



PRISM CEMENT LIMITED

Annual Report 2006-07





PRISM CEMENT LIMITED

BOARD OF DIRECTORS

Mr. Rajan B. Raheja

Chairman

Mr. Manoj Chhabra

Managing Director

Mr. Aziz H. Parpia

Mr. Rajesh G. Kapadia

Mr. Satish B. Raheja

Mr. Vijay Aggarwal

Alternate to Mr. Satish Raheja

Mr. Akshay R. Raheja

Mr. K. Swaminathan

Nominee of ICICI Bank Ltd.

(Upto August 2, 2006)

Mr. Ramen Raymandal

Nominee of ICICI Bank Ltd.

(August 2, 2006 - December 14, 2006)

COMPANY SECRETARY

Mrs. Aneeta S. Kulkarni

REGISTRAR & TRANSFER AGENT

Karvy Computershare Private Ltd.,
Plot No. 17 to 24, Near Image Hospital,
Vittalrao Nagar, Madhapur,
Hyderabad - 500 034.

BANKERS

State Bank of India

Vijaya Bank

Bank of Baroda

AUDITORS

N. M. Raiji & Co., Mumbai

INTERNAL AUDITORS

Borkar & Muzumdar, Mumbai

COST AUDITORS

N. I. Mehta & Co., Mumbai

SOLICITORS

Wadia Ghandy & Co., Mumbai

CORPORATE OFFICE

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

REGISTERED OFFICE

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

PLANT

Village Mankahari, Tehsil Rampur Baghelan,
Dist: Satna - 485 111, M. P.

MARKETING OFFICE

16/1/6A, Tagore Town, J. N. Road,
Allahabad - 211 002, U. P.

Contents	Page No.
Notice	2
Directors' Report	4
Management Discussion & Analysis	7
Report on Corporate Governance	10
Auditors' Report	16
Balance Sheet	18
Profit & Loss Account	19
Schedules	20
Cash Flow Statement	30



N O T I C E

NOTICE IS HEREBY GIVEN that the Fifteenth Annual General Meeting of the Company will be held on Tuesday, August 7, 2007, at 11.00 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 June 30, 2007 and the Balance Sheet as at that date and the report of the Auditors thereon.
2. To declare a dividend on equity shares.
3. To appoint a Director in place of Mr. Rajesh G. Kapadia, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. 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 Auditors, Messrs N. M. Raiji & Co., who being eligible, have offered themselves for re-appointment, be and are hereby re-appointed as 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 Auditors, in addition to reimbursement of out-of-pocket expenses in connection with the audit of the Company."

Special Business :

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

"RESOLVED THAT Mr. Akshay R. Raheja who was appointed as Additional Director of the Company with effect from October 30, 2006 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."

NOTES :

1. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the Special Business mentioned under Item No. 6 above, is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES, IN ORDER TO BE VALID, MUST BE RECEIVED BY THE COMPANY AT THE REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING.
3. The Register of Members and Transfer Books of the Company will remain closed from Tuesday, July 31, 2007 to Tuesday, August 7, 2007 (both days inclusive). If the final dividend as recommended by the Board of Directors is approved at the meeting, payment of such dividend will be made on or after August 13, 2007 as under :
 - i. To all beneficial owners in respect of shares held in electronic form as per the data as may be made available by the National Securities Depository Limited and the Central Depository Services (I) Limited as of the close of business hours on July 30, 2007.
 - ii. To all shareholders in respect of shares held in physical form after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before the close of business hours on July 30, 2007.

15th Annual Report 2006-2007

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 the 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 in the ECS Form attached to the Annual Report, to the Company's Registrar & Transfer Agent - Karvy Computershare Private Ltd.
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, Near Image Hospital, Vittalrao Nagar, Madhapur, Hyderabad - 500 081. Members holding shares in electronic mode should address all their correspondence to their respective Depository Participants (DPs).
7. Nomination facility for shares is available for Members. The prescribed format, in this regard, can be obtained from the Company's Registrar and Transfer Agent.
8. The Company's equity shares are listed on The Stock Exchange, Mumbai and the National Stock Exchange of India Limited. The listing fees for the year 2007-2008 have been paid to the aforesaid Stock Exchanges.
9. Pursuant to Sections 205C of the Companies Act, 1956, the Company has transferred unclaimed interest on non-convertible debentures in respect of 10th and 11th Interest Accounts during the year to the Investor Education & Protection Fund.

By Order of the Board of Directors

Place : Mumbai
Date : July 3, 2007

Aneeta S. Kulkarni
Company Secretary

EXPLANATORY STATEMENT

As required by Section 173 (2) of the Companies Act, 1956, the following Explanatory Statement sets out the material facts relating to Item No. 6 mentioned in the accompanying Notice dated July 3, 2007.

Item No. 6

Mr. Akshay R. Raheja was appointed as Additional Director on the Board of the Company with effect from October 30, 2006. Mr. Raheja is a Commerce Graduate and holds an MBA from Columbia Business School, N. Y., USA. He is a Director on the Boards of Asianet Satellite Communications Limited, H & R Johnson (India) Limited and Foodworld Supermarkets Limited. Mr. Raheja holds 55,50,000 equity shares of the Company.

Pursuant to Section 260 of the Companies Act, 1956, Mr. Raheja holds office upto the date of the ensuing meeting and is eligible for appointment as Director of the Company. The Company has received a 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. Akshay Raheja's knowledge will be of immense benefit and value to the Company and therefore recommend adoption of the Resolution at Item No. 6.

Except for Mr. Rajan B. Raheja, Mr. Satish B. Raheja and Mr. Akshay R. Raheja, none of the other Directors is concerned or interested in any way in the Resolution.

By Order of the Board of Directors

Place : Mumbai
Date : July 3, 2007

Aneeta S. Kulkarni
Company Secretary

Registered Office :

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



DIRECTORS' REPORT

To the Shareholders,

The Directors present the Fifteenth Annual Report together with the audited Accounts of the Company for the year ended June 30, 2007.

OPERATING RESULTS

The financial performance of the Company for the year ended June 30, 2007 is given below :

	<u>2006-07</u> <u>Rs. Crores</u>	<u>2005-06</u> <u>Rs. Crores</u>
Sales	883.48	678.18
Less : Excise duty	116.68	106.44
Net Sales	<u>766.80</u>	<u>571.74</u>
Other income	4.42	2.09
	<u>771.22</u>	<u>573.83</u>
Expenditure	436.75	420.84
Operating Profit	<u>334.47</u>	<u>152.99</u>
Exchange gain/(loss) on restatement of foreign currency loans	<u>0.20</u>	<u>(3.96)</u>
Profit before finance charges & depreciation / amortisation	334.67	149.03
Finance charges	6.61	25.34
Profit before depreciation/ amortisation	<u>328.06</u>	<u>123.69</u>
Depreciation	31.87	30.73
Amortisation	2.13	2.31
Profit before tax	<u>294.06</u>	<u>90.65</u>
Provision for current tax	(34.13)	(9.06)
Provision for fringe benefit tax	(0.29)	(0.33)
Deferred tax	(66.87)	(19.18)
Profit after tax	<u>192.77</u>	<u>62.08</u>
Less : Deficit brought forward	<u>44.90</u>	<u>106.98</u>
Profit available for appropriation	147.87	(44.90)
Appropriation :		
Proposed Dividend	(29.83)	-
Tax on Dividend	(5.07)	-
Surplus/(Deficit) carried to Balance Sheet	<u>112.97</u>	<u>(44.90)</u>

DIVIDEND

The Directors are pleased to recommend for approval of the shareholders, a maiden dividend of 10% (Re.1/- per Equity Share of Rs. 10/- each) for the year ended June 30, 2007. The dividend, if declared and approved as above, would result in cash outflow of Rs. 34.90 crores including tax on dividend of Rs. 5.07 crores.

OPERATIONS

The improvement in the operating results continued during the year under review which is reflected in the financial results. The net sales of the Company for the year under review increased to Rs. 766.80 crores as compared to Rs. 571.74 crores in the previous year, registering a growth of 34 %. The operating profit grew by 119 %, from Rs. 152.99 crores in the previous year to Rs. 334.47 crores in the year under review. The net profit registered a growth of 211 % over the previous year.

After payout of dividend, as recommended by the Board and tax thereon, the balance carried forward in the P & L account is Rs. 112.97 crores.

FINANCE

The continuous emphasis on efficient fund management coupled with the stable operations and growth in cement demand during the past couple of years has enabled the Company to wipe out the balance accumulated losses of Rs. 44.90 crores and repay its entire outstanding debt of Rs. 107.93 crores during the year under review. As a consequence thereof, finance charges reduced from Rs. 25.34 crores during the year ended June 30, 2006 to Rs. 6.61 crores during the year under review.

DIRECTORS

Mr. K. Swaminathan, nominee of ICICI Bank Limited, resigned from the Board on August 2, 2006. Mr. Ramen Raymandal joined the Board of Directors on August 2, 2006 as a nominee in place of Mr. K. Swaminathan. He resigned from the Board on December 14, 2006. The Board wishes to place on record its appreciation of the contributions made by Mr. K. Swaminathan and Mr. Ramen Raymandal during their respective tenures as Director of the Company.

Mr. Akshay R. Raheja was appointed as Additional Director by the Board at its meeting held on October 30, 2006. Mr. Akshay Raheja holds office upto the date of the forthcoming Annual General Meeting. In this connection, your attention is drawn to Item No. 6 of the accompanying Notice of the Annual General Meeting.

15th Annual Report 2006-2007

In accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Rajesh G. Kapadia 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 appointment / re-appointment are included in the Report on Corporate Governance.

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 June 30, 2007, 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 June 30, 2007 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 June 30, 2007 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 Annual Report and Accounts are 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 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 Auditors, M/s. N. M. Raiji and 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.

COST AUDIT

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 June 30, 2007 are being audited by Cost Auditors, M/s. N. I. Mehta & Co.

ACKNOWLEDGEMENTS

The Directors wish to place on record their appreciation of the assistance and co-operation extended by various Central and State Government departments/agencies, financial institutions and banks. The Directors wish to thank the shareholders for their continued support to the Company.

The Board wishes to place on record its appreciation of sincere and dedicated work of all the employees, which has largely contributed to the present growth of the Company.

For and on behalf of the Board of Directors

RAJAN B. RAHEJA

Chairman

Place : Mumbai

Date : July 3, 2007



PRISM CEMENT LIMITED

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

(a) Energy conservation measures taken

Following Modifications were carried out during the year 2006 - 2007 for improving the productivity and reducing the specific power consumption and specific heat consumption.

- > Commissioning of Power Capacitors for power factor improvement.
- > Commissioning of new generation high efficiency microprocessor based controller for Cement Mill ESP.
- > Commissioning of electronic system for better control and rationalisation of compressed air.
- > Commissioning of variable frequency drive for Primary Air Fan & Cooler Fan for Energy saving.

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

Proposed modifications and capacity enhancement

- > Upgradation of PLC system for faster response and better control of manufacturing process.
- > Implementation of Expert Control System philosophy for auto control of cement mill operation.
- > Installation of variable frequency drive for balance cooler fans for energy saving.
- > Upgradation of "CEM Scanner" for improved control of Kiln and coal firing.

(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 enhance the production, resulting into lower cost of production per tonne.

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

FORM - A
(See Rule 2)

Form for disclosure of particulars with respect to conservation of energy

	2006-2007	2005-2006
(A) POWER AND FUEL CONSUMPTION		
1. Electricity		
a) Purchased		
Units (Lakhs - KWH)	1776.51	3.07
Total Amount (Rs. Crores)	71.46	0.15
Rate/Unit (Rs.)	4.02	4.92
b) Own Generation		
i) Through Diesel Generator		
Net Units (Lakhs-KWH)	232.84	2033.77
Unit per Ltr. of Diesel/ Furnace Oil (KWH)	3.93	4.09
Cost/Unit (Rs./Kwh)	9.16	5.66
ii) Through Steam Turbine/Generator	NIL	NIL
2. Coal (used in Kiln)		
Quantity (Tonnes)	367141	363458
Total Cost (Rs. Crores)	87.46	79.87
Average Rate (Rs.)	2382.31	2197.59
3. Furnace Oil		
Quantity (K.Ltrs.)	6164	51870
Total Cost (Rs. Crores)	13.57	91.96
Average Rate (Rs./K.Ltr.)	22026.00	17729.83
4. High Speed Diesel		
Quantity (K.Ltrs.)	556	537
Total Cost (Rs. Crores)	1.76	1.42
Average Rate (Rs./K.Ltr.)	31585.39	26513.59
5. Others/Internal Generation	NIL	NIL

(B) CONSUMPTION PER UNIT OF PRODUCTION

Electricity (KWH/T of Cement)	72.24	76.26
HSD/FO (Ltr./T of Clinker)	0.22	0.20
Coal (Percentage of Clinker)	16.93	16.51

B. TECHNOLOGY ABSORPTION

(e) Efforts made in technology absorption as per Form B

FORM B

(See Rule 2)

Form for disclosure of particulars with respect of absorption RESEARCH AND DEVELOPMENT (R & D)

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

- > Stock pile control by ratio modules.

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

- > Reduced Gypsum consumption.
- > Reduced energy consumption.

3. Future plan of action

- > to take up mineralised clinker project through renowned technologies.
- > Raw mix optimisation to enhance fly-ash addition.
- > To explore possibilities of using alternative fuels.
- > Upgradation study for increasing the kiln output.

4. Expenditure on R&D

	2006-2007 Rs. Crores	2005-2006 Rs. Crores
Capital	Nil	Nil
Recurring	0.06	0.05
Total R & D expenditure as percentage of turnover	0.01	0.01

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

- > Absorbing and adapting all technology developed.
- > Indigenous development of imported spares.

2. Benefits derived as results of the above efforts

- > Improvement in the existing process and productivity.
- > Cost Reduction.
- > Knowledge of updated technology.

C. FOREIGN EXCHANGE EARNING AND OUTGO

(f) Activities relating to export, initiative taken to increase exports, development of new export markets for products and services and export plans

- > The company is continuously exploring avenues to increase exports to neighbouring countries.

(g) Total foreign exchange used and earned

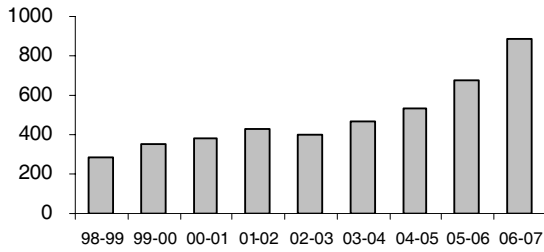
	2006-2007 Rs. Crores	2005-2006 Rs. Crores
CIF value of imports	19.49	8.16
Expenditure in foreign currency	1.68	12.10
Earning in foreign currency	3.15	1.24

15th Annual Report 2006-2007

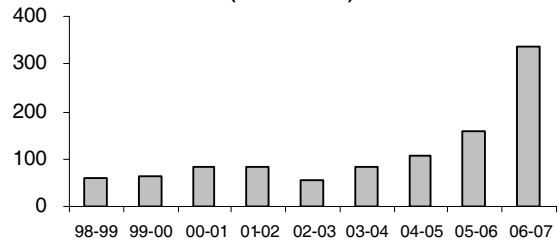
MANAGEMENT DISCUSSION & ANALYSIS

Performance Highlights

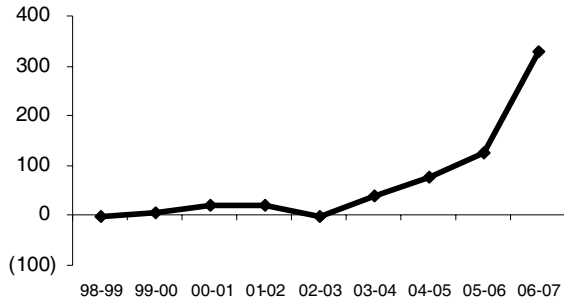
Gross Turnover (Rs. Crores)



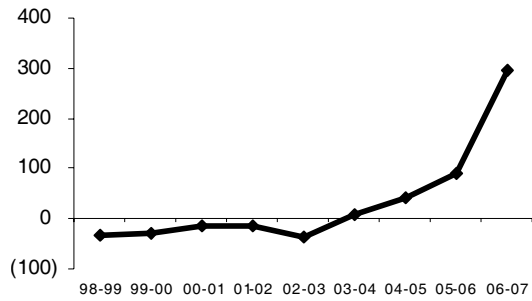
Profit Before Interest, Depreciation & Tax (Rs. Crores)



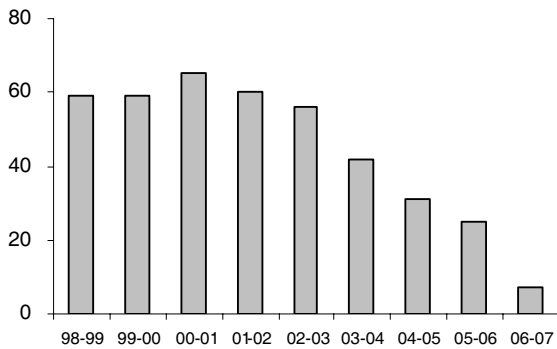
Profit Before Depreciation & Tax (Rs. Crores)



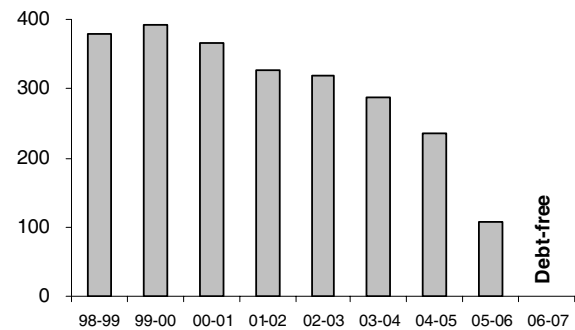
Profit Before Tax (Rs. Crores)



Finance Charges (Rs. Crores)



Debt (Rs. Crores)





Business Environment

India's GDP grew at about 9.4 % in 2006-07. With this backdrop, the cement industry maintained a good growth momentum. Capacity utilisation increased from 90 % in the previous year to 96 % for the year 2006-07. Cement production registered an increase of about 10%, from 141.81 Mn. T for the year 2005-06 to 155.31 Mn. T for the year 2006-07.

The country's GDP is projected to continue to grow at around 9% in 2007-08. Infrastructure and housing is on the top agenda of the Government with improvement of existing and construction of new roads, bridges and airports being on priority. Continuous efforts made by the Cement Manufacturers Association to promote the construction of concrete roads have proved fruitful as is evident from the increase in concretisation of major roads.

The Indian cement industry has registered a production growth of about 9-10 % for the last three consecutive years. However, the per capita consumption of around 125 kgs compares poorly with the world average of over 260 kgs. This emphasizes the tremendous scope for growth in the Indian cement industry in the long term.

Review of Operations and Future Outlook

During the year, the Company produced 21.69 lakh tonnes of clinker and 22.39 lakh tonnes of cement during the year ended June 30, 2007, as against 22.02 lakh tonnes of clinker and 21.60 lakh tonnes of cement produced during the year ended June 30, 2006.

The growth in demand for cement combined with efforts to maximize realizations has enabled the Company to earn a profit after tax of Rs. 192.77 crores as against Rs. 62.08 crores in the previous year. This is inspite of the uptrend in prices of inputs such as coal and freight and taxes. The Board of Directors has recommended a maiden dividend of 10 % per share. The dividend is tax free in the hands of the shareholders.

While the demand for cement has shown a good growth, the Company was successful in strategizing its market operations which substantially enhanced the brand equity of "PRISM CHAMPION". The Company increased its share of PPC production from 72 % during the year 2005-06 to 87 % during the year under review.

Prudent finance management over the years has enabled the Company to repay its entire debt and wipe off its losses during the year under review. The Company invested surplus funds in liquid mutual fund

schemes. The total amount of investments as at June 30, 2007 was Rs. 141.87 crores.

The Company's products are well recognized in the markets of interest to be among the best in terms of quality and standards. They enjoy a cost advantage given the proximity to the markets. The costs of production are also kept under constant checks and controls.

The Company believes that it is well placed to take advantage of the opportunities that the markets offer. The progress made in the year 2006-07 has set the Company on a course to enhance growth in subsequent years. With the Government's thrust on infrastructure and housing continuing its momentum, the demand for cement will be sustained in the current year.

With this perspective, the Company has embarked upon augmenting its capacity through a brownfield expansion of 2 million tonnes of clinker at Satna, Madhya Pradesh and thereafter setting up a greenfield project of 2 to 3 million tonnes of clinker at Kurnool, Andhra Pradesh. It is expected that after these expansions, the total cement capacity of the Company would increase to around 10 million tonnes by 2011-2012.

Internal Control Systems

The management maintains adequate internal controls commensurate with the nature and size of operations of the Company, which is designed to provide reasonable assurance that assets are safe-guarded, transactions are correctly executed and recorded in accordance with managements' authorisation and accounting policies.

The Company's internal control system provides high level of system based checks and controls. Regular internal audits and checks ensure that responsibilities are executed efficiently. The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of internal control systems and suggests improvement for strengthening them from time to time.

The Statutory Auditors independently evaluate internal checks and controls during the conduct of their audit. They also participate in Audit Committee meetings to express their opinion on issues of concern.

Human Resources

Prism's strength continues to be its employees. Delegation and empowerment is provided to senior

managers to enable the concept of “ownership” to be instilled in them. This ensures full commitment and dedication from each employee and is working very satisfactorily.

The Company continuously strives to upgrade the skills and motivation levels of its human resources through various mechanisms. Efforts are made in developing them in keeping with organisational goals and priorities and at the same time caring for their individual aspirations and growth.

The efforts put in by employees at all levels are highly commendable and have contributed immensely to the excellent performance of the Company.

Corporate Social Responsibility

For Prism, corporate social responsibility is not just a program but it is the way business is done every day. The Company has always been conscious of its social obligations and has initiated welfare programmes for the benefit of its employees and villagers living near the Plant by providing the basic facilities and a better way of living, right from its inception.

Besides providing emergency and basic medical facilities to its employees and contractors and their families at the Plant, a Mobile Medical Van provides free medical aid to the villagers and their families.

Operations of a cement plant have inherent potential to emit dust and gases that may affect air quality negatively. At Prism, the installation of pollution control equipment of international standard are in place to improve air quality at and around the operations.

Water management and water quality remain the key focus areas of the management. The quality of both surface and ground water is monitored regularly to ensure that the mining and plant operations do not pollute the water resources of the communities living around the mining and plant area.

In recognition of the above, the Company was awarded the Energy Conservation Award by the Government of India, Ministry of Power for the year 2006. The Company was also awarded the 1st Prize for Environment Management by the Government of Madhya Pradesh, Ministry of Environment announced in 2007.

Safety, Health & Environment

Safety is a top priority issue at Prism, especially with regard to mining and its risks. The processes of cement

manufacture be it mining, production, processing, or packing, have a direct impact on the plant site and its surrounds. Therefore all efforts are made to anticipate, prevent as far as possible and mitigate the effects of its actions.

Pre-employment and annual examinations are performed on all employees to ensure that they are fit to perform the work for which they are employed and to ensure the early detection and treatment of any occupational disease that may arise.

Prism consciously strives to enhance the health and wellness of the employees and their dependants by addressing and managing their health risks while simultaneously providing access to comprehensive healthcare facilities. The Company also runs a number of programmes designed to promote Safety, Health and Environment (SHE) awareness among its employees and thus improve SHE management systems.

The various programmes run during the year include:

- On-going Safety Training Programme covering varied topics such as general safety, safety in material handling, housekeeping, etc. which were attended by 886 employees during the year.
- Basic First Aid Training so that they are appropriately equipped to render First Aid in case of emergency medical situations. During the year under review, 182 employees were trained through the First Aid Training Programme conducted by the Red Cross Society.
- Fire Drills - Mock drills are conducted to increase awareness among the people how to combat any accidents on a regular basis.

Cautionary Statement

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



REPORT ON CORPORATE GOVERNANCE

Company’s Philosophy on Corporate Governance

The Company has always been committed to the principles of good corporate governance and fundamentally believes that corporate governance goes beyond being a regulatory requirement. By providing a system of checks and balances between the Board, management, investors and other key stakeholders, the organisation is geared up towards building long-term value creation for its stakeholders. The Company continuously endeavours to review, strengthen and upgrade its systems and processes by adequately managing risks, sharing information and balancing stakeholders expectations.

1. Board of Directors

- i. The total strength of the Board is six Directors comprising one executive Director and five non-executive Directors, of which two are independent.

- ii. During the year ended June 30, 2007, four Board Meetings were held on the following dates: (i) July 25, 2006 (ii) October 30, 2006 (iii) January 16, 2007 and (iv) April 10, 2007.
- 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 of various other public companies (excluding Directorships in Indian private companies, foreign companies, companies u/s 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. Rajan B. Raheja (Chairman)	Non-independent Non-executive	3	No	11	4	-
Mr. Manoj Chhabra (Managing Director)	Non-independent Executive	3	Yes	1	1	-
Mr. Aziz H. Parpia	Independent Non-executive	4	No	4	2	1
Mr. Rajesh G. Kapadia	Independent Non-executive	4	Yes	10	2	4
Mr. Satish B. Raheja	Non-independent Non-executive	-	No	3	1	-
Mr. Vijay Aggarwal (Alternate to Mr. Satish B. Raheja)	Non-independent Non-executive	3	No	5	4	-
Mr. Akshay R. Raheja	Non-independent Non-executive	3	N. A.	3	-	-
Mr. K. Swaminathan *	Nominee Director (ICICI Bank Ltd.)	1	N. A.	-	-	-
Mr. Ramen Raymandal**	Nominee Director (ICICI Bank Ltd.)	1	No	-	-	-

* Resigned w.e.f. August 2, 2006

** Resigned w.e.f. December 14, 2006

- 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 June 30, 2007, the Audit Committee comprises of three non-executive Directors, Mr. R. G. Kapadia, Chairman of the Committee, Mr. A. H. Parpia and Mr. A. R. Raheja. Two of the members are independent. Mr. K. Swaminathan and

15th Annual Report 2006-2007

Mr. R. Raymandal, Nominee Directors, resigned from the Committee on August 2, 2006 and December 14, 2006 respectively. To increase the strength of the Committee to the minimum requirement under the Regulations, Mr. A. R. Raheja was appointed a Member of the Committee on April 10, 2007.

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 four times during the year 2006-07 on July 25, 2006, October 30, 2006, January 16, 2007 and April 10, 2007 and the details of attendance by the Committee Members are as follows:

Name of Director	No. of Audit Committee Meetings attended
Mr. R. G. Kapadia	4
Mr. A. H. Parpia	4
Mr. A. R. Raheja	N. A.
Mr. K. Swaminathan	1
Mr. R. Raymandal	1

For Audit Committee meetings, the Internal and Statutory Auditors are invited and are generally attended by the Managing Director and Sr. President - HRD & Corporate Affairs of the Company. The Company Secretary acts as Secretary of the Audit Committee.

3. Remuneration Committee

The Remuneration Committee comprises of 3 non-executive members of the Board viz. Mr. Rajan B. Raheja - Chairman, Mr. A. H. Parpia and Mr. R. G. Kapadia.

Mr. K. Swaminathan and Mr. R. Raymandal, Nominee Directors, resigned from the Committee on August 2, 2006 and December 14, 2006 respectively. The Committee decides on the Company's policy on the remuneration package for its Executive Director.

One meeting of the Remuneration Committee was held on July 25, 2006, which was attended by all the members.

The non-executive Directors are only paid sitting fees for attending the Board and Audit Committee meetings. For the year ended June 30, 2007, the non-executive Directors were paid in aggregate, an amount of Rs. 2,08,000/- as sitting fees.

A. Details of Remuneration paid to Directors for year ended June 30, 2007

a. Mr. M. Chhabra was appointed as Managing Director effective from August 25, 2003. The appointment is on contractual basis for a period of 5 years. The appointment of the Managing Director is subject to termination by six months' notice by any of the parties. The elements of the remuneration package of Managing Director comprises of salary and perquisites as approved by the shareholders at the annual general meeting. The Company does not pay any bonus, severance fee and no stock option is granted to the Managing Director. During the year, the total managerial remuneration paid to the Managing Director amounted to Rs. 1.02 crores. Details of remuneration paid to the Managing Director are furnished in Note No. 12 of Notes to Accounts.

b. Details of shares of the Company held by the Directors as on June 30, 2007 are as under :

Name	No. of shares
Mr. Rajan B. Raheja	5,12,82,099
Mr. Manoj Chhabra	600
Mr. Aziz H. Parpia	1,06,799
Mr. Rajesh G. Kapadia	99
Mr. Satish B. Raheja	500
Mr. Akshay R. Raheja	55,50,000

B. Details of the Directors seeking appointment / re-appointment at the Fifteenth Annual General Meeting to be held on August 7, 2007 are furnished below :

Mr. Rajesh G. Kapadia, senior Chartered Accountant, aged 50 years, has been associated with the Company as Director since 1992 and has a wide range of experience in accounts, taxation and company matters. Mr. Kapadia is also a Director on



the Board of Asianet Satellite Communication Limited, Boruka Power Corporation Limited, Diagold Design Limited, Exide Industries Limited, Foodworld Supermarkets Limited, Goldiam International Limited, H & R Johnson (India) Limited, ING Vysya Life Insurance Company Limited, Innovassynth Technologies (India) Limited, Nilkamal Limited, The Indian Merchants Chamber and The Associated Chambers of Commerce & Industry of India. He is Chairman of the Audit Committees of Asianet Satellite Communications Limited, H & R Johnson (India) Limited, Exide Industries Limited and Goldiam International Limited. He is a member of the Audit Committee of Boruka Power Corporation Limited and ING Vysya Life Insurance Company Limited, Remuneration Committees of Asianet Satellite Communications Limited, Exide Industries Limited and ING Vysya Life Insurance Company Limited.

Mr. Satish B. Raheja, industrialist, aged 43 years, has been associated with the Company as Director since 1994 and has a wide range of experience in company matters. Mr. Raheja is also a Director on the Board of Exide Industries Limited, ING Vysya Life Insurance Company Limited and Supreme Petrochem Limited.

Mr. Akshay R. Raheja, aged 25 years, was appointed as Additional Director on the Board of the Company with effect from October 30, 2006. Mr. Akshay Raheja is an MBA from Columbia Business School, N. Y., USA. He is a Director on the Board of Asianet Satellite Communications Limited, H & R Johnson (India) Limited and Foodworld Supermarkets Limited.

4. Shareholders/Investors Grievance Committee

The Committee comprises of Mr. A. H. Parpia - Chairman, Mr. R. G. Kapadia and Mr. M. Chhabra 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, 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. A. H. Parpia, Mr. R. G. Kapadia and Mr. M. Chhabra 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

Complaints :

Received from	Received and Cleared	Pending
Direct to the Company	265	Nil
Through SEBI	4	Nil
Through Stock Exchange(s)	8	Nil
Through Investors' Association(s)	Nil	Nil

Share Transfers :

No. of transfer deeds received	3192
No. of shares received for transfer	604812
No. of shares transferred	601712
No. of shares pending due to objections (as on June 30, 2007)	3100

6. Annual General Body Meetings

The Annual General Meetings (AGM) for the last three years were held on December 14, 2004, September 15, 2005 and September 26, 2006 respectively. All the meetings were held at Taj Mahal Hotel, Hyderabad - 500 001. One special resolution was passed at the AGM held on September 26, 2006. No resolution was passed using postal ballot.

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.
- (i) **Mandatory Requirements**
The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreements with the Stock Exchanges.

15th Annual Report 2006-2007

(ii) 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 Director is annexed to this report.

8. Means of Communication

1. The Quarterly Financial Results of the Company are forwarded to The Stock Exchange, Mumbai and the National Stock Exchange, where the Company's shares are listed and published in Economic Times (All Editions) and in the Eenadu (Hyderabad) and also are displayed on the Company's website www.prismcement.com. Further, Company has also been complying with the listing requirement for filing of its financial results under the EDIFAR system of SEBI.
2. The Management Discussion & Analysis is a part of the Annual Report and is annexed separately.

E. Stock market price data for the year 2006-07:

MONTH	BSE SENSEX		BSE PRICES		NSE PRICES	
	High	Low	High Rs.	Low Rs.	High Rs.	Low Rs.
July-06	10930.09	10007.34	30.10	26.40	30.90	25.65
Aug-06	11723.92	10751.66	36.45	28.55	37.40	28.25
Sep-06	12454.42	11550.69	42.05	36.25	42.60	35.65
Oct-06	13024.26	12204.01	41.80	36.90	42.90	36.50
Nov-06	13773.59	13033.04	39.00	36.15	40.20	35.75
Dec-06	13972.03	12995.02	37.75	31.80	38.90	30.75
Jan-07	14282.72	13362.16	44.05	34.80	45.80	34.35
Feb-07	14652.09	12938.09	44.00	34.95	44.80	33.30
Mar-07	13308.03	12415.04	35.15	31.55	36.70	30.65
Apr-07	14228.88	12455.37	35.00	30.20	35.75	29.10
May-07	14544.46	13765.46	35.60	33.05	37.00	32.10
June-07	14650.51	14003.03	43.10	31.65	45.35	31.35

9. Shareholders Information

A. Annual General Meeting

Date and Time : August 7, 2007 at 11.00 A.M.
Venue : Taj Mahal Hotel,
 4-1-999, Abids Road,
 Hyderabad - 500 001

B. Financial Calendar

Reporting for the Quarter ending	: Before
September 30, 2007	- End October, 2007
December 31, 2007	- End January, 2008
March 31, 2008	- End April, 2008
June 30, 2008	- End September, 2008
- Annual General Meeting for the year ended June 30, 2008	- End December, 2008

C. Book Closure : Tuesday,
 July 31, 2007
 to Tuesday,
 August 7, 2007
 (both days inclusive).

D. Listing on Stock Exchanges

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



PRISM CEMENT LIMITED

F. Registrar and Transfer Agents

Karvy Computershare Private Limited,
 Unit : Prism Cement Limited,
 Plot No. 17-24, Near Image Hospital,
 Vittalrao Nagar, Madhapur,
 Hyderabad - 500 081
e-mail : mailmanager@karvy.com
website : www.karvycomputershare.com
Tel. No. : 040-2342 0818 / 828
Fax No. : 040-2342 0814

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 June 30, 2007 :

Distribution of Shareholding

No. of shares held	No. of shareholders
1 - 100	59513
101 - 200	27424
201 - 300	10031
301 - 400	4214
401 - 500	11301
501 - 1000	10342
1001 - 5000	7265
5001 - 10000	817
10001 - 50000	658
50001 and above	170
Total	131735

Shareholding Pattern

Category	No. of Shares	% Shareholding
Promoters	18,46,08,189	61.90
Indian Public	7,11,89,693	23.86
FIIs/NRIs/OCBs	1,32,68,320	4.45
Bodies Corporate	1,96,20,531	6.58
Financial Institutions/ Banks/Mutual Funds	95,63,267	3.21
Total	29,82,50,000	100.00

I. Dematerialisation of Shares

Trading of the Company's shares is compulsorily in dematerialised form for all investors since May 31, 1999. As of June 30, 2007 equity shares representing 89 % have been dematerialised with the following depositories :

Description	ISIN	Depositories
Equity shares	INE010A01011	NSDL & CDSL

J. Plant Locations

Details of the plant/corporate/central marketing office of the Company are available on Page 1 of the Report.

ADDRESS FOR CORRESPONDENCE

Corporate Office :

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

Tel. Nos. : 91 22 6675 4142 / 43

Fax No. : 91 22 2600 1304

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).

15th Annual Report 2006-2007

DECLARATION

This is to confirm that the Company has adopted a Code of Conduct for its Directors and its senior management and employees. Both these Codes are available on the Company's web site.

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, all the directors and the designated personnel in the senior management of the Company have affirmed compliance with their respective Codes for the financial year ended June 30, 2007.

For Prism Cement Limited

Place : Mumbai
Date : July 3, 2007

M. Chhabra
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 ended on June 30, 2007, 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 limited to 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

Place : Mumbai
Date : July 3, 2007

J. M. Gandhi
Partner
Membership No. 37924



AUDITORS' REPORT

TO THE MEMBERS OF PRISM CEMENT LIMITED

1. We have audited the attached Balance Sheet of **PRISM CEMENT LIMITED** as at June 30, 2007 and also the Profit and Loss Account and the Cash Flow Statement 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 auditing standards 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. 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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (iv) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply 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 June 30, 2007, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on June 30, 2007 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 June 30, 2007;
 - (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

Place: Mumbai
Date: July 3, 2007.

Membership No.: 37924

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 June 30, 2007)

- (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) (a) The Company has not granted any loans secured or unsecured to companies, firms or parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) The Company has not taken any loans, secured or unsecured from companies, firms or other 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

15th Annual Report 2006-2007

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 not accepted deposits within the meaning of the provisions of section 58A and 58AA of the Companies Act, 1956 and the rules framed there under.
- (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 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 June 30, 2007, 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:

Particulars	Financial years to which the matter pertains	Forum where dispute is pending	Amount (Rs. Crores)
Excise Duty	1997 – 2002	Appellate Authority	0.02
		Custom Excise Service Tax Appellate Tribunal	0.20
Central Sales Tax	2000-2006	Chattisgarh High Court	6.91
Local Body Tax	1996-1997	Madhya Pradesh High Court	0.02
MP Entry Tax	2001-2002	Appellate Authority	0.14
Cess on Land	1990-91 to 2003-04	Tehsildar Court	0.37
Energy Development Cess	2000-2006	Madhya Pradesh High Court	9.20
Royalty on Limestone mining	1996-2001	Supreme Court	2.74

- (x) The Company does not have accumulated losses as at June 30, 2007 and has not incurred any cash losses during the financial year ended on that date or in the immediately preceding financial year.
- (xi) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions or banks.
- (xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Order 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) In our opinion and according to the information and explanations given to us, the Company has not given guarantee for loans taken by others from banks or financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose 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 secured debentures which were outstanding during the period covered by our report. Accordingly, the provisions of clause 4 (xix) of the Order are not applicable to the Company.
- (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 course of our audit.

For N. M. RAJJI & CO.
Chartered Accountants

J. M. GANDHI

Partner

Place : Mumbai
Date : July 3, 2007

Membership No.: 37924



PRISM CEMENT LIMITED

BALANCE SHEET AS AT 30th JUNE, 2007

	Schedules	As at 30-06-2007		As at 30-06-2006	
		Rs. Crores	Rs. Crores	Rs. Crores	Rs. Crores
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS :					
Share Capital	A		298.25		298.25
LOAN FUNDS :					
Secured Loans	B		-		100.27
Unsecured Loans	C		-		7.66
RESERVES AND SURPLUS					
Surplus / (Deficit) in Profit and Loss Account			112.97		(44.90)
DEFERRED TAX LIABILITY (NET)					
			64.57		(2.30)
TOTAL			475.79		358.98
APPLICATION OF FUNDS					
FIXED ASSETS :					
Gross Block	D	647.05		602.86	
Less: Depreciation		286.11		254.38	
Net Block		360.94		348.48	
Capital Work-in-progress		2.00	362.94	7.96	356.44
INVESTMENTS					
	E		141.87		-
CURRENT ASSETS, LOANS & ADVANCES :					
Inventories		85.22		61.78	
Sundry Debtors		3.57		14.55	
Cash & Bank Balances		11.04		16.91	
Loans & Advances		44.63		29.43	
		144.46		122.67	
Less: CURRENT LIABILITIES & PROVISIONS :					
Current Liabilities	G	132.95		116.57	
Provisions		40.53		5.43	
		173.48		122.00	
Net Current Assets			(29.02)		0.67
MISCELLANEOUS EXPENDITURE					
	H		-		1.87
TOTAL			475.79		358.98
SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS					
	N				

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

J. M. Gandhi
Partner
Mumbai, July 3, 2007

Aneeta S. Kulkarni
Company Secretary

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

15th Annual Report 2006-2007

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30th JUNE, 2007

	Schedules	2006-2007		2005-2006	
		Rs. Crores	Rs. Crores	Rs. Crores	Rs. Crores
INCOME :					
Sales			883.48		678.18
Less : Excise duty			116.68		106.44
Net Sales			766.80		571.74
Other income	I		4.62		(1.87)
			771.42		569.87
EXPENDITURE :					
Manufacturing and operating expenses	J	313.96		301.54	
Personnel expenses	K	23.88		19.40	
Sales, administration and other expenses	L	98.91		99.90	
			436.75		420.84
Profit before Finance charges & Depreciation / Amortisation			334.67		149.03
Interest and other charges	M		5.80		18.84
Lease rentals			0.81		6.50
Profit before Depreciation / Amortisation			328.06		123.69
Depreciation			31.87		30.73
Amortisation of deferred expenses			2.13		2.31
Profit before tax			294.06		90.65
Provision for current tax			(34.13)		(9.06)
Provision for fringe benefit tax			(0.29)		(0.33)
Deferred tax			(66.87)		(19.18)
Profit after tax			192.77		62.08
Less : Deficit brought forward			44.90		106.98
Profit available for Appropriation			147.87		(44.90)
Appropriation					
Proposed dividend			(29.83)		-
Tax on dividend			(5.07)		-
Surplus / (Deficit) carried to Balance Sheet			112.97		(44.90)
Weighted average number of shares outstanding (Face Value Rs.10/- per share)			298250000		298250000
Earning per Share - Basic and Diluted (Rs.)			6.46		2.08
SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS	N				

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

J. M. Gandhi
Partner
Mumbai, July 3, 2007

Aneeta S. Kulkarni
Company Secretary

Rajan B. Raheja
Manoj Chhabra
Rajesh G. Kapadia
Vijay Aggarwal
Akshay R. Raheja

Chairman
Managing Director
Directors



PRISM CEMENT LIMITED

SCHEDULES FORMING PART OF ACCOUNTS

	<u>As at 30-6-2007</u> <u>Rs. Crores</u>	<u>As at 30-6-2006</u> <u>Rs. Crores</u>
SCHEDULE - A		
SHARE CAPITAL		
Authorised :		
32,50,00,000 Equity shares of Rs. 10/- each (Previous year : 32,50,00,000 Equity shares of Rs. 10/- each)	325.00	325.00
Issued, Subscribed and Paid up :		
29,82,50,000 Equity shares of Rs. 10/- each (Previous year : 29,82,50,000 Equity shares of Rs. 10/- each)	298.25	298.25
SCHEDULE - B		
SECURED LOANS		
Term Loans :		
Banks	-	91.52
Working Capital Demand Loans / Cash Credits :		
Banks	-	8.75
	-	100.27
SCHEDULE - C		
UNSECURED LOANS		
Term loan from bank	-	7.66
	-	7.66

SCHEDULE - D FIXED ASSETS

Rs. Crores

Description	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	Cost as at 01.07.2006	Additions / Adjustments	Deduc- tions	Cost as at 30.06.2007	Upto 30.06.2006	For the year	Deduc- tions	Upto 30.06.2007	As at 30.06.2007	As at 30.06.2006
Land - Freehold	23.93	29.20	-	53.13	-	-	-	-	53.13	23.93
- Leasehold	2.09	-	-	2.09	1.29	0.19	-	1.48	0.61	0.79
Mining Lease										
- surface rights	1.39	-	-	1.39	1.39	-	-	1.39	-	-
Mines Development	3.85	3.42	-	7.27	0.19	0.94	-	1.13	6.14	3.66
Railway siding	13.30	-	-	13.30	6.20	0.70	-	6.90	6.40	7.10
Buildings	41.18	0.73	0.09	41.82	7.62	0.90	0.01	8.51	33.31	33.56
Plant and machinery	506.15	8.25	-	514.40	231.03	27.84	-	258.87	255.53	275.12
Furniture, fixtures and office equipments	9.34	1.43	0.13	10.64	5.85	1.06	0.11	6.80	3.84	3.50
Vehicles	1.63	1.46	0.08	3.01	0.81	0.24	0.02	1.03	1.98	0.82
Total	602.86	44.49	0.30	647.05	254.38	31.87	0.14	286.11	360.94	348.48
Previous year	594.77	9.78	1.69	602.86	224.28	30.73	0.63	254.38	348.48	

15th Annual Report 2006-2007

	<u>As at 30-6-2007</u>		<u>As at 30-6-2006</u>	
	<u>Rs. Crores</u>	<u>Rs. Crores</u>	<u>Rs. Crores</u>	<u>Rs. Crores</u>
SCHEDULE - E				
INVESTMENTS				
Other Investments (at cost) :				
Investment in Mutual Funds (unquoted) :				
	<u>No. of units</u>	<u>Face Value per unit</u>	<u>Value</u>	<u>Value</u>
ING Vysya Liquid Fund Super Institutional - Daily Dividend	12,16,94,467.427	Rs. 10/-	121.75	-
ING Vysya Liquid Plus Fund Institutional - Daily Dividend	1,01,18,905.411	Rs. 10/-	10.12	-
ING Vysya Fixed Maturity Fund - XXIII - Dividend	1,00,00,000.000	Rs. 10/-	10.00	-
			<u>141.87</u>	<u>-</u>

During the year the Company has acquired and redeemed the following investments in units of Mutual Funds :

	<u>Acquired units</u>	<u>Redeemed units</u>
ING Vysya Liquid Fund Institutional - Daily Dividend	4,45,00,703.622	4,45,00,703.622
ING Vysya Liquid Fund Super Institutional - Daily Dividend	18,01,16,400.899	5,84,21,933.472
ING Vysya Liquid Plus Fund Institutional - Daily Dividend	1,01,18,905.411	-
ING Vysya Fixed Maturity Fund - XXIII - Dividend	1,00,00,000.000	-

	<u>As at 30-6-2007</u>		<u>As at 30-6-2006</u>	
	<u>Rs. Crores</u>	<u>Rs. Crores</u>	<u>Rs. Crores</u>	<u>Rs. Crores</u>
SCHEDULE - F				
CURRENT ASSETS, LOANS & ADVANCES				
Inventories :				
Stores & spares	48.24		34.90	
Raw materials	14.13		9.60	
Work-in-progress	18.06		8.04	
Finished goods	4.79	85.22	9.24	61.78
Inventories are valued at cost or net realisable value whichever is lower.				
Sundry Debtors (Unsecured) :				
Over six months :				
Considered good	2.11		3.09	
Considered doubtful	2.87		2.87	
	4.98		5.96	
Others, considered good	1.46		11.46	
	6.44		17.42	
Less : Provision for doubtful debts	2.87	3.57	2.87	14.55



PRISM CEMENT LIMITED

	<u>As at 30-6-2007</u>		<u>As at 30-6-2006</u>	
	<u>Rs. Crores</u>	<u>Rs. Crores</u>	<u>Rs. Crores</u>	<u>Rs. Crores</u>
SCHEDULE - F (Contd.)				
Cash & Bank Balances :				
Cash on hand	0.53		0.29	
Remittances in transit	0.45		0.97	
Balances with scheduled banks				
On Current accounts	9.99		15.54	
On Term Deposits	<u>0.07</u>	<u>11.04</u>	<u>0.11</u>	16.91
Loans & Advances (Unsecured, considered good) :				
Deposits	12.97		10.14	
Advances recoverable in cash or in kind	28.38		18.35	
Balances with Excise, Customs, etc.	<u>3.28</u>	<u>44.63</u>	<u>0.94</u>	29.43
		<u>144.46</u>		<u>122.67</u>
SCHEDULE - G				
CURRENT LIABILITIES & PROVISIONS				
Current Liabilities :				
Sundry creditors	44.71		36.16	
Advance from customers	16.95		16.58	
Deposits from customers / suppliers	23.01		24.69	
Interest accrued but not due	-		0.24	
Other liabilities	<u>48.28</u>	<u>132.95</u>	<u>38.90</u>	116.57
Provisions for :				
Taxation (net of advance tax)	2.98		3.85	
Leave encashment	2.65		1.58	
Proposed dividend	29.83		-	
Tax on dividend	<u>5.07</u>	<u>40.53</u>	<u>-</u>	5.43
		<u>173.48</u>		<u>122.00</u>
SCHEDULE - H				
MISCELLANEOUS EXPENDITURE				
(to the extent not written off or adjusted)				
Preliminary expenses (C.Y. Rs. Nil, P.Y. Rs.9,509/-)	-		-	
Share issue expenses	-		0.69	
Deferred revenue expenses	<u>-</u>	<u>-</u>	<u>1.18</u>	
		<u>-</u>		<u>1.87</u>
SCHEDULE - I				
OTHER INCOME				
Interest Income on fixed deposits with banks (TDS - C.Y. Rs. 0.08 crores, P. Y. Rs.0.06 crores)		0.30		0.12
Other interest income		0.07		0.15
Dividend income on mutual fund units		1.86		-
Gain on exchange fluctuation on working capital loans		0.20		(3.96)
Profit on sale of assets		0.17		(0.18)
Insurance claims recovery		0.51		0.88
Sale of scrap		1.47		1.03
Others		<u>0.04</u>		<u>0.09</u>
		<u>4.62</u>		<u>(1.87)</u>
		<u>2006-2007</u>	<u>2005-2006</u>	
		<u>Rs. Crores</u>	<u>Rs. Crores</u>	<u>Rs. Crores</u>

15th Annual Report 2006-2007

	<u>2006-2007</u>		<u>2005-2006</u>	
	<u>Rs. Crores</u>	<u>Rs. Crores</u>	<u>Rs. Crores</u>	<u>Rs. Crores</u>
SCHEDULE - J				
MANUFACTURING AND OPERATING EXPENSES				
Raw materials consumed		48.62		35.84
Stores and spares consumed		29.32		34.34
(Increase) / Decrease in stock :				
Closing stock:				
Finished goods	4.79		9.24	
Work-in-progress	18.06		8.04	
	<u>22.85</u>		<u>17.28</u>	
Less : Opening stock:				
Finished goods	9.24		6.93	
Work-in-progress	8.04		9.86	
	<u>17.28</u>		<u>16.79</u>	
		(5.57)		(0.49)
Adjustment of excise duty on stocks		0.35		0.10
Power and fuel		187.22		182.04
Royalty		13.56		14.61
Packing and forwarding		25.98		22.50
Sub-contract charges		6.38		6.06
Repairs to :				
Plant and machinery	7.38		6.09	
Buildings	0.43		0.20	
Others	0.38		0.26	
		<u>8.19</u>		<u>6.55</u>
		314.05		301.55
Less : Captive consumption of cement		0.09		0.01
		<u>313.96</u>		<u>301.54</u>
SCHEDULE - K				
PERSONNEL EXPENSES				
Salaries, wages and bonus		19.85		16.21
Contribution to Provident and other funds		2.25		1.82
Welfare and other expenses		1.78		1.37
		<u>23.88</u>		<u>19.40</u>
SCHEDULE - L				
SALES, ADMINISTRATION AND OTHER EXPENSES				
Rent		0.96		0.90
Rates and taxes		12.49		17.50
Travelling and communication		3.76		3.29
Advertising and publicity		2.48		1.79
Insurance		2.34		2.40
Commission on sales		4.95		4.92
Freight outward		62.29		61.13
Miscellaneous expenses		9.64		7.97
		<u>98.91</u>		<u>99.90</u>
SCHEDULE - M				
INTEREST AND OTHER CHARGES				
Interest on fixed loans		2.44		15.35
Other interest		1.58		1.87
Fees and bank charges		1.78		1.62
		<u>5.80</u>		<u>18.84</u>



SCHEDULE - N

SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

1. Significant Accounting Policies

Method of Accounting and Revenue Recognition

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

Sales are recognised on despatch of material to customers. Sales are net of trade discounts, rebates and indirect taxes payable.

Heavy expenditure incurred on maintenance during the year is prorated over balance accounting period in the same financial year.

Fixed Assets

Fixed assets are stated at cost less depreciation / amortisation. The cost is inclusive of interest and incidental expenses incurred during construction period and is net of cenvat credit availed.

Depreciation and Amortisation

- (i) Depreciation is provided on straight line method at the rates specified in the Schedule XIV to the Companies Act, 1956 except for certain vehicles used by employees on which depreciation is provided at 15.25%, which is higher than rate as per Schedule XIV.
- (ii) Depreciation on additions / deductions to fixed assets is being provided on pro-rata basis from / to the month of acquisition / disposal. Depreciation on foreign exchange differences on borrowings utilised for acquisition of assets in earlier years is provided prospectively over the remaining life of the assets.
- (iii) Leasehold land and mining surface rights are amortised from the month of commencement of commercial production, over the remaining lease period.
- (iv) 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.

Investments

Current investments are carried at lower of cost or fair value.

Inventories

Inventories are valued at cost or net realisable value whichever is lower. 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 transactions. Assets / Liabilities in foreign currency are restated at the exchange rate prevailing at the year end. Foreign exchange differences on account of liability incurred for acquisition of fixed assets were adjusted to the cost of fixed assets up to June 30, 2006. Other exchange differences are recognised in Profit & Loss account. Premium / discount on forward contracts are amortised over the period of the contract.

Miscellaneous Expenditure

Preliminary expenses and share issue expenses are amortised over a period of ten years from the date of commencement of commercial production. As at June 30, 2007, the expenses are fully amortised.

Retirement Benefits

The Company's liabilities towards Provident Fund, Superannuation and Gratuity Schemes are charged to Profit and Loss account. For the Company, Provident Fund and Superannuation benefits are defined contribution scheme, whereas Gratuity is a defined benefit scheme. Incremental liability for gratuity and leave encashment on retirement is provided on actuarial basis.

2. The Company has repaid all its Term / Working capital loans. It enjoys working capital facility from its bankers, however no amount is outstanding as at the balance sheet date. Working Capital facility from banks are secured by hypothecation of stocks, stores and book debts.

15th Annual Report 2006-2007

3 (a) Contingent liabilities :

(i) Guarantees given by the Company's bankers and counter guaranteed by the Company - Rs. 12.02 crores (Previous year : Rs. 13.63 crores).

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

(a) Dispute in respect of exemption of Central Sales Tax on coal purchases – Rs. 6.91 crores (Previous year : Rs.6.46 crores). Against this matter, bank guarantee of Rs. 7.10 crores (Previous year : Rs.6.65 crores) has been provided by the Company.

(b) Other claims – Rs. 0.25 crores (Previous year : Rs.0.25 crores).

(iii) Energy Development Cess disputed Rs. 10.46 crores (Previous year : Rs. 10.46 crores)

(iv) Royalty on limestone disputed Rs. 3.90 crores (Previous year : Rs.3.90 crores)

(v) Entry Tax assessment disputed Rs. 0.21 crores (Previous year : Rs. 0.92 crores)

(vi) M. P. Commercial Tax assessment disputed Rs. Nil (Previous year : Rs. 0.58 crores)

(vii) Cess on land disputed Rs. 0.37 crores (Previous year : Rs. 0.41 crores)

(b) Disclosure of provisions made as per the requirements of AS – 29 on "Provisions, Contingent Liabilities and Contingent Assets" issued by the Institute of the Chartered Accountants of India.

(Rs. Crores)

Particulars	As at 01.07.2006	Provisions made during the year	Amounts utilised or reversed during the year	As at 30.06.2007
MPEB Cess on Generation of Electricity	8.09	0.56	Nil	8.65

The above provision has been netted off against the payment made thereagainst, in the Balance Sheet. In future, there may be cash inflow in case the dispute is settled in the favour of the Company.

4. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) - Rs. 0.55 crores (Previous year : Rs. 1.61 crores).

5. Capital work-in-progress includes capital advances of Rs. 0.16 crores (Previous year : Rs. 3.08 crores) and Mines Development expenditure on land, which is not yet being used for extraction of Limestone Rs. Nil (Previous year : Rs.3.42 crores).

6. Term Deposits with scheduled banks include deposits of Rs. 0.07 crores (Previous year : Rs.0.11 crores) on which the bank has lien for guarantee given by them.

7. The Company has, during the year, incurred Rs. 0.77 crores (Previous year : Rs. 0.40 crores) for new projects. Such expenses have been shown as recoverable and carried forward in the Balance Sheet. The cumulative expenditure as on June 30, 2007 is Rs. 1.99 crores (Previous year Rs. 1.22 crores).

8. Amount recoverable in cash or kind includes Rs. Nil crores (Rs.46,004/-) (Previous year : Rs. 0.01 crores) due from an officer of the Company. Maximum amount outstanding during the year Rs. 0.01crores (Previous year: Rs. 0.01 crores).

9. There are no dues payable to Small Scale Industrial unit undertakings as at the balance sheet date. The Company is in process of obtaining details of micro, small & medium enterprises for the purpose of disclosure required under Micro, Small & Medium Enterprises Development Act, 2006.

10. Deferred revenue expenses as at the year end comprises of :

Restructuring fees

<u>2006-2007</u> <u>Rs. Crores</u>	<u>2005-2006</u> <u>Rs. Crores</u>
—	1.18



PRISM CEMENT LIMITED

11. (i) In the previous year, unfavourable exchange fluctuation of Rs. 2.01 crores, on account of Foreign currency loan, was added to the cost of fixed assets.
- (ii) Loss on exchange fluctuation of Rs. 0.07 crores (Previous year : Rs. 0.01 crores) is included under the related head of expenses.

12. Details of Managerial Remuneration to the Managing Director :

	<u>2006-2007</u> <u>Rs. Crores</u>	<u>2005-2006</u> <u>Rs. Crores</u>
Salary	0.78	0.47
Contribution to Provident and other funds	0.24	0.14
Perquisites (C.Y. Rs. 3,229/-, P.Y. Rs. 6,555/-)	-	-
Total	<u>1.02</u>	<u>0.61</u>

13. Remuneration to auditors :

	<u>2006-2007</u> <u>Rs. Crores</u>	<u>2005-2006</u> <u>Rs. Crores</u>
Audit fees (including limited review fees)	0.18	0.07
Tax Audit fees	0.04	0.01
Other services	0.08	0.05
Expenses reimbursed	—	—
Total	<u>0.30</u>	<u>0.13</u>

14. Lease rental on leased assets are charged to the Profit and Loss account as per the terms of the lease agreement entered before April 01, 2001. The future lease rent obligations against these asset is Rs. 0.11 crores per annum.

15. (i) For the Income Tax period July 01, 2006 to March 31, 2007, the Company has Minimum Alternate Tax (MAT) liability of Rs. 21.65 crores (Previous Year Rs. 9.04 crores). For the remaining three months period ending June 30, 2007, the Company has normal Income Tax liability of Rs. 12.46 crores, which has been worked out after considering proportionate credit for MAT paid in earlier years.

- (ii) Provision for current tax represents Income Tax liability as above and Wealth Tax of Rs. 0.02 crores (Previous year Rs. 0.02 crores).

16. The Company has recognised deferred tax in accordance with the requirement of Accounting Standard 22 – Accounting for Taxes on Income, issued by The Institute of Chartered Accountants of India. The break up of Deferred Tax Liability (DTL) is as follows:

	<u>As at 30.06.2007</u> <u>Rs. Crores</u>	<u>As at 30.06.2006</u> <u>Rs. Crores</u>
Deferred Tax Assets		
Unabsorbed depreciation / business loss	—	81.70
Others	1.22	1.10
Total (A)	1.22	82.80
Deferred Tax Liability		
Depreciation	65.79	72.19
Deferred Revenue Expenditure	—	8.31
Total (B)	65.79	80.50
Net Deferred Tax Liability/ (Asset) (B – A)	<u>64.57</u>	<u>(2.30)</u>

17. The Company is engaged only in cement business and there are no separate reportable segments as per Accounting Standard - 17 on Segment Reporting issued by the Institute of Chartered Accountants of India.

15th Annual Report 2006-2007

18. (i) The Company does not have any related party relationship, where control exists.
(ii) Following are the transactions with related party as defined under Accounting Standard -18 on Related Party Disclosures issued by the Institute of Chartered Accountants of India.

Rs. Crores

Name	Relationship	Nature of transaction	Amount of transaction in 2006-07	Amount outstanding as on 30.6.2007	Amount of transaction in 2005-06	Amount outstanding as on 30.6.2006
R & S Business Centre	Firm in which Director and/or relatives has significant influence	Rent and maintenance charges	0.12	Nil	0.18	0.04
Exide Industries Ltd.	Company in which Director and/or relatives has significant influence	Purchase of store items	Nil (Rs.26,504/-)	Nil	0.03	Nil
Mr. M. Chhabra	Managing Director	Remuneration	1.02	Nil	0.61	Nil
Mr. Satish Raheja	Director	Fixed Deposit accepted and interest thereon	Nil	Nil	15.26 0.02	Nil Nil

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

Class of goods:- Cement

A. Licensed & Installed Capacity, Production :

	<u>2006-2007</u> <u>Tonnes</u>	<u>2005-2006</u> <u>Tonnes</u>
Licensed Capacity	NA*	NA*
Installed Capacity	20,00,000	20,00,000
Production	22,38,682	21,60,066

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

Out of the above production, 600 tonnes (Previous year : 56 tonnes) have been used for captive consumption.

B. Stock & Turnover :

Stocks :

Cement

Opening

Closing

Turnover :

Cement *

Clinker

	<u>2006-2007</u>		<u>2005-2006</u>	
	<u>Tonnes</u>	<u>Rs. Crores</u>	<u>Tonnes</u>	<u>Rs. Crores</u>
Opening	43,484	9.24	35,648	6.93
Closing	26,936	4.79	43,484	9.24
Cement *	22,54,630	745.99	21,52,174	556.13
Clinker	4,38,297	137.49	5,53,466	122.05

* Includes handling / transit loss and samples – 1,141 tonnes (Previous year : 2,345 tonnes).



PRISM CEMENT LIMITED

20. Raw Material consumed – Totally indigenous:

	<u>2006-2007</u>		<u>2005-2006</u>	
	<u>Tonnes</u>	<u>Rs. Crores</u>	<u>Tonnes</u>	<u>Rs. Crores</u>
Limestone				
Raised	29,49,277	38.44 *	31,77,150	38.79 *
Purchased	1,19,021	2.93	23,104	0.69
Gypsum	90,367	11.68	52,854	5.82
Fly Ash	5,24,225	31.97	4,34,701	26.96
Others		2.04		2.37
Total		<u>87.06</u>		<u>74.63</u>

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

21. Imported and indigenous spare parts consumed :

	<u>2006-2007</u>		<u>2005-2006</u>	
	<u>Rs. Crores</u>	<u>(%)</u>	<u>Rs. Crores</u>	<u>(%)</u>
Imported	6.54	22.31	9.81	28.57
Indigenous	22.78	77.69	24.53	71.43
Total	<u>29.32</u>	<u>100.00</u>	<u>34.34</u>	<u>100.00</u>

22. Value of Imports on CIF basis :

Spares - Rs. 19.49 crores (Previous year : Rs. 8.16 crores)

23. Details of expenditure in Foreign currency :

	<u>2006-2007</u>	<u>2005-2006</u>
	<u>Rs. Crores</u>	<u>Rs. Crores</u>
Interest on fixed loan	1.55	12.05
Fees and bank charges	—	0.04
Fees for technical services	0.13	0.01
Total	<u>1.68</u>	<u>12.10</u>

24. Details of earnings in Foreign currency :

F.O.B Value of Exports - Rs. 3.15 crores (Previous year : Rs. 1.24 crores).

25. Figures for the Previous year 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, July 3, 2007

Aneeta S. Kulkarni
Company Secretary

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

15th Annual Report 2006-2007

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

State Code

Registration No.

Balance Sheet Date

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="47,57,994"/>	Total Assets	<input type="text" value="47,57,994"/>
Sources of Funds		Reserves & Surplus	
Paid-up Capital	<input type="text" value="29,82,500"/>	Deferred Tax Liability	<input type="text" value="6,45,706"/>
Loans	<input type="text" value="Nil"/>	Investments	<input type="text" value="14,18,751"/>
Application of Funds		Misc. Expenditure	<input type="text" value="Nil"/>
Net Fixed Assets	<input type="text" value="36,29,463"/>		
Net Current Assets	<input type="text" value="(2,90,220)"/>		

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

Total Revenue	<input type="text" value="77,14,307"/>	Total Expenditure	<input type="text" value="47,73,754"/>
Profit/Loss before Tax (Tick appropriate box + for Profit, - for Loss)	<input type="text" value="+ 29,40,553"/>	Profit/Loss after Tax	<input type="text" value="+ 19,27,723"/>
Earning per share in Rs.	<input type="text" value="6.46"/>	Dividend rate %	<input type="text" value="10"/>

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

Item Code No. (ITC Code)

Product description

Mumbai, July 3, 2007

Aneeta S. Kulkarni
Company Secretary

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



PRISM CEMENT LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 30th JUNE, 2007

	2006-2007		2005-2006	
	Rs. Crores	Rs. Crores	Rs. Crores	Rs. Crores
A] CASH FLOW FROM OPERATING ACTIVITIES :				
Net profit before taxation as per Profit and Loss account		294.06		90.65
Adjustment for:				
Dividend income	(1.86)		-	
Interest income	(0.37)		-	
Depreciation	31.87		30.73	
Amortisation of deferred expenses	2.13		2.28	
Loss / (Gain) on exchange fluctuation on loans	(0.20)		3.96	
Interest expense	4.02		17.22	
Lease rentals	0.81		6.50	
Loss / (Profit) on sale of assets	(0.17)	36.23	0.18	60.87
Operating profit before Working Capital changes		330.29		151.52
Adjustment for Working Capital changes :				
Inventories	(23.44)		(0.61)	
Trade receivables	10.98		(1.66)	
Other receivables	(15.89)		(5.62)	
Trade and other payables	17.45	(10.90)	31.42	23.53
Cash generated from Operations		319.39		175.05
Direct taxes paid		(35.30)		(6.21)
Net cash generated from Operating activities (A)		284.09		168.84
B] CASH FLOW FROM INVESTING ACTIVITIES :				
Fixed assets purchased / Project implementation expenses		(38.53)		(5.31)
Proceeds from sale of fixed assets		0.32		0.87
Net Investments in Mutual Funds		(141.87)		-
Dividend income		1.86		-
Interest income		0.37		-
Net cash used in Investing activities (B)		(177.85)		(4.44)
C] CASH FLOW FROM FINANCING ACTIVITIES :				
Proceeds from Secured loans		-		30.00
Repayment of Secured loans		(91.32)		(114.96)
Changes in Cash Credit balances		(8.75)		(26.51)
Proceeds from Unsecured loans		-		-
Repayment of Unsecured loans		(7.66)		(20.15)
Interest paid		(4.26)		(18.07)
Lease rentals		(0.12)		(7.20)
Net cash used in Financing activities (C)		(112.11)		(156.89)
Net increase / (decrease) in cash and cash equivalents (A+B+C)		(5.87)		7.51
Cash and cash equivalents as at the beginning of the year		16.91		9.40
Cash and cash equivalents as at the end of the year		11.04		16.91

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

Aneeta S. Kulkarni
Company Secretary

Mumbai, July 3, 2007

Auditors' Certificate

We have verified the attached Cash Flow Statement of Prism Cement Limited derived from the audited financial statements for the year ended 30th June, 2007 and found the same to be drawn in accordance therewith & also with the requirements of Clause 32 of the listing agreement with stock exchanges.

For **N. M. RAIJI & CO.**
Chartered Accountants
J.M.Gandhi
Partner

Mumbai, July 3, 2007



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, Near Image Hospital,
Vittalrao Nagar, 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><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 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 15th ANNUAL GENERAL MEETING of the Company to be held on Tuesday, August 7, 2007 at 11.00 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 15th ANNUAL GENERAL MEETING of the Company to be held on Tuesday, August 7, 2007 at 11.00 a.m. or at any adjournment thereof.

Signed this _____ day of _____ 2007.

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.

BOOK - POST

If undelivered please return to:
Karvy Computershare Private Ltd.,
(Unit: Prism Cement Limited),
Plot No. 17 to 24, Near Image Hospital,
Vittalrao Nagar, Madhapur, Hyderabad - 500 034.