

Kvaerner Cementation India Limited



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CEMENTATION

ANNUAL REPORT

2000



Flyover at Khodadad Circle, Dadar, Mumbai

Kvaerner Cementation India Limited

Registered Office : Apeejay House, Dinshaw Vachha Road, Mumbai 400 020.

NOTICE OF THE MEETING

NOTICE is hereby given that the TWENTY-THIRD ANNUAL GENERAL MEETING of the Members of KVAERNER CEMENTATION INDIA LIMITED will be held at Chavan Centre - Auditorium, Yashwantrao Chavan Pratishthan, General Jagannath Bhosale Marg, Mumbai 400 021, on Monday, 30th April, 2001 at 3.00 p.m. to transact the following business:

1. To receive, consider and adopt the Balance Sheet as at 31st December, 2000 and the Profit and Loss Account of the Company for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Mr. J.P. Keehan, who retires by rotation, and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. D.E. Udawadia, who retires by rotation, and, being eligible, offers himself for re-appointment.
5. To appoint Auditors and to authorise the Board of Directors to fix their remuneration.
6. To appoint a Director in place of Mr. Sunil Shah Singh who was appointed as an Additional Director of the Company and who holds office upto the date of this Meeting under Section 260 of the Companies Act, 1956, and, being eligible, offers himself for re-appointment and in respect of whom the Company has received a notice from a member under Section 257 of the Companies Act, 1956, signifying his intention to propose him as a candidate for the office of Director.
7. To consider, and, if thought fit, to pass the following Resolution, with or without modification, as an Ordinary Resolution :

"RESOLVED THAT subject to the provisions of Sections 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the Companies Act, 1956, the appointment of Mr. Sunil Shah Singh as Managing Director of the Company for the period of five years from 1st June, 2000 to 31st May, 2005 (both days inclusive) on the remuneration and perquisites to be paid or granted to him as set out in the draft Agreement between the Company and Mr. Singh placed before this meeting and initialed by the Vice-Chairman of the Company, for the purpose of identification, be and the same is hereby approved.

AND RESOLVED FURTHER THAT the Directors of the Company be and are hereby authorised to enter into an Agreement on behalf of the Company with Mr. Singh in terms of the aforesaid draft."

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

"RESOLVED THAT subject to the approval of the Central Government under Section 21 and other applicable provisions, if any, of the Companies Act, 1956, the name of the Company be changed from Kvaerner Cementation India Limited to "Cementation India Limited" and that after receipt of the aforesaid approval, the name "Cementation India Limited" be substituted for the Company's present name wherever occurring in the Company's Memorandum and Articles of Association."

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

"RESOLVED THAT in supersession of the Special Resolution passed at the 17th Annual General Meeting of the Company held on 24th August, 1995 and subject to the provisions of Section 163 of the Companies Act, 1956, the Register of Members of the Company, Indices of Members and copies of all its Annual Returns prepared under Section 159 of the Act together with the copies of all certificates and documents required to be annexed thereto under Section 161 of the Act, or any one or more of them, be kept on and from 1st May, 2001, at the offices of Tata Consultancy Services, the Registrars and Share Transfer Agents of the Company, at Lotus House, 6, Sir Vithaldas Thackersey Marg, Mumbai 400 020, and / or at Ram House, 1st Floor, Gaiwadi Industrial Estate, S.V. Road, Goregaon (West), Mumbai 400 062, instead of at the Registered Office of the Company."

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

"RESOLVED THAT pursuant to Section 31 and other applicable provisions of the Companies Act, 1956, and subject to such approvals, consents, permissions and sanctions as may be necessary from appropriate authorities, the Articles of Association of the Company be and are hereby altered in the following manner:

- (i) The definition of "Cementation" appearing in Article 2(1) of the Articles of Association of the Company be replaced by the following new definition:

"Cementation"	"Cementation" means The Cementation Company Limited, Maple Cross House, Denham Way, Maple Cross, Rickmansworth, Herts WD3 9AS, England, or its parent, holding, subsidiary or associate company or any one or more of them."
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- (ii) The words "and interim dividend" be inserted at the end of the definition of "Dividend" appearing in Article 2(1) of the Articles of Association of the Company.

- (iii) The following new Article 88A with the marginal note be inserted after the existing Article 88 of the Articles of Association of the Company:

"Postal 88A Ballot"	"Notwithstanding anything contained in Article 88, the Company may, and in the case of resolutions relating to such business as the Central Government may, by notification, declare to be conducted only by postal ballot, shall, get any resolution passed by means of a postal ballot, instead of transacting the business in general meeting of the Company. Where the Company requires to, or decides to, as the case may be, get a resolution passed by means of a postal ballot, the provisions of Section 192A of the Act shall be complied with."
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- (iv) Reference to Sections "369, 370 and 372" appearing in Article 155(11) of the Articles of Association of the Company be deleted. The word and figures "and 372A" be inserted after the figure "295" appearing in the same Article 155 (11).

- (v) (a) The words "General Revenue Account of the Central Government" wherever occurring in Article 163(4) and (5) be replaced by "a Fund called Investor Education and Protection Fund".

- (b) The words and figures "forty-two (42)" wherever occurring in Article 163(1) of the Articles of Association of the Company be substituted with the words and figures "thirty (30)".

- (c) The word "three" appearing in Article 163(4) of the Articles of Association of the Company be substituted with the word "seven".
- (vi) The following paragraph be inserted as a new paragraph after the existing Article 164 of the Articles of Association of the Company:
- "The Board may declare interim dividend and the amount of dividend including interim dividend shall be deposited in a separate bank account within five (5) days from the date of declaration of such dividend. The amount of dividend including interim dividend so deposited shall be used for payment of interim dividend." "

Registered Office:

Apeejay House,
Dinshaw Vachha Road,
Mumbai 400 020.

Dated: 2nd March, 2001

By Order of the Board

M.G. RANADE

Company Secretary

NOTES:

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
- (b) An Explanatory Statement under Section 173 of the Companies Act, 1956, in respect of business under Items 6 to 10 is appended hereto.
- (c) Pursuant to Section 205A of the Companies Act, 1956, all unclaimed/unpaid dividends upto the financial year ended 31st March, 1995 have been transferred to the General Revenue Account of the Central Government. Members who have so far not claimed their dividends for the said periods may claim the same by submitting an application in prescribed Form No. II to the Registrar of Companies, Hakoba Mill Compound, 2nd Floor, Dattaram Lad Marg, Kalachowki, Mumbai 400 033.
- Consequent upon amendment in Section 205A of the Companies Act, 1956, and introduction of Section 205C, by the Companies (Amendment) Act, 1999, the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund.
- (d) The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday 17th April, 2001 to Friday 27th April, 2001 (both days inclusive).
- (e) The dividend, if any, that may be declared at the Meeting will be paid on or after 8th May, 2001, to those Members whose names appear in the Register of Members of the Company on 27th April, 2001.
- (f) Members are requested to advise any change in address to Tata Consultancy Services, the Company's Registrars and Share Transfer Agents at Lotus House, 6, Sir Vithaldas Thackersey Marg, Mumbai 400 020.
- (g) Members/Proxy's attending the Meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the meeting hall.
- (h) Members are requested to bring their copies of Annual Report at the time of attending the Meeting.
- (i) The Company has listed it's shares at: (a) The Stock Exchange, Mumbai (Regional Stock Exchange) (b) The Calcutta Stock Exchange Association Limited and (c) The National Stock Exchange of India Limited. The listing fee for these Exchanges has been paid.

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Annexure to Notice

Explanatory Statement under Section 173 of the Companies Act, 1956.

ITEMS 6 AND 7

Mr. Sunil Shah Singh was appointed as an Additional Director with effect from 1st June, 2000, by the Board of Directors pursuant to Article 115 of the Articles of Association of the Company at their Meeting held on 27th April, 2000.

Pursuant to Section 260 of the Companies Act, 1956, Mr. Singh holds the office of Director upto the date of this Annual General Meeting. The Company has received a Notice from a Member signifying his intention to propose the appointment of Mr. Singh as a Director of the Company along with a deposit of Rs.500/- (Rupees Five Hundred Only) which shall be refunded to the member if Mr. Singh is elected as a Director.

The Board have, subject to the shareholders' approval in General Meeting, appointed Mr. Singh as Managing Director for the period 1st June, 2000 to 31st May, 2005.

Under Article 137 of the Articles of Association of the Company, The Cementation Company Limited, U.K. (Cementation) has a right to designate one or more members of the Board of Directors of the Company as the Managing Director or Managing Directors of the Company. Pursuant to the said Article, Cementation have designated Mr. Singh as the Managing Director of the Company for a period of five years from 1st June, 2000. Accordingly, the Board of Directors, have, subject to the shareholders' approval in General Meeting, appointed Mr. Singh as Managing Director for a period of five years from 1st June, 2000 to 31st May, 2005 (both days inclusive).

Before joining the Company, Mr. Singh held a senior managerial position in a reputed engineering company. Mr. Singh is a qualified engineer from IIT, Delhi. He is 54 years old and has extensive senior management experience within major Indian engineering companies.

The remuneration and perquisites payable to Mr. Singh as Managing Director have been set out in the draft Agreement referred to in the Resolution. The remuneration and perquisites payable to Mr. Singh are in conformity with the requirements of Schedule XIII of the Companies Act, 1956. Consequently, no approval of the Central Government is required to his appointment.

The material provisions of the draft Agreement relating to Mr. Singh's appointment and remuneration as Managing Director referred to in the Resolution are as under:

1. Mr. Singh be appointed as Managing Director of the Company for the period from 1st June, 2000 to 31st May, 2005, (both days inclusive) subject to the employment being previously determined in pursuance of any of the provisions of the Agreement.
2. Subject to the directions of the Board, Mr. Singh to have the general control of the business of the Company and to perform all acts and things which in the ordinary course of business he may consider necessary or proper in the interests of the Company.
3. Mr. Singh to devote his whole time, attention and abilities during business hours to the business of the Company.
4. Mr. Singh to undertake such travelling as may be necessary in the interest of the Company's business as may be required or directed by the Board in connection with the business of the Company.
5. Mr. Singh to be entitled to the following remuneration and benefits:
 - (i) a monthly salary of Rs.1,15,000/- with such annual increases therein as the Board or any Committee of the Board may determine;
 - (ii) commission of such amount to be determined by the Board or any Committee of the Board, subject to a ceiling of the annual salary of Mr. Singh;
 - (iii) the use of furnished residential accommodation taken on lease or on leave and licence basis by the Company;

- (iv) cash perquisite of Rs.70,000/- per month;
- (v) reimbursement by the Company of all charges in connection with gas, electricity, water and furnishings at Mr. Singh's residence. The expenditure incurred by the Company in this behalf to be valued as per the Income-tax Rules, 1962;
- (vi) reimbursement of medical expenses actually incurred by Mr. Singh and his family;
- (vii) leave travel concession for self and his family once in a year in accordance with the rules of the Company;
- (viii) the membership of two clubs, the monthly subscription thereto being borne and paid by the Company;
- (ix) personal accident insurance policy to be effected by the Company;
- (x) the use of telephone at the residence of Mr. Singh, the rent, call charges for business and other outgoings in respect thereof to be paid by the Company;
- (xi) the use of a chauffeur driven motorcar, all expenses for running and upkeep of such motorcar as also the salary of the chauffeur to be borne and paid by the Company;
- (xii) the Company's contribution towards Provident Fund Scheme as per the rules of the Scheme but not exceeding 12% of his salary;
- (xiii) the Company's contribution towards Superannuation Scheme as per the rules of the Scheme provided that the Company's contribution thereto together with the Company's contribution to the Provident Fund not to exceed 27% of his salary;
- (xiv) gratuity at the rate of one half month's salary for each completed year of service;
- (xv) leave on full remuneration as per the rules of the Company. In case of leave not availed of, Mr. Singh to be entitled to encash the same at the end of his tenure under this Agreement;
- (xvi) casual and sick leave on full remuneration in accordance with the rules of the Company;
- (xvii) reimbursement of travelling and entertainment expenses reasonably incurred by him exclusively in the business of the Company and approved by the Board.

For the purpose of clauses (vi) and (vii) above the expression "family" shall mean the spouse and the dependent children of Mr. Singh.

6. The perquisites set out in clauses 5(iv), (v), (vi), (vii), (viii) and (ix) above to be restricted to an amount equal to the annual salary of Mr. Singh.
7. In the case of loss or inadequacy of profits in any financial year of the Company, the remuneration payable to Mr. Singh shall be subject to the provisions of Section II of Part II of Schedule XIII to the Companies Act, 1956.
8. Income-tax, if any, on the aforesaid remuneration to be borne and paid by Mr. Singh.
9. Mr. Singh not to engage himself directly or indirectly, in any other business, occupation or employment whatsoever. However, Mr. Singh may, with the previous sanction of the Board, hold any directorship(s), or share(s) of any other company. He may, also, hold share(s) quoted on a recognised Stock Exchange without the consent of the Board.
10. Mr. Singh not to divulge, publish or disclose any information, knowledge, methods, trade secrets or any confidential information relating to the business and affairs of the Company.
11. The Company may terminate Mr. Singh's employment forthwith if he is unable to perform his duties by reason of ill-health or accident or disability for a period of one hundred and twenty days in any period of twelve consecutive calendar months.
12. The employment of Mr. Singh to determine forthwith if he becomes insolvent or makes any composition or arrangement with his creditors or ceases to be a Director of the Company.
13. In the event of Mr. Singh's death during the course of his employment, the Company to pay to his legal representatives his salary and other emoluments payable for the then current month. If the Agreement is determined for any reason other than on the last day of any month, he shall be entitled to a proportionate part of remuneration payable to him under this Agreement until the date of such determination.

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14. The Company entitled to terminate Mr. Singh's employment if Mr. Singh be guilty of inattention or negligence in the conduct of the business or of any other act or omission inconsistent with his duties which renders his retirement from the Office of the Managing Director desirable or if he becomes disqualified as a Director under the provisions of the Companies Act, 1956.
15. The Company to be entitled to terminate this Agreement at any time by giving Mr. Singh six months' notice in writing without assigning any reason or upon payment to Mr. Singh of salary and other emoluments for a period of six months in lieu of notice.

Mr. Singh to be entitled to terminate this Agreement at any time by giving to the Company six months' notice in writing without assigning any reason.

Upon termination of the Agreement, Mr. Singh to cease to be the Managing Director of the Company and to also ipso facto cease to be a Director of the Company.

16. The termination or determination of the Agreement for any reason whatsoever not to affect the rights and claims which may have accrued to either party prior to the effective date of such termination or determination.
17. Upon the termination of his employment, Mr. Singh to deliver all papers, documents and other property of the Company as may be in his possession, custody, control or power.

The Board of Directors consider that the remuneration proposed to be paid to Mr. Singh is commensurate with his duties and responsibilities as the Managing Director and therefore recommend the Resolution set out at Item 7 of the Notice. The approval of the Members is necessary in view of the provisions of Schedule XIII to the Companies Act, 1956.

The foregoing material terms may also be treated as an abstract of the terms of Mr. Singh's appointment as Managing Director, for the purposes of Section 302 of the Companies Act, 1956.

A copy of the draft Agreement referred to above will be available for inspection by the Members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day except Saturday.

Mr. Singh is interested in the Resolutions at Items 6 and 7 of the Notice since they relate to his appointment.

ITEM 8

The Cementation Company Limited, U.K. holds 64.38% equity shares in the paid-up equity share capital of the Company. The Cementation Company Limited, U.K., is a wholly owned subsidiary of Kvaerner Construction Group Limited, U.K. which in turn is a wholly owned subsidiary of Kvaerner PLC. As a part of its global internal restructuring exercise, Kvaerner PLC has decided to divest entire issued Share Capital of Kvaerner Construction Group Limited to Skanska Europe AB, a company incorporated in Sweden (Divestiture).

Accordingly the Holding Company of The Cementation Company Limited, U.K., pursuant to the Divestiture, would be wholly owned subsidiary of Skanska Europe AB instead of Kvaerner PLC. The Company's immediate Holding Company, The Cementation Company Limited, U.K., however remains the same. Under the circumstances it is necessary to change the name of the Company so as to identify the Company with its immediate Holding Company i.e. The Cementation Company Limited, U.K.

The proposed change of name is subject to the approval of the Members and the Central Government. The new name shall be effective from the date of issuance by the Registrar of Companies, Maharashtra, of a fresh Certificate of Incorporation with the necessary alterations embodied therein, pursuant to Section 23 of the Companies Act, 1956. The change of name will not affect any rights or obligations of the Company or render defective any legal proceedings by or against it.

The Resolution at Item 8 is proposed as Special Resolution in view of Sections 21 and 31 of the Companies Act, 1956.

ITEM 9

The approval of the Members under Section 163 of the Companies Act, 1956 (hereinafter referred to as "the Act"), was obtained at the 17th Annual General Meeting of the Company held on 24th August, 1995 for keeping the Register of Members of the Company, the Indices of Members, copies of all Annual Returns prepared under Section 159 of the Act together with copies of the certificates and documents required to be annexed thereto at the offices of Tata Consultancy Services, the Registrars and Share Transfer Agents of the Company, at Lotus House, 6, Sir Vithaldas Thackersey Marg, Mumbai 400 020, and/or Sony Apartment, 3rd Floor, 'B' Wing, Plot 603, Jarimari, Andheri-Kurla Road, Sakinaka, Mumbai 400 072 instead of at the Registered Office of the Company.

Tata Consultancy Services have decided to shift all such documents presently kept at their office located at Sony Apartment, 3rd Floor, 'B' Wing, Plot 603, Jarimari, Andheri-Kurla Road, Sakinaka, Mumbai 400 072 to Ram House, 1st Floor, Gaiwadi Industrial Estate, S.V. Road, Goregaon (West), Mumbai 400 062. It is now proposed to keep the statutory records of the Company such as the Register of Members of the Company, the Indices of Members, copies of all Annual Returns prepared under Section 159 of the Act together with copies of the certificates and documents required to be annexed thereto at Lotus House, 6, Sir Vithaldas Thackersey Marg, Mumbai 400 020 and/or at their new Office at Ram House, 1st Floor, Gaiwadi Industrial Estate, S.V. Road, Goregaon (West), Mumbai 400 062. However, the Shares for transfer, sub-division, consolidation and other purposes will continue to be accepted at their office at Lotus House, 6, Sir Vithaldas Thackersey Marg, Mumbai 400 020, and their delivery will also be effected from the said office. Queries of Members will also be attended to from their said office at Lotus House.

The approval of Members is, therefore, sought under Section 163 of the Act for the above mentioned records to be kept at the offices of the said Tata Consultancy Services as stated hereinabove. The said Section 163 requires a Special Resolution for the purpose aforesaid.

ITEM 10

Certain provisions of the Companies Act, 1956, have been amended by the Companies (Amendment) Act, 2000. In view of this, consequential changes are required to be made in the Articles of Association of the Company to ensure conformity with the amended provisions of the Companies Act, 1956.

This is sought to be done by the introduction of a new Article 88A in terms of the Special Resolution at Item 10 (iii). Articles 2 (1), 155, 163 and 164 of the Articles of Association of the Company have been suitably amended as set out in the text of the Special Resolution at Item 10 (ii), (iv), (v) and (vi) of the accompanying Notice.

The registered address of Cementation has changed. Accordingly the definition of 'Cementation' has been amended to reflect its new address.

Pursuant to the provisions of the Companies Act, 1956, a company may by a Special Resolution alter its Articles of Association. Accordingly, Directors recommend the Special Resolution as set out under Item 10 of the Notice for approval by the Shareholders.

A copy of the Memorandum and Articles of Association of the Company together with the proposed alterations will be available for inspection by the Members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day except Saturday.

Registered Office:

Apeejay House,
Dinshaw Vachha Road,
Mumbai 400 020.

Dated: 2nd March, 2001

By Order of the Board

M.G. RANADE
Company Secretary

Kvaerner Cementation India Limited

INFORMATION REQUIRED TO BE FURNISHED UNDER CLAUSE 49 VI A OF THE LISTING AGREEMENT

The particulars of Directors who are proposed to be appointed/re-appointed at this Annual General Meeting, are given below, as required pursuant to Clause 49 VI A of the Listing Agreement:

1. **Name** : Mr. J.P. Keehan
Age : 45 years
Qualifications : Chartered Accountant
Expertise : Experience of over 20 years in finance, accounts, International taxation, overseas joint ventures, etc.

Director of the Company since 20th March, 1998

Member of Audit Committee

Other Directorships: (Bodies Corporate incorporated outside India)

- 1 Cementation International Construction Holdings Limited
- 2 Cementation Projects Limited
- 3 Dowsett Construction Limited
- 4 Power Asia Limited
- 5 Trafalgar House Construction (Indonesia) Limited
- 6 Gammon Services Limited
- 7 Skanska Construction Group Limited
- 8 Skanska Cementation International Limited
- 9 Skanska Construction UK Limited
- 10 Richard Lees Steel Decking Asia Sdn Bhd
- 11 The Cementation Company Limited
- 12 Trafalgar House Construction Holdings B.V.
- 13 Skanska Cementation International Holdings Limited
- 14 Trafalgar House Construction Overseas Limited
- 15 Cementation Management Limited
- 16 Gammon Asia Limited
- 17 Redpath Darman Long Limited
- 18 Skanska Construction Services Limited
- 19 Skanska Izmit Limited

2. **Name** : Mr. D.E. Udawadia
Age : 61 years
Qualifications : Advocate and Solicitor, Bombay High Court Solicitor, Supreme Court of England
Expertise : Over 35 years standing in the legal profession

Director of the Company since 9th February, 1983

Chairman of Remuneration Committee

Member of Audit and Share Transfer Committees

Other Directorships:

- 1 Astra-IDL Limited (Member - Audit Committee)
- 2 The Bombay Burmah Trading Corporation Limited
- 3 Coromandel Fertilizers Limited (Member - Audit Committee)
- 4 Cable Corporation of India Limited
- 5 Eureka Forbes Limited
- 6 Escotel Mobile Communications Limited (Member - Audit and Remuneration Committees)
- 7 Macmillan India Limited (Member - Audit and Remuneration Committees)
- 8 Sundaram-Clayton Limited
- 9 Tata Finance Amex Limited
- 10 Trumac Engineering Company Limited
- 11 Wyeth Lederle Limited
- 12 ADF Foods Limited
- 13 J.M. Trustee Company Limited
- 14 J.M. Financial & Investment Consultancy Services Limited

Alternate Directors

- 1 Entek IRD International (I) Limited
- 2 Geoffrey Manners & Company Limited

Private Limited Company

- 1 Vista Travels Private Limited
- 2 Banner Pharmacaps (I) Private Limited
- 3 Burson-Marsteller Roger Pereira Communications Private Limited
- 4 Habasit Iakoka Private Limited
- 5 VSC International Pte Limited
- 6 J.M. Morgan Stanley Private Limited

3. **Name** : Mr. Sunil Shah Singh
Age : 54 years
Qualifications : Engineer (IIT)
Expertise : Experience of over 30 years as senior management executive within major engineering companies.

Director of the Company since 1st June, 2000

Member of Share Transfer and Banking Committees

Other Directorships: Nil