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62nd ANNUAL REPORT

1997-98

ACC The Associated
Cement Companies
Limited

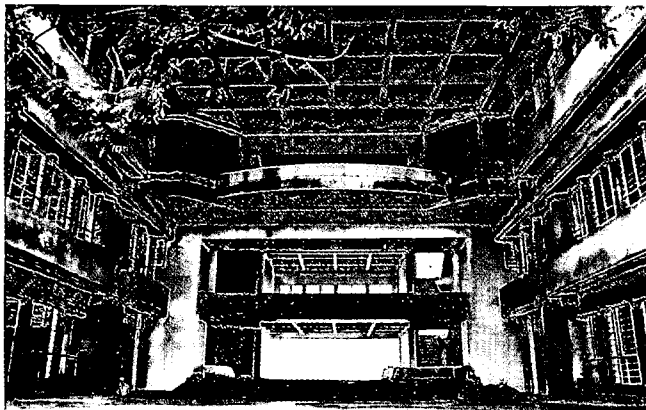
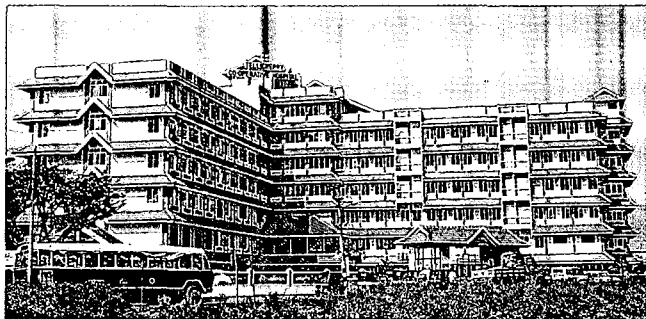
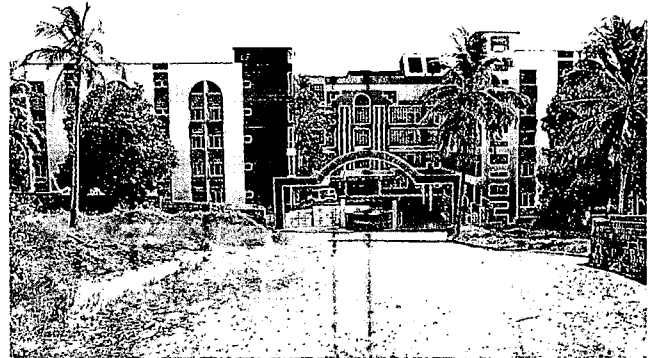
THE CONCRETE Gallery

SINCE its very beginnings in 1936, leadership was thrust upon ACC. Initially, its role evolved even as the foundation stone was being laid for emerging India.

But leadership does not only mean staying on as No 1. It also means going beyond prescribed norms: whether in surpassing product performance parameters or developing new applications, new processes. Over the years, ACC has also emerged as the undisputed leader in R and D. Innovating. Creating. An ongoing quest for excellence.

Some structures that have used ACC blended cements — portland pozzolana cement (PPC), and portland slag cement (PSC).

Clockwise from top : Iqraa International Hospital and Research Centre, (PPC), Calicut; ACC Regional Training Centre (PSC), Jamul; Salt Lake Stadium, (PSC) Calcutta; Metro Rail, (PSC) Calcutta; The Life Building, (PPC) Rajkot; Rajiv Gandhi Memorial Cooperative Hospital, (PPC) Tellicherry, Kerala.





ACC

BANKERS

STATE BANK OF INDIA
CENTRAL BANK OF INDIA
BANK OF INDIA
STATE BANK OF HYDERABAD
STATE BANK OF BIKANER & JAIPUR
CANARA BANK
CITIBANK N.A.
ANZ GRINDLAYS BANK
THE HONGKONG & SHANGHAI
BANKING CORPORATION LIMITED
BANK OF AMERICA

AUDITORS

MESSRS A.F. FERGUSON & CO.
MESSRS K.S. AIYAR & CO.

SOLICITORS

S. R. VAKIL
MESSRS PAYNE & CO.
MESSRS GAGRAT & CO.

BOARD OF DIRECTORS

Mr. N. A. Palkhivala
Chairman Emeritus

Mr. Pallonji S. Mistry
Chairman

Dr. S. Ganguly
Vice-Chairman

Mr. T.M.M. Nambiar
Managing Director

Mr. S. R. Vakil

Mr. P. K. Mistry

Mr. P. J. Jagus

Mr. N. A. Soonawala

Mr. O. P. Dubey

Dr. A. K. Chatterjee
Wholtime Director

Mr. M. L. Narula
Wholtime Director

Mr. P. K. Sinor
Wholtime Director & Company Secretary

Mr. J. N. Godbole
Nominee Director of Industrial Development
Bank of India

Mr. Amitabha Ghosh
Nominee Director of Unit Trust of India

Mr. B. Ramakrishna
Special Director nominated by
State Government of Andhra Pradesh

Mr. K. Jayabharath Reddy, IAS
Special Director nominated by
State Government of Andhra Pradesh

REGISTERED OFFICE

CEMENT HOUSE
121, MAHARSHI KARVE ROAD,
MUMBAI 400 020.

ANNUAL REPORT OF SUBSIDIARY COMPANIES

ACC Machinery Company Limited
The Cement Marketing Company of
India Limited
ACC-Nihon Castings Limited
Bulk Cement Corporation (India) Limited
Damodhar Cement and Slag Limited

ANNUAL GENERAL MEETING

On Tuesday, August 25, 1998,
at 3.45 p.m.
at Birla Matushri Sabhagar,
19, Sir Vithaldas Thackersey Marg,
Mumbai 400 020

Members are requested to kindly
bring their copies of the Annual Report
to the Meeting.

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THE ASSOCIATED CEMENT COMPANIES, LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE SIXTY-SECOND ANNUAL GENERAL MEETING OF THE ASSOCIATED CEMENT COMPANIES, LIMITED will be held at Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai 400 020, on Tuesday, August 25, 1998 at 3.45 p.m. to transact the following business:—

1. To receive and adopt the Directors' Report and Audited Profit and Loss Account for the financial year ended March 31, 1998 and the Balance Sheet as at that date.
2. To declare a dividend.
3. To appoint a Director in place of Mr. Pallonji S. Mistry who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Mr. S. R. Vakil who retires by rotation and is eligible for reappointment.
5. To appoint a Director in place of Mr. P. K. Mistry who retires by rotation and is eligible for reappointment.
6. To appoint a Director in place of Mr. P. J. Jagus who retires by rotation and is eligible for reappointment.
7. To appoint a Director in place of Dr. S. Ganguly who was appointed by the Board of Directors an Additional Director of the Company with effect from January 12, 1998 and who holds office upto the date of the forthcoming Annual General Meeting under Section 260 of the Companies Act, 1956, but who is eligible for reappointment and in respect of whom the Company has received notices in writing under Section 257 of the Act from some Members proposing his candidature for the office of Director.

APPOINTMENT OF ADDITIONAL DIRECTOR

RATIFICATION OF PAYMENT OF REMUNERATION TO DR. S. GANGULY, MR. T. M. M. NAMBIAR AND MR. M. M. RAJORIA

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

"RESOLVED that pursuant to Section 309 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby ratifies and confirms the payment of remuneration amounting to Rs. 14,53,827 by the Company to Dr. S. Ganguly, former Executive Vice Chairman, Mr. T.M.M. Nambiar, Managing Director and Mr. M. M. Rajoria, former Wholtime Director of the Company for the financial year ended March 31, 1998 and subject to the approval of the Central Government, waives the recovery of the sum of Rs. 6,96,454 from Dr. S. Ganguly, Rs. 5,68,098 from Mr. T.M.M. Nambiar and Rs. 1,89,275 from Mr. M. M. Rajoria being the remuneration

**DISPOSAL OF CAPTIVE POWER PLANTS**

paid to them in excess of the statutory limits laid down under the Act and approves of the consequential retention thereof by them."

9. 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 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Financial Institutions, Debenture Trustees, State Electricity Boards, State Governments and such other approvals, sanctions and permissions as may be necessary, the consent of the Company be and is hereby accorded to the Board of Directors to sell, lease, transfer or dispose of in any manner whatsoever the captive power plants of the Company, wherever situate whether existing or under construction together with the use of all licences, permits, approvals and all rights and benefits attached thereto to such purchaser(s), lessee(s) or assignee(s) at such time, for such consideration and on such terms and conditions as the Board of Directors may in their absolute discretion deem fit to be in the interest of the Company with full power and authority to the Board of Directors to do all such acts and things as may be necessary to give effect to this Resolution."

PROVISION OF GUARANTEES AND SECURITIES

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

"RESOLVED that in supersession of Resolution No. 15 passed at the Fifty-Eighth Annual General Meeting of the Company held on August 24, 1994 and pursuant to Section 370 of the Companies Act, 1956 and other applicable provisions, if any, the consent of the Company be and is hereby accorded to the Board of Directors to give guarantees or provide securities in connection with a loan or loans made by any other person to, or to any other person by, any body corporate on such terms and conditions as the Board may think fit or expedient to be in the best interest of the Company, provided that the aggregate of all such guarantees given or securities provided and remaining outstanding at any time shall not exceed Rs. 100 crore (Rupees One hundred crore)."

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

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

"RESOLVED that pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered in the following manner:

(A) Insert the following Article as Article 8A after Article 8

'Buy Back of Shares

8A Notwithstanding anything contained in these Articles, in the event it is permitted by law for a company to purchase its own shares or securities, the Board of Directors may, when and if thought fit, buy back such of the Company's own shares or securities as it may think necessary, subject to such limits, upon such terms

and conditions, and subject to such approvals, as may be permitted by the law.'

(B) Insert the following Heading and Article as Article 61A after Article 61

'DEMATERIALISATION OF SECURITIES

Definitions

61A 1. For the purpose of this Article:—

'Beneficial Owner' means a person or persons whose name is recorded as such with a depository;

'SEBI' means the Securities and Exchange Board of India;

'Depository' means a company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration to act as a depository under the Securities and Exchange Board of India Act, 1992; and

'Security' means such security as may be specified by SEBI from time to time.

Dematerialisation of Securities

2. Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.

Options for investors

3. Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificates of Securities.

If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

Securities in depositories to be in fungible form

4. All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

***Rights of depositories
and beneficial owners***

5. (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.
- (b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- (c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

Service of documents

6. Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

Transfer of securities

7. Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

***Allotment of securities
dealt with in a depository***

8. Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

***Distinctive numbers of
securities held in a
depository***

9. Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.

***Register and Index of
beneficial owners***

10. The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles."

**BUY BACK OF
SHARES / SECURITIES**

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

"RESOLVED that if and when permitted by the law and subject to all applicable provisions of the law and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors of the Company (hereinafter referred to as the "Board" which expression shall also include a Committee thereof), or as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to or accepted by the Board, the consent of the Company be and is hereby accorded to the Board, to purchase such number of Ordinary Shares or other Securities specified by the Government, of the Company, as may be thought fit, from the holders of the Ordinary Shares or other Securities of the Company in such proportion and manner as may be permitted by the law not exceeding such percentage of the capital of the Company as may be permitted by the law, from such funds of the Company as are permitted to be used for this purpose or out of the proceeds of any issue made by the Company, on such terms and subject to such conditions as may be prescribed by the law.

"RESOLVED FURTHER that for the purpose of giving effect to this Resolution, the Board be and is hereby authorized to do all such acts and things and give such directions as may be necessary or desirable and to settle all questions or difficulties whatsoever that may arise with regard to the said purchase of Ordinary Shares or other securities.

"RESOLVED FURTHER that nothing herein above contained shall confer any right on any shareholder to offer, or any obligation on the Company or the Board to buy back, any Ordinary Shares or other securities."

**EMPLOYEES' STOCK
OPTION SCHEME**

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

"RESOLVED that in accordance with the provisions of Section 81 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof) and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors of the Company (hereinafter referred to as the "Board" which expression shall also include a Committee thereof), or as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to or accepted by the Board in its sole discretion, the consent of the Company be and is hereby accorded to the Board to create, offer, issue, allocate or allot, in one or more tranches, to such persons, who in the sole discretion of the Board, are in the permanent employment of the Company and to the Managing/Wholtime Directors of the Company, such number of Ordinary Shares of the Company of the face value of Rs. 100/- each, not exceeding such percentage of the capital of the Company as may be permitted by the law, as the Board may deem fit, for subscription for cash or allocated as an option to subscribe,



on such terms and at such price as may be fixed and determined by the Board prior to the issue and offer thereof in accordance with the applicable guidelines and provisions of law and otherwise ranking *pari passu* with the Ordinary Shares of the Company as then issued and in existence and on such other terms and conditions and at such time or times as the Board may, in its absolute discretion and in the best interest of the Company deem fit, provided that the aforesaid issue of Ordinary Shares may instead be in the form of fully or partly Convertible Debentures, Bonds, Warrants or other securities as may be permitted by the law, from time to time.

"RESOLVED FURTHER that the Board be and is hereby authorized to issue, allocate and allot such number of Ordinary Shares as may be required in pursuance of the above issue, and that the Ordinary Shares so issued, allocated or allotted shall rank in all respects *pari passu* with the existing Ordinary Shares of the Company save and except that such Ordinary Shares which may be with or without voting rights, if permitted by the law, shall carry the right to receive either the full dividend or a pro-rata dividend from the date of allotment, as may be decided by the Board, declared for the financial year in which the allotment of the Shares shall become effective.

"RESOLVED FURTHER that the consent of the Company be and is hereby granted in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 and subject to all necessary approvals to the Board to secure, if necessary, all or any of the above mentioned securities to be issued, by the creation of mortgages and/or charges on all or any of the Company's immovable and/or movable assets, both present and future in such form and manner and on such terms as may be deemed fit and appropriate by the Board.

"RESOLVED FURTHER that for the purpose of giving effect to the above, the Board be and is hereby authorized to determine the form and terms of the Issue, the Issue price and all other terms and matters connected therewith including the creation of mortgages and/or charges and to make and accept any modifications in the proposal as may be required by the authorities involved in such Issues and to settle any questions or difficulties that may arise in regard to the Issue."

REAPPOINTMENT OF AUDITORS

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

"RESOLVED that Messrs A. F. Ferguson & Co. and Messrs K. S. Aiyar & Co., Chartered Accountants, be and are hereby reappointed Auditors of the Company for the financial year 1998-99 to hold office from the conclusion of the Sixty-Second Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration of Rs. 6.75 lakhs to each of them and that they also examine and audit the accounts of the factories and branch offices of the Company on a further remuneration to any one of them of Rs. 60,000 for each factory and overseas project, Rs. 25,000 for each branch office and Rs. 3,000 for each cement warehouse in India and that they be entitled to fees as agreed upon for any other consultation or certification work as may be required as also reimbursement of out-of-pocket, travelling and living expenses."