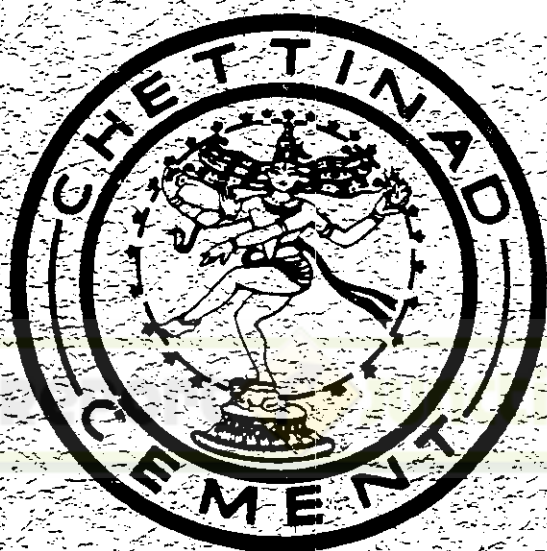


CHETTINAD CEMENT CORPORATION LTD.



40077

36th ANNUAL REPORT
1998-99



Dr. RAJAH SIR M.A. MUTHIAH CHETTIAR,
of CHETTINAD Kt., B.A., D.Litt.,
FOUNDER CHAIRMAN (1962 - 1984)

**Chairman &****Managing Director** : DR. M.A.M. RAMASWAMY**Directors**

: SRI C.R. PATTABHIRAMAN
SRI N. THIAGARAJAN
SRI M. NATARAJ
SRI RAMANATHAN PALANIAPPAN
SRI R. KRISHNAMOORTHY
SRI SP. ST. PALANIAPPAN
SRI K. GANAPATHY
SRI C.S. PANI
SRI M.A.M.R. MUTHIAH
SRI K. DESIKAN (IFCI NOMINEE)
SRI T.G. MENON (GIC NOMINEE)
SRI P. PRABAKARAN (TIIC NOMINEE)

Management Team

: SRI L. SABARETNAM, EXECUTIVE DIRECTOR
SRI R. NARAYANAN, EXECUTIVE DIRECTOR & SECRETARY
SRI L. MUTHUKRISHNAN, VICE PRESIDENT (FINANCE)
SRI V.K. RAMA RAO, VICE PRESIDENT (MARKETING)
SRI C. SUDHAKAR, CHIEF GENERAL MANAGER
SRI K. RAMANATHAN, GENERAL MANAGER (MINES)
SRI V. SURENDRARAJ, GENERAL MANAGER (ENGINEERING)

Auditors

: M/s. P. B. VIJAYARAGHAVAN & CO.
M/s. SESHADRI & JAYARAMAN
M/s. KRISHAAN & CO.

Registered Office

: 'RANI SEETHAI HALL BUILDING'
No.603, ANNA SALAI, CHENNAI - 600 006.



PERFORMANCE AT A GLANCE

	1994-95	1995-96	1996-97	1997-98	1998-99
PRODUCTION :					
	(INMT)				
Clinker	710025	783000	775000	786870	750060
Cement	845509	914517	834484	802332	832553
Capacity Utilisation (%)	141	152	139	134	139
SALES :					
Cement & Clinker	850234	909456	833299	909593	864192
FINANCIAL HIGHLIGHTS :					
	(Rs in Lakhs)				
Turnover (net) including					
Other Income	15212	19399	20820	21269	19716
Gross Profit	3942	6161	6902	6381	5903
Interest & Lease rentals	758	1317	2261	3102	2955
Depreciation	1182	1714	2082	1948	1846
Net Profit	2002	3131	2559	1331	1102
PAID-UP SHARE CAPITAL :	422	843	843	843	843
RESERVES & SURPLUS :	5015	7282	9086	9821	10456
RATIOS :					
PBIDT to Sales (%)	25.91	31.76	33.15	29.82	29.94
Net Profit to Sales (%)	13.16	16.14	12.29	6.26	5.59
EPS (Rs.)	47.48	37.13	25.25	14.13	11.73
Debt to Equity	0.84	1.25	1.44	1.55	1.30
Book Value per Share (Rs.)	129	96	118	126	134
Dividend (%)	40	50	35	35	30



CHETTINAD CEMENT CORPORATION LIMITED

Registered Office : 'Rani Seethai Hall Building'
No.603, Anna Salai, Chennai - 600 006.

NOTICE

Notice is hereby given that the Thirty Sixth Annual General Meeting of the members of Chettinad Cement Corporation Limited will be held at "Rani Seethai Hall", No.603, Anna Salai, Chennai - 600 006 on Tuesday, the 28th day of September, 1999 at 10.45 A.M. to transact the following business:

ORDINARY BUSINESS :

1. To receive and adopt the Audited Profit and Loss Account for the year ended 31st March 1999, the Balance Sheet as at that date and Reports of the Directors and the Auditors thereon.
2. To appoint a Director in the place of Sri N. Thiagarajan, who retires by rotation in accordance with the Articles of Association of the Company and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Sri SP. ST. Palaniappan, who retires by rotation in accordance with the Articles of Association of the Company and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Sri R. Krishnamoorthy, who retires by rotation in accordance with the Articles of Association of the Company and being eligible, offers himself for re-appointment.
5. To declare Dividend on the Equity Share Capital for the year 1998-99.
6. To appoint M/s. P. B. Vijayaraghavan & Co., M/s. Seshadri & Jayaraman and M/s. Krishnaan & Co., Chartered Accountants as Auditors of the Company to hold office from the conclusion of the Thirty Sixth Annual General Meeting until the conclusion of the next Annual General Meeting on a remuneration of Rs.60,000/- (Rupees Sixty Thousand only) each, plus Service Tax, if any, besides their out of pocket expenses.



SPECIAL BUSINESS :

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

Resolved that pursuant to the provisions of Sections 269, 198, 309 and 316 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII thereof and subject to the approval of the Financial Institutions wherever required, the Company hereby accords approval for the appointment of Sri M.A.M.R. Muthiah as the Managing Director of Chettinad Cement Corporation Limited for a period of Five years from 28th September, 1999 subject to the control, superintendence and directions of the Board of Directors of the Company, who are hereby authorised to delegate to him such powers of substantial management of the company as they may deem fit.

Resolved further that Sri M. A. M. R. Muthiah, Managing Director be paid a remuneration, by way of commission which shall not exceed 5% of the net profits of the company each year, and where in any financial year during the 5 year period of his appointment, such 5% of the net profits is lower than the remuneration as per the effective capital of the company, stipulated in Section II of Part II of Schedule XIII to the Companies Act, 1956, such remuneration as is specified in Section II of Part II of Schedule XIII be paid to him by way of Salary, Allowances and Perquisites for that year.

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

Resolved that the consent of the Company be and is hereby accorded to the Board of Directors of the Company in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgage and/or charge all the immoveable properties of the Company wheresoever situate, present and future and the whole of the undertaking of the Company and/or conferring power to take over the Management of the business and concern and undertaking of the Company in certain events (whether such power is contained in the documents creating the mortgage/charge or otherwise), on Second Charge basis, to or in favour of Central Bank of India in connection with the following Financial Assistance sanctioned by them as detailed below:

- a. Fund Based Cash Credit Working Capital facility of Rs. 1500.00 lakhs.
- b. Non-Fund Based Working Capital Facilities of :-
 - i. Letter of Credit of Rs.300.00 lakhs.
 - ii. Letter of Guarantee of Rs.100.00 lakhs.

Resolved further that the mortgage/charge created/to be created and/or all agreements/documents executed/to be executed and all acts done in terms of the above resolution by and with the authority of the Board of Directors are hereby confirmed and ratified.



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

Resolved that pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification and re-enactment thereof for the time being in force) and subject to the approval of the Financial Institutions, wherever required, the Articles of Association of the Company be and is hereby amended and/or altered in the manner specified below :

- a) The existing Article 2(g) be deleted and substituted with the following Article:

“Member” means any person who agrees in writing to become a member of the company and whose name is entered in its Register of Members and includes every person holding equity share capital of the Company and whose name is entered as beneficial owner in the records of a depository.

- b) The following Articles be inserted after Article 2(r) :

Article 2(s)

“Beneficial Owner” means the beneficial owner as defined under the provisions of the Depositories Act, 1996 for the time being in force.

Article 2(t)

“Depository” shall mean a depository as defined under the provisions of the Depositories Act, 1996 for the time being in force.

Article 2(u)

“Depositories Act” shall mean the Depositories Act, 1996 (22 of 1996) or any Statutory modifications or re-enactment thereof.

- c) The existing Article 9(a) be deleted and substituted with the following Articles along with marginal note wherever necessary :

Article 9(a) (i)

Subject to the provisions of these Articles and of the Act, the shares including any shares forming part of any increased capital of the Company shall be under the control of Directors who may allot or otherwise dispose of the same to such persons in such proportion, on such terms and conditions, and at such times as the Directors think fit and subject to the sanction of the Company in General Meeting with full power, the Board of Directors may give to any person the option to call for or be allotted shares of any class of the Company either at a premium or at par or at discount and such option being exercisable at such time



and for such consideration as the Directors think fit. The Board shall cause to be filed the returns as to allotment provided for in the Act.

Power also to company
in General Meeting
to issue Shares

Article 9 (a) (ii)

In addition to and without derogating from the powers for that purpose conferred on the Board in accordance with these Articles, the Company in General Meeting may, by a special resolution subject to the provisions of the Act, determine that any shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether members or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of the Act) at a premium or at par or at a discount, as such General Meeting shall determine and with full power to give to any person the option to call for or to allot shares of any class, of the Company either (subject to compliance with the provisions of the Act) at a premium or at par or at a discount, such option being exercisable at such time and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provision whatsoever for the issue, allotment or disposal of any shares.

d) Article 9(f) be inserted after 9(e) along with the marginal note :

“Sweat Equity”

Article 9 (f)

- (1) Notwithstanding anything contained in Section 79 of the Act, the Company may issue sweat equity shares of a class of shares already issued subject to the conditions that -
- (a) the issue of sweat equity shares is authorised by a special resolution passed by the company in the General Meeting;
 - (b) the resolution shall specify the number of shares, current market price, consideration, if any and the class or classes of Directors or employees to whom such equity shares are to be issued;
 - (c) the sweat equity shares of the company shall be issued in accordance with regulations made by the Securities & Exchange Board of India (SEBI) and the Stock Exchanges in this behalf.



For the purpose of this clause, "Sweat Equity Shares" means equity shares issued by the Company to employees or directors at a discount or for consideration other than cash for providing know-how or making available rights in the nature of intellectual property rights or value additions by whatever name called.

- (2) All the limitations, restrictions and provisions relating to equity shares shall be applicable to sweat equity shares issued by the company.

e) The existing Article 13 be deleted and substituted with the following Articles:

"Trust not Recognised"

Article 13(a)

"Except as ordered by a Court of competent jurisdiction, or as by law required, the company shall not be bound to recognise an equitable, contingent future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles, in the person from time to time registered as the holder thereof, or whose name appears as the beneficial owner of shares in the records of a Depository, but the Board shall be at liberty at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them."

Article 13(b)

The company shall not give whether directly or indirectly, and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of, or in connection with a purchase or subscription made or to be made by any person of, or for any shares in the company or in its holding company;

Provided that nothing in this Article shall be taken to prohibit-

- (i) the provision by the company, in accordance with any scheme for the time being in force, of money for the purchase of, or subscription for, fully paid shares in the company or its holding company, being a purchase or subscription by trustees of, or for shares to be held by, or for the benefit of employees of the company, including any director holding a salaried office or employment in the company; or



- (ii) the making by the company of loans, within the limit laid down under the Act, or any other regulations that may be in force, at the time of making such loan, to persons (other than directors or managers) bonafide in the employment of the company with a view to enabling those persons to purchase or subscribe for fully paid shares in the company or its holding company to be held by themselves by way of beneficial ownership.

f) The following Articles be inserted after Article 16 (ii) along with Marginal note :

“Shares dealt in Depository Mode”

Article 16(A)

“Notwithstanding anything contained in this Article, when the shares are dealt with in a depository, no certificate shall be issued and the company shall intimate the details of allotment of shares to the depository immediately on allotment of such shares in accordance with such rules as are in force.”

Article 16(B)

“In respect of shares held in a Depository, the investor shall have the option to request the company to issue share certificate in physical form at any time, subject to the provisions of the Depositories Act.”

g) A new Article 19 (A) be inserted after the existing Article 19(2) along with the marginal note:

“Buy back of shares and other specified Securities”

Article 19 (A)

(1) Notwithstanding anything contained in the Act, or any other provisions under the Articles of Association, but subject to the provisions of sub-section (2) of section 77A and in accordance therewith and the provisions of section 77B of the Act, the company may purchase its own shares or other specified securities (hereinafter referred to as ‘buy back’) out of -

- (i) its free reserves; or
- (ii) the securities premium account; or
- (iii) the proceeds of any shares or other specified securities;

Provided that no buy back of any kind of shares or other specified securities shall be made out of the proceeds of an earlier issue of the same kind of shares or same kind of other specified securities.