeds from unsecured loans		40.43		—
Repayment of unsecured loans		(9.75)		—
Inter Division transfers		1.85		—
Redemption of preference shares		(10.75)		—
Interest paid		(60.16)		(1.51)
Lease rentals		—		(0.14)
Dividend paid during the year including tax on dividend		(141.02)		(34.90)
Net Cash from Financing Activities (C)		269.92		12.85
Net increase in cash and cash equivalents during the year (A+B+C)		22.15		62.40
Cash and cash equivalents acquired upon amalgamation		29.33		—
Cash and cash equivalents at the beginning of the year		79.13		16.73
Cash and cash equivalents at the end of the year		130.61		79.13
Details of Cash and cash equivalents:				
Balance as per Schedule G		60.58		21.23
Add : Fixed deposits with banks		70.25		62.91
Less : Deposits under lien		0.22		5.01
Balance		130.61		79.13

As per our report of even date attached

For N. M. RAIJI & CO.
Chartered AccountantsJ. M. Gandhi
Partner

Mumbai, May 5, 2010

Aneeta S. Kulkarni
Company Secretary

Rajesh G. Kapadia

Chairman

Rajan B. Raheja

Director

Manoj Chhabra

Managing Directors

Vijay Aggarwal

Ganesh Kaskar

Executive Director

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

(Rs. Crores)

Name of the Subsidiary	H. & R. Johnson (India) TBK Limited	Poreslano Tiles Limited	Silica Ceramica Private Limited	Lifestyle Investments Private Limited	Raheja QBE General Insurance Company Limited
Reporting currency	INR (Rs.)	INR (Rs.)	INR (Rs.)	GBP (£)	INR (Rs.)
Exchange rate as on March 31, 2010	N.A.	N.A.	N.A.	68.03	N.A.
Share capital	1.61	0.05	1.05	54.39	207.00
Reserves and surplus	(10.75)	(0.01)	17.92	(2.11)	(14.95)
Total assets	14.55	0.04	72.68	113.54	376.83
Total liabilities	23.69	—	53.71	61.26	2.92
Investments other than in subsidiaries*	0.21	—	0.03	110.88	181.86
% of holding	100.00	100.00	65.71	100.00	74.00
Sales and other income	24.16	—	49.96	0.79	(5.58)
Profit before taxation	(2.46)	—	(3.08)	(2.03)	(5.79)
Provision for taxation	(0.19)	—	1.97	—	—
Profit after taxation	2.27	—	(5.05)	(2.03)	(5.79)
Proposed dividend (incl. dividend reserve)	—	—	—	—	—

*Also included in total assets

Mumbai, May 5, 2010

Aneeta S. Kulkarni
Company Secretary

Rajesh G. Kapadia	Chairman
Rajan B. Raheja	Director
Manoj Chhabra	} Managing Directors
Vijay Aggarwal	
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.

ELECTRONIC CLEARING SERVICES (ECS) MANDATE FORMAT

To,

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

To,

(In case of Electronic Holding)
The Depository Participants

FORM FOR ELECTRONIC CLEARING SERVICES FOR PAYMENT OF DIVIDEND

Dear Sirs,

(Please fill-in the information in CAPITAL LETTERS in ENGLISH ONLY. Please TICK (✓) wherever is applicable)

For shares held in physical form/electronic form

Master Folio No.										
DP ID										
Client ID										
Name of First Holder										
Bank Name										
Branch Name & Address										
Branch Code	<table border="1"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table> <p>(9 Digits Code Number appearing on the MICR Band of the cheque supplied by the Bank)</p> <p>Please attach a xerox copy of a cheque or a blank cheque of your bank duly cancelled for ensuring accuracy of the bank name, branch and code number.</p>									

Account type

Savings

Current

Cash Credit

A/c No. (as appearing in the cheque book) : _____

Effective date of this mandate : _____

I hereby declare that the particulars given above are correct and complete. If any transaction is delayed or not effected at all for reasons of incompleteness or incorrectness of information supplied as above, neither Prism Cement Limited nor its Registrars, Karvy Computershare Private Limited, will be held responsible.

I further undertake to inform the Company / Registrars any change in my Bank / Branch and Account number, if any.



Place :

Date :

Signature of First Holder
Name of First Holder

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 18th ANNUAL GENERAL MEETING of the Company to be held on Tuesday, June 22, 2010 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 18th ANNUAL GENERAL MEETING of the Company to be held
on Tuesday, June 22, 2010 at 11.30 a.m. or at any adjournment thereof.

Signed this _____ day of _____ 2010.

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.