

MYSORE CEMENTS LIMITED

Annual Report 2000-01



MYSORE CEMENTS LIMITED

FORTY SECOND ANNUAL REPORT 2000-2001

BOARD OF DIRECTORS

Shri S.K.Birla
Chairman

Shri Sidharth Birla
Vice Chairman

Shri P.L.Agarwal

Shri K.Bharathan - *Nominee of ICICI*

Shri I.Davidi

Dr. V.K.Gangwal

Shri A. Ghosh - *Nominee of IDBI*

Shri A.S. Shankare Gowda

Shri H.K. Kejriwal

Dr. A.C. Muthiah

Shri R. Pichai

Shri G.J.Prasad - *Nominee of IFCI*

Shri R.Ramalingam - *Nominee of GIC*

Shri V. Dwaraknath Reddy

Shri B.S.Sharma - *Nominee of UTI*

Shri N.L. Hamirwasia
Managing Director

Shri Nirbhaya Lodha
Executive Director

REGISTERED & CORPORATE OFFICE

Golden Enclave, Tower B-1,
3rd & 4th Floors,
Airport Road,
Bangalore - 560 017

PLANTS

Ammasandra (Karnataka)
Damoh (Madhya Pradesh)
Jhansi (Uttar Pradesh)

BOARD COMMITTEES

Audit Committee
Shri R.Pichai - *Chairman*
Shri A.S.Shankare Gowda
Shri H.K.Kejriwal
Shri K.Bharathan

Share Committee
Shri H.K.Kejriwal - *Chairman*
Shri A.S.Shankare Gowda
Shri V.Dwaraknath Reddy
Shri N.L.Hamirwasia
Shri Nirbhaya Lodha

Directors Committee
Shri S.K.Birla - *Chairman*
Shri Sidharth Birla
Shri A.S.Shankare Gowda
Shri H.K.Kejriwal
Shri R.Pichai
Shri N.L.Hamirwasia

BANKERS

State Bank of Mysore
State Bank of India
The Federal Bank Ltd.

AUDITORS

M/s. Lodha & Co.
New Delhi
M/s. Hariharan & Co.
Bangalore

LEGAL ADVISORS

Khaitan & Co.
Bangalore

MANAGEMENT TEAM**CORPORATE OFFICE**

Shri N.L.Hamirwasia
Managing Director

Shri Nirbhaya Lodha
Executive Director

Shri G.K.Sureka
Company Secretary & Vice President (Legal)

AMMASANDRA UNIT

Shri N.C.Panicker
Executive Vice President

Shri B.K.Kumar
Vice President (Finance)

Shri S.M.Chaturvedi
General Manager (Operations)

DAMOH UNIT

Shri M.K. Chaudhary
President (Diamond Cements)

Shri A.K. Mathur
Vice President (Works)

Shri J. Seru
Vice President (Marketing)

JHANSI UNIT

Shri Alok Mehrotra
Vice President

THERMAL POWER PLANT

Shri S.M.Gagrani
General Manager (Power Plant)



NOTICE TO MEMBERS

NOTICE is hereby given that the 42nd Annual General Meeting of Mysore Cements Limited will be held at 3.30 PM on Saturday, the 29th September, 2001 at Woodlands Hotel, 5, Raja Rammohan Roy Road, Bangalore : 560 025 to transact the following business:

1. To consider and adopt the Profit and Loss Account for the year ended 31st March, 2001 and the Balance Sheet as at that date and the Reports of the Directors and Auditors of the Company.
2. To appoint Directors in place of Shri S.K.Birla, Dr. A.C.Muthiah and Shri A.S.Shankare Gowda who retire from office by rotation and being eligible, offer themselves for re-election.
3. To appoint Auditors and to fix their remuneration and for this purpose, to pass with or without modification, the following Resolution which will be proposed as a Special Resolution:

"RESOLVED that pursuant to the provisions of Section 224A of the Companies Act, 1956, M/s. Lodha & Company, Chartered Accountants, New Delhi and M/s.Hariharan & Company, Chartered Accountants, Bangalore be and are hereby re-appointed 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 determined by the Board plus applicable service tax and reimbursement of reasonable out of pocket expenses that may be incurred by them."

SPECIAL BUSINESS:

To consider and if thought fit, to pass with or without modifications, the following Resolutions:

4. AS AN ORDINARY RESOLUTION

"RESOLVED that the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company (hereinafter referred to as the 'Board' which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred by the Board) for mortgaging and/or charging of all the immovable and movable properties of the Company wheresoever situate, present and future, and the whole of the undertaking of the Company and/or conferring power to enter upon and take possession of the assets of the Company in certain events to or in favour of IFCI Ltd. to secure the Rupee Term Loan not exceeding Rs.3500 lacs (Rupees three thousand five hundred lacs only) together with interest at the agreed rate, additional interest, liquidated damages, commitment charge, premium on prepayment or on redemption, costs, charges, expenses and all other moneys payable by the Company to IFCI Ltd. in terms of their Loan Agreement/Hypothecation Agreement/Letter of Sanction/Memorandum of Terms and Conditions entered into/to be entered into by the Company in respect of the

aforesaid Term Loan and to the Board agreeing with IFCI Ltd. in terms of the Loan Agreement/Hypothecation Agreement/Letter of Sanction/ Memorandum of Terms and Conditions to reserve the right to take over the management of the business and concern of the Company in certain events.

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 by and with the authority of the Board be and are hereby approved and confirmed."

5. AS AN ORDINARY RESOLUTION

"RESOLVED that in supersession of the Resolution No.8 passed as an Ordinary Resolution by the Members of the Company at the Annual General Meeting held on 30th September, 2000, the consent of the Company be and is hereby accorded pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred by the Board) for mortgaging and/or charging on such terms and conditions and at such time or times and in such form or manner as it may deem fit, all or any of the immovable and movable properties of the Company wheresoever situate, present and future, and the whole of the one or more of the undertaking(s) of the Company as the case may be together with the power to enter upon and take possession of the assets of the Company in certain events to or in favour of:-

- i. State Bank of Mysore (SBM),
- ii. State Bank of India (SBI),
- iii. The Federal Bank Ltd. (FBL) and
- iv. IFCI Ltd. (IFCI)

and/or such other Bank(s), Institution(s) or entities which may from time to time be members of the Consortium providing Working Capital Facility (fund & non-fund based) aggregating Rs.9300 lacs (Rupees nine thousand three hundred lacs only) or such other amount as may be sanctioned and disbursed by the banks/institutions/entities to the Company to secure the Working Capital Facility together with interest thereon, commitment charges, liquidated damages, costs, charges, expenses and other monies, such security to rank second or subservient to the mortgages and/or charges already created or to be created in future by the Company in favour of the Trustees for Debentureholders and Term Lending Institutions or in such manner as may be agreed to and as may be thought expedient by the Board."

6. AS AN ORDINARY RESOLUTION

"RESOLVED that in partial modification of Resolution No. 10 passed as an Ordinary Resolution by the Members of the Company at the Annual General Meeting held on



MYSORE CEMENTS LIMITED

15.12.1998 approving the appointment and the terms of remuneration of Shri N.L.Hamirwasia as the Managing Director of the Company for a period of 5 years with effect from 2.3.1999 and in accordance with the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves of the variation with effect from 1st April, 2001 in the terms of remuneration of the Managing Director (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year) for the remainder of his tenure till 1.3.2004 in accordance with the changes in Schedule XIII to the Companies Act, 1956 as set out below:

Salary : Rs. 1,85,000/- per month.

Commission : Not exceeding 2½ % of the net profits of the Company computed in the manner laid down under Section 309(5) of the Companies Act, 1956; however, the actual amount of commission to be paid will be determined absolutely by the Board in respect of each year or part thereof and may be considered at the 'nil' level for the time being until further reviewed by the Board at a subsequent date.

Provided that all other terms and conditions as approved by the Members at their aforesaid Annual General Meeting shall remain unchanged.

Provided further that all emoluments paid and value of perquisites granted shall in any case be within the overall limits laid down by Schedule XIII of the Companies Act, 1956 and any amendment/re-enactment thereof."

7. AS AN ORDINARY RESOLUTION

"RESOLVED that pursuant to Sections 198, 269, 309, 310, 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the provisions of Article 118 of the Articles of Association of the Company and in partial modification of Resolution No.9 passed as an Ordinary Resolution by the Members of the Company at the Annual General Meeting held on 19.9.1996 approving w.e.f. 1.7.1996 the appointment and the terms of remuneration for a period of 5 years of Shri Nirbhaya Lodha as Director (Finance), re-designated as Executive Director on 31.8.1999, the Company hereby approves the variation in the remuneration of Shri Nirbhaya Lodha, the Executive Director (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year) with effect from 1st April, 2001 for the remainder of his tenure till 30.6.2001 as well as his appointment as the Executive Director of the Company, not liable to retire by rotation, for a period of five years with effect from 1st July, 2001 with liberty to either party to terminate the appointment on three months' notice in writing to the other, at a remuneration and on the terms set out below:

1. Salary : Rs.1,50,000/- per month, subject to such periodic increments as the Chairman of the Board or a Committee thereof may approve upto a maximum salary of Rs.1,80,000/- per month.

2. Commission: Not exceeding 2½% of the net profits of the Company computed in the manner laid down in Section 309(5) of the Companies Act, 1956; however, the actual amount of commission to be paid will be determined absolutely by the Board in respect of every year or part thereof.

3. Perquisites :

Category : A

- i. The expenditure by the Company on hiring unfurnished accommodation will be subject to a ceiling of 60% of the salary, of which upto 10% shall be payable by the Executive Director as may be determined by the Board or a Committee thereof from time to time.
- ii. Medical reimbursement: As per Rules of the Company.
- iii. Leave & Leave Travel Concession: As per Rules of the Company.
- iv. Club Fees: Subject to a maximum of two Clubs. This will not include Admission and Life Membership Fee.
- v. Personal Accident Insurance: Premium not to exceed Rs.4,000/- per annum.

Category : B

In the computation of the ceiling on remuneration specified in Paras 1, 2 and 3 above, the following perquisites shall not be included:-

- i. Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961;
- ii. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and
- iii. Encashment of leave at the end of the tenure as per Rules of the Company.

Category : C

Provision of one Car with driver for use on Company's business and telephone at residence not to be considered as perquisites. However, personal long distance calls and use of car for private purposes will be billed by the Company.

Provided that all emoluments paid and value of perquisites granted shall in any case be within the overall limits laid down by Schedule XIII of the Companies Act, 1956 and any amendment/re-enactment thereof.

Notwithstanding where in any financial year during the currency of tenure of the Executive Director, the



MYSORE CEMENTS LIMITED

Company has no profits or its profits are inadequate, it may pay him remuneration by way of salary and perquisites not exceeding the limits specified above as minimum remuneration but within the limits specified in Schedule XIII of the Companies Act, 1956."

8. AS A SPECIAL RESOLUTION

"RESOLVED that in accordance with the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and the enabling provisions in the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and subject to such approvals, permissions and sanctions of such authorities as may be necessary and subject also to such terms, conditions and modifications as may be prescribed by any of them while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the 'Board' which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred by the Board), the consent of the Company be and is hereby accorded to the Board to issue, offer and allot in accordance with the Guidelines on Preferential Issues framed by Securities & Exchange Board of India (SEBI) in this behalf Equity Shares of Rs.10 each to ICICI Ltd., IFCI Ltd. and Industrial Development Bank of India (hereinafter referred to as the 'Institutions') for an aggregate amount not exceeding Rs.1900 lacs on preferential basis on such terms and conditions as the Board may deem fit in one or more tranches at par or at such price or prices including premium or in such manner as the Board may in its absolute discretion think fit.

FURTHER RESOLVED that the Equity Shares be offered for subscription to the Institutions as aforesaid by an Offering Document as may be approved by the Board stating the terms of the offer including a provision therein that the offer if not accepted within such time as may be specified in the Offering Document or within such further time as may from time to time be extended by the Board shall be deemed to have been declined.

FURTHER RESOLVED that the Board be and is hereby authorised to issue and allot such number of Equity Shares as may be necessary in accordance with the terms of the offering and that all such Equity Shares shall rank pari passu with the existing Equity Shares of the Company.

FURTHER RESOLVED that for the purpose of giving effect to the Resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things and carry out or accept all such conditions, modifications and alternations as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer, issue and allotment of the Equity Shares and further to finalise and execute all documents and writings as may be necessary, desirable or expedient without being required to seek any further consent or approval of the Company in this regard".

9. AS A SPECIAL RESOLUTION:

"RESOLVED that in accordance with the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and the enabling provisions in the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and subject to such approvals, permissions and sanctions of such authorities as may be necessary and subject also to such terms, conditions and modifications as may be prescribed by any of them while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the 'Board' which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred by the Board), the consent of the Company be and is hereby accorded to the Board to issue, offer and allot upto 20,00,000 Redeemable Cumulative or Non-Cumulative Preference Shares of Rs.100/- each for an aggregate amount not exceeding Rs.2000 lacs, whether convertible or not, with or without detachable or non-detachable warrants or any other financial instruments (hereinafter for brevity's sake referred to as the 'Securities') as the Board as its sole discretion may at any time or times hereafter decide, to the Members, Debentureholders, Employees, Financial Institutions, Mutual Funds, Asset Management Companies, Banks, Non-Resident Indians, Overseas Corporate Bodies (OCBs), Foreign Institutional Investors (FIIs), Companies, other entities/authorities and to such other persons, whether through public issue, rights issue, private placement, exchange of securities, conversion of loans or otherwise and for general corporate purposes including redemption of Preference Shares, capital expenditure, working capital requirements, strategic investments as the Board may deem fit and/or by anyone or more or a combination of the above modes/methods or otherwise and in one or more tranches with or without voting rights in general meetings/class meetings of the Company as may be permitted under the then prevailing laws at such price or prices including premium or in such manner as the Board may in its absolute discretion think fit, in accordance with guidelines issued by SEBI, if any, in consultation with the lead managers, underwriters, advisors and such other persons as may be appointed for this purpose and on such terms and conditions including the number of Securities to be issued, rate of dividend, redemption period, manner of redemption, amount of premium on redemption, the ratio of exchange of shares and/or warrants and fixing the record date or book closure and related or incidental matters and upon redemption of such Preference Shares in whole or part from time to time to reissue, offer and allot further Preference Shares within such aggregate limit of Rs.2000 lacs from time to time to such persons as the Board may deem fit and that such authority shall be a continuing authority to the Board to



MYSORE CEMENTS LIMITED

make such further issue of Preference Shares within such limits on any subsequent redemption of Preference Shares or any part thereof from time to time as may be considered fit and proper by the Board so however that the issued Preference Capital under the authority of this Resolution at any time shall not exceed Rs.2000 lacs and that such issues may be made with or without detachable or non-detachable warrants or any other Financial Instruments.

FURTHER RESOLVED that such of these Securities to be issued as are not subscribed may be disposed of by the Board to such persons and in such manner and on such terms as the Board in its absolute discretion think most beneficial to the Company including offering or placing them with Banks/Financial Institutions/Investment Institutions/Asset Management Companies/Mutual Funds/Foreign Institutional Investors or such other persons or otherwise as the Board may in its absolute discretion decide.

FURTHER RESOLVED that for the purpose of giving effect to the Resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things and carry out or accept all such conditions, modifications and alterations as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer, issue and allotment of the Securities and further to finalise and execute all documents and writings as may be necessary, desirable or expedient without being required to seek any further consent or approval of the Company in this regard."

10. AS A SPECIAL RESOLUTION :

"RESOLVED that pursuant to the provisions of Section 372A and all other applicable provisions, if any, of the Companies Act, 1956 and subject to such other consents as may be necessary in this regard, approval of the Members be and is hereby accorded to the Board of Directors to provide on such terms and conditions as it may deem fit, the following securities:-

- a. by way of pledge of Equity Shares of Saurashtra Chemicals Limited (SCL) that the Company presently holds or may hereafter hold in future in connection with financial assistance of Rs.3000 lacs or such other amount obtained/as may be obtained by SCL from ICICI Ltd. and/or other Lender(s) to meet the fund requirements of SCL; and
- b. by way of pledge of Equity Shares of Birla VXL Limited (VXL) that the Company presently holds or may hereafter hold in future in connection with financial assistance of Rs.11574 lacs or such other amount obtained/as may be obtained by VXL from ICICI Ltd. and/or other Lender(s) to meet the fund requirements of VXL

in order to secure the repayment of their existing/future borrowings with interest, commitment charges and all other monies etc. as may be due thereon, on the terms and conditions as may be finally agreed to by SCL/VXL with the Company and ICICI Ltd. and/or other Lender(s)

notwithstanding that such security proposed to be provided by way of pledge of present and future shareholding of the Company in SCL/VXL together with the loans and investments already made, guarantees and securities (including pledge) already provided by the Company shall be in excess of the ceiling prescribed under Section 372A of the Companies Act, 1956 and/or as may be prescribed hereafter under the said section and/or under any other provision of the said Act.

RESOLVED FURTHER that the Board of Directors be and are hereby authorised to do or cause to be done all such acts, deeds, matters and things as may be necessary from time to time in this regard and all acts done in terms of this Resolution by and with the authority of the Board of Directors, be and are hereby approved, confirmed and ratified."

The Register of Members of the Company will remain closed from 16.9.01 to 29.9.01 (both days inclusive).

Registered Office:
'Golden Enclave',
Tower B-1, 3rd Floor,
Airport Road,
Bangalore : 560 017
30th June, 2001

By Order of the Board

G. K. SUREKA
Company Secretary

NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.
2. The instrument appointing a proxy has to be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. The share transfer instruments, complete in all respects, should be sent to the Company at 'Golden Enclave', Tower B-1, 3rd Floor, Airport Road, Bangalore : 560 017 well in advance so as to reach the Company prior to book closure. Shares under any defective transfer (unless defect is removed prior to book closure) and/or instruments of transfer received during the period of book closure shall be considered for transfer after re-opening of the books.
4. The Company has entered into necessary arrangements with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDS) to enable the Shareholders to dematerialise under ISIN:INE578A01017 their shares in the Company for which they may contact the Depository Participants of either of the above Depositories since the Shares of the Company are in the list of Securities for compulsory trading in dematerialised form.
5. Members are requested to intimate any change in their address to the Company immediately with the postal pin code.
6. Pursuant to Section 205A of the Companies Act, 1956 all unclaimed dividends upto the Financial Year 1994-95 have been transferred to the General Revenue Account of



MYSORE CEMENTS LIMITED

the Central Government. The Company had individually informed the Shareholders concerned about the particulars of the unclaimed dividend transferred to the General Revenue Account. Shareholders who have not encashed the Dividend Warrants upto the said period are requested to claim the amount from the Registrar of Companies, Karnataka, Bangalore by submitting an application in the prescribed form.

In view of the amended provisions of Section 205A of the Companies Act, 1956, the unclaimed dividends from the Financial Years 1995-96 and 1996-97 will be transferred to the Investor Education and Protection Fund ('the Fund') established by the Central Government in accordance with Sec. 205C of the Companies Act, 1956 after the expiry of 7 years from the date of transfer of dividend to the Unpaid Dividend Account of the Company. Members who have not yet claimed their Dividend for the Financial Years 1995-96 and 1996-97, may claim it now from the Company before the same is transferred to the Fund. It may be noted that no claims shall lie against the Company or the Fund in respect of individual amounts which were unclaimed and unpaid for a period of 7 years and transferred to the Fund and no payment shall be made in respect of any such claim.

7. Members attending the meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the meeting hall. Attendance at the Annual General Meeting will not be allowed without production of the attendance slip duly signed. Members whose shares are in the dematerialised form are requested to bring their Depository Account Number for identification.
8. Persons attending the Annual General Meeting are requested to bring their copies of the Annual Report. No additional copies of the report will be distributed at the meeting.
9. Members holding Shares in the same name but under different Ledger Folios are requested to apply for consolidation of such folios and send the relevant Share Certificates to the Registered Office of the Company for endorsement of the consolidated folio number.
10. For any further information regarding the aforesaid Accounts, advance intimation be given and the members are requested to ensure that the same reaches the Registered Office of the Company at least 15 days before the date of the ensuing Annual General Meeting.
11. In terms of Section 192A of the Act inserted vide the Companies (Amendment) Act, 2000 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, the aforesaid item no.10 of the accompanying notice are required to be passed by postal ballot. The Company will despatch the postal ballot in respect of the aforesaid Resolutions to the Members along with the relevant documents and instructions for casting their ballot by post.

12. **EXPLANATORY STATEMENT** pursuant to Section 173 of the Companies Act, 1956 ('the Act') / Code for Corporate Governance:

Item No. 2: A brief resume of the Directors offering themselves for re-election is given below:-

Shri S.K.Birla, Chairman of the Board of Directors, aged 66 years, is an entrepreneur and director of various companies. He has vast experience spread over 45 years in the fields of Finance, Marketing, General Management, Board level Corporate Governance, Strategic issues, Corporate & Finance Structuring, Resource Mobilisation and Planning & Budgeting. Shri S.K.Birla is Director of Birla Brothers Pvt.Ltd., Century Textiles & Industries Ltd., Birla VXL Ltd., Navin Investment Ltd., Dormeuil Birla VXL Ltd., Birla Eastern Ltd., Pilani Investment & Industries Corporation Ltd. He is a Past President of various leading Chambers of Commerce like the Federation of Indian Chambers of Commerce & Industry, New Delhi, Indian National Committee of International Chamber of Commerce, New Delhi and Indian Chamber of Commerce, Kolkata. He has represented the country as a member of the Indian delegation to several international bodies like Chamber of Commerce of G-77 Countries of United Nations, New York, UNCTAD and CAFE and was a member of the Prime Minister's National Integration Council, Delhi between 1991-96. He is also associated with several educational and philanthropic Institutions.

Shri S.K.Birla is Chairman of the Committee of Directors of our Company as well as of the Committee of Directors of Birla VXL Ltd.

Except for Shri S.K.Birla and Shri Sidharth Birla, no other director is interested in the aforesaid Resolution.

Dr. A.C.Muthiah, aged 60 years, is a leading industrialist. He has a vast experience in the fields of industry and business. Dr. A.C.Muthiah is the Chairman of Southern Petrochemical Industries Corporation Ltd., South India Corporation (Agencies) Ltd., SPIC Petrochemicals Ltd., First Leasing Co. of India Ltd., Manali Petrochemical Ltd., Tuticorin Alkali Chemicals & Fertilisers Ltd., Henkel SPIC India Ltd., SPIC Aromatics & Chemical Corporation Ltd., SPIC Electric Power Corporation (Pvt.) Ltd. and Caltex SPIC India Ltd. He is the Vice-Chairman of Tamilnadu Petroproducts Ltd. and National Aromatics & Petrochemicals Corporation Ltd. He is also director in Toyo Engineering Ltd., Indo-Jordan Chemicals Ltd., ACM Educational Foundation and MCM Medical Foundation. He is a partner in South India Investments and Associates. He is associated with several leading Chambers of Commerce of the country and has served as Sr. Vice President of the Federation of Indian Chambers of Commerce & Industry, New Delhi and is presently, a member of the Committee of Southern India Chamber of Commerce and Industry, Chennai. He is the President of Board of Control for Cricket in India as well as the Indian Council of Arbitration.

Except for Dr. A.C.Muthiah, no other director is interested in the aforesaid Resolution.

Shri A.S.Shankare Gowda, aged 43 years, is a Commerce Graduate and comes from a family of coffee planters. He is on the Board of M/s. A.C.Shive Gowda Finance and



MYSORE CEMENTS LIMITED

Investments Pvt.Ltd. He is a member of the Executive Committee of Karnataka Planters Association, Chickmagalur. He is a partner in M/s. Chandragiri Estate and M/s. Mallaraya Estate.

Besides being a member of the Share Transfer and Shareholders/Investors Grievance Committee of our Company, he is also a member of the Committee of Directors and Audit Committee of our Company.

Except for Shri A.S.Shankare Gowda, no other director is interested in the aforesaid Resolution.

Item No 4: The Company has been sanctioned financial assistance aggregating to Rs.3500 Lacs by IFCI Ltd. to meet the normal capital expenditure. The said financial assistance from IFCI Ltd. is secured by mortgage/charge on the assets of the Company both present and future.

Section 293(1)(a) of the Act provides inter alia that the Board of Directors of a Public Company shall not without the consent of such Public Company in General Meeting, sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company, or where the Company owns more than one undertaking, of the whole or substantially the whole of any such undertaking.

Since the mortgage/charge by the Company of its immovable and movable properties as aforesaid in favour of IFCI Ltd. as the Lenders may be regarded as disposal of the Company's properties/undertakings, it is necessary for the Members to pass the Resolution u/s. 293(1)(a) of the Act.

The Director nominated by IFCI Ltd. may be deemed to be interested in the said Resolution.

Item No.5: The Company has been availing working capital limits both fund and non-fund based from State Bank of Mysore, State Bank of India, The Federal Bank Ltd. and IFCI Ltd. aggregating to Rs. 9,300 lacs (including ad hoc limit(s), if any). The said working capital facilities are reviewed annually. The working capital facilities are to be secured by mortgage and/or charge in favour of the Banks and the Institution on second charge basis on the fixed assets of the Company, both present and future. Section 293(1)(a) of the Act provides inter-alia that the Board of Directors of a Public Company shall not without the consent of such Public Company in General Meeting, sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole of any such undertaking. Since the charging by the Company of its fixed assets in favour of the Banks/Institution may be regarded as disposal of the Company's properties/undertaking, it is necessary for the Members to pass the Resolution u/s. 293(1)(a) of the Act.

The Director nominated by IFCI Ltd., may be deemed to be interested in the said Resolution.

Item Nos.6 & 7: Shri N.L.Hamirwasia, the Managing Director was appointed by the Members of the Company at the Annual General Meeting held on 15th December,

1998, for a period of five years w.e.f. 2.3.1999 on the terms and conditions specified in the Resolution approved thereat. The Executive Director, Shri Nirbhaya Lodha was appointed as a whole-time Director of the Company by the Members at the Annual General Meeting held on 19.9.1996 for a period of five years w.e.f. 1.7.1996 on the terms and conditions specified in the Resolution approved thereat. Schedule XIII to the Companies Act, 1956, has since been amended vide notification No. GSR 215(E) dated 2.3.2000 issued by the Department of Company Affairs, Government of India, New Delhi permitting payment of higher remuneration to the Managerial Personnel even in case of loss or inadequacy of profits in any financial year and salary levels in most of the companies have been revised upwards since then. Accordingly, the Resolutions set out under item nos. 6 & 7 of the notice for increase in the remuneration w.e.f. 1.4.2001 of the Managing Director to Rs.1,85,000/- per month and the Executive Director to Rs.1,50,000/- per month for the remainder of their respective tenures is commended for your approval.

Further, the Resolution at item no.7 also seeks to appoint with effect from 1.7.01 Shri Nirbhaya Lodha as Executive Director of the Company not liable to retire by rotation for a further period of five years since the present term of five years of Shri Nirbhaya Lodha as Executive Director of the Company comes to an end on 30.6.01. This was decided by the Board of Directors in the interest of continued growth of the Company at its meeting held on 30.6.01 subject to the approval of Members in General Meeting in terms of Part III of Schedule XIII read with Section 309 of the Act.

In terms of Section 302 of the Act, an abstract of the amended terms of remuneration of the Managing Director and the Executive Director together with that of the appointment of Shri Nirbhaya Lodha as Executive Director for a further period of 5 years w.e.f. 1.7.01 has already been circulated to the Members.

Accordingly, the Board commends the said Resolutions to the Members for their approval.

Shri Nirbhaya Lodha, aged 44 years, is a Fellow Member of the Institute of Chartered Accountants of India and a Commerce Graduate (Gold Medalist) with financial and commercial experience of over 21 years. His area of expertise includes Finance, General Management, Board level Corporate Governance, Company Law, Corporate & Financial Structuring, Resource Mobilisation and Planning & Budgeting.

Besides working as whole-time director of the Company designated as Executive Director, he is a member of Share Transfer and Shareholders/Investors Grievance Committee of the Company. He is also a Director of Diamond Realty Ltd.

Shri N.L.Hamirwasia is concerned and/or interested in the Resolution concerning the increase in his remuneration as Managing Director and Shri Nirbhaya Lodha is concerned and/or interested in the Resolution concerning the increase



MYSORE CEMENTS LIMITED

in his remuneration as well as his appointment as Executive Director for a further term of 5 years w.e.f. 1.7.2001.

Item No. 8: This resolution relates to a proposal to issue, offer and allot Equity Shares from time to time to ICICI Ltd., (ICICI), IFCI Ltd. (IFCI) and Industrial Development Bank of India Ltd. (IDBI) who at the request of the Company, have agreed to restructure the outstanding term loans and debentures. As part of the restructuring, the Institutions have stipulated that in lieu of simple interest for the period from 1.1.01 to 31.3.02 on the outstanding term loans and the IFCI Debentures as well as the funded interest thereon, the Company shall allot equity shares at par for an equivalent amount estimated at Rs.1900 lacs. The Company is advised that the said issue, the pricing thereof and allotment will be in accordance with the Guidelines for Preferential Issue of Securities & Exchange Board of India dated 4.8.1994 and consents as may be necessary will be obtained from the appropriate authorities.

The listing agreements with the Stock Exchanges provide that issue of further shares by the Company shall be offered to the existing Members of the Company unless decided otherwise in a General Meeting. Section 81 of the Act also provides inter alia that when it is proposed to increase the issued capital of a Company by allotment of further shares, such further shares shall be offered to the existing members of the Company in the manner laid down in the said Section unless the Members in a General Meeting decide otherwise.

In compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, the Company has forwarded a copy of the Board Resolution dtd. 30.6.2001 for the aforesaid Issue to Stock Exchanges where the shares of the Company are listed. In accordance with the said Regulations, the following information is furnished:

Proposed allottees of the Securities ICICI Ltd., IFCI Ltd. and Industrial Development Bank of India (IDBI).

Present holding of the Proposed Allottees NIL

Price at which the Securities are proposed to be issued At par.

Purpose and reason for such Allotment As part of the restructuring scheme of the Company's liabilities to the Financial Institutions, it has been stipulated by them that the Company shall allot equity shares at par in lieu of simple interest on their dues for the period from 1.1.01 to 31.3.02 estimated at Rs.1900 lacs. This would help to conserve cash for the company's business.

Consequential changes, if any, in the Board of Directors of the Company None.

Consequential changes, if any, in the Voting rights.

By allotment of shares under the present offer, the voting right in the Company upto a maximum of 25.61% of the ultimate paid up Equity Share Capital of the Company will vest in the Institutions, namely ICICI, IFCI and IDBI. There will be no change in the control over the Company by such allotment.

Shareholding pattern

	Existing As on 30.6.01 No. of Equity Shares	%	Proposed Issue No. of Equity Shares	Post Issue No. of Equity Shares	%
a. Promoters & persons Deemed to be acting in Concert.	22359261	40.52		22359261	30.14
b. Institutional Investors					
- Mutual Funds & UTI	11280004	20.45		11280004	15.21
- ICICI/IFCI/IDBI	-	-	19000000	19000000	25.61
- Banks, Other FIs, Insurance Companies.	7397619	13.40		7397619	9.97
- Foreign Institutional Investors	1205322	2.19		1205322	1.63
c. Others					
- Private Corporate Bodies	1717322	3.11		1717322	2.32
- NRIs/OCBs	1833332	3.32		1833332	2.47
- Indian Public	9385122	17.01		9385122	12.65
	<u>55177982</u>	<u>100.00</u>	<u>19000000</u>	<u>74177982</u>	<u>100.00</u>

The Directors nominated by ICICI, IFCI and IDBI may be deemed to be interested in the said Resolution.

Item No. 9: The existing 20,00,000 – 17.75% Redeemable Cumulative Preference Shares of Rs. 100 each aggregating to Rs. 2000 lacs are redeemable at par as under:-

On 15.2.2002	7,00,000 Preference Shares.
On 15.3.2003	7,00,000 Preference Shares
On 15.3.2004	6,00,000 Preference Shares

Section 80 of the Companies Act provides that preference shares can be redeemed only out of profits or out of a fresh issue for this purpose. In view of the current working of the Company and the accumulated losses, it is proposed that the existing preference shares may be extended or redeemed by a fresh issue of Preference Shares of a like amount as may be negotiated with ICICI Ltd., the sole holder thereof. The proposed Resolution seeks to authorise such a fresh issue of Preference Shares in the event it is decided to redeem the existing Preference Shares.

The Director nominated by ICICI Ltd. may be deemed to be interested in this Resolution.

Item No. 10: The Company has been deemed as a part of the Promoters Group of Saurashtra Chemicals Ltd. (SCL) and Birla VXL Ltd. (VXL).

As part of its financial restructuring, SCL has been sanctioned Rupee Term Loan of Rs.3000 lacs by ICICI Ltd.



MYSORE CEMENTS LIMITED

(ICICI) who have stipulated that the said loan shall also be secured by way of pledge of shares of SCL held by, inter alia, the Company at present as well as that the Company may hold in future in SCL with ICICI, the Lead Institution of SCL. At present, the Company holds 52,73,379 Equity Shares in SCL (16.15% of the paid up equity share capital of that company).

Similarly, ICICI have also formulated a Scheme of Restructuring in connection with the financial assistance of Rs.11574 lacs granted to VXL and ICICI has stipulated that the said assistance shall also be secured by way of pledge of shares of VXL held by, inter alia, the Company at present as well as that the Company may hold in future in VXL with ICICI which is also the Lead Institution of VXL. At present, the Company holds 1,05,46,758 Equity Shares (16.21% of the paid up equity share capital of that company).

The Resolution seeks to authorise the said pledge of the Company's shareholding, present and future, in SCL/VXL for the aforesaid financial assistance from ICICI as well as for such other borrowings from the Institutions. Since the giving of security by way of pledge of the present and future shareholding of the Company in SCL/VXL for their respective financial assistance availed by them from ICICI and such other borrowings from Institutions by SCL/VXL will exceed the limits specified in Section 372A of the Companies Act, 1956, the approval of the Members is sought in terms of the provisions contained in the said Section.

The Board recommends the proposed Resolution for your approval.

Except for Sarvashri N.L.Hamirwasia and N.Lodha who hold shares in SCL and Sarvashri S.K.Birla, Sidharth Birla, N.L.Hamirwasia and N.Lodha who are Directors and/or shareholders of VXL, none of the other Directors are concerned or interested in the proposed Resolution.

INSPECTION OF DOCUMENTS

Copies of relevant documents/correspondence etc. in connection with the above items of business and in particular the following documents are available for inspection at the Registered Office of the Company between 11.00 AM to 1.00 PM on any working day prior to the date of the Annual General Meeting:

- a. Letter of Sanction no.Blore/Chem.52/2000-1075 dtd.30.6.2000 and the agreements and other documents executed with IFCI Ltd. in connection with Rupee Term Loan of Rs.3500 lacs;

- b. Letters of Sanction for Working Capital Credit Facilities as under along with the Joint Deed of Hypothecation and Working Capital Consortium Agreement:-

- i. No.Blore/Chem.52/2001-4563 dtd. 30.3.01 from IFCI Ltd.
- ii. No. IFB/NEI/MCL/2038 dtd. 18.1.01 from State Bank of Mysore.
- iii. No. IFB/BPL/AMT/171 dtd. 12.6.01 from State Bank of India.
- iv. No. BGRA/APK/CC-130/1906/2001 dtd. 30.3.01 from The Federal Bank Ltd.

- c. Letters issued to Shri N.L.Hamirwasia, Managing Director and to Shri Nirbhaya Lodha, Executive Director respectively for their present term of office as well as the letter issued to Shri Nirbhaya Lodha for his appointment as Executive Director with effect from 1.7.01.

- d. Letters in connection with issue of Equity Shares to the Institutions:-

- i. No. MC/427 dtd. 14.5.01 from ICICI Ltd.
- ii. No. B'lore Chem.52/2001-4585 dtd. 30.3.01 from IFCI Ltd.
- iii. No. H.O.CFD-II.01.B-18/229 dtd. 30.3.01 from Industrial Development Bank of India.

- e. Letter dtd. 15.9.00 from Saurashtra Chemicals Ltd. along with the Letter of Sanction no. CS/1811 dtd. 3.8.00 from ICICI Ltd.

- f. Letter dtd. 28.6.01 from Birla VXL Ltd. along with the Letters of Sanction no.CB/1125 dtd. 28.6.01 and no. CB/1133A dtd. 28.6.01 from ICICI Ltd.

- g. Memorandum and Articles of Association of the Company.

DISCLOSURE OF INTEREST

Save and except as stated in item nos. 4, 5, 6, 7, 8, 9 and 10, none of the Directors is interested in the aforesaid Resolutions except as shareholders of the Company in general.

Registered Office:

Golden Enclave,
Tower B-1, 3rd Floor,
Airport Road,
Bangalore : 560 017
30th June, 2001

By Order of the Board

G.K. SUREKA
Company Secretary