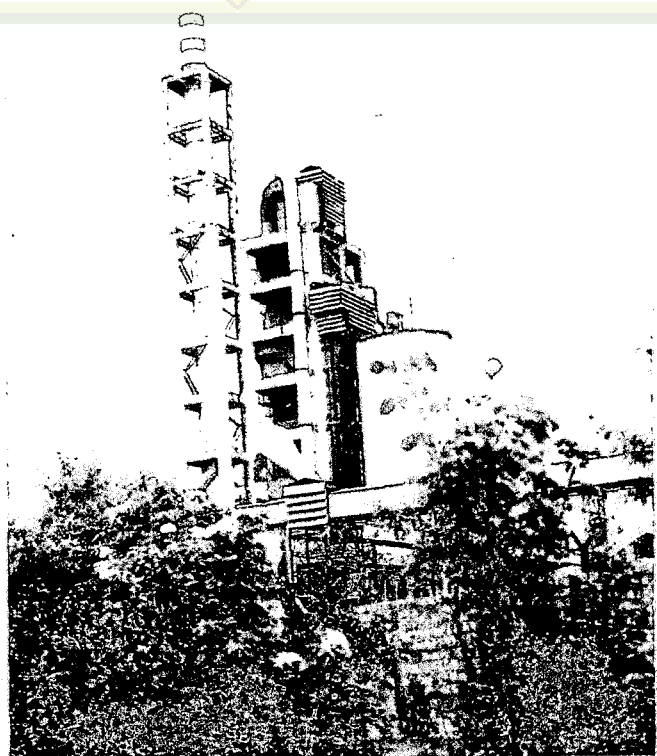
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PRISM CEMENT LIMITED

MD	✓	BKC	✓
CS	✓	DPY	N/A
RO	✓	DIV	N/A
TRA	✓	AC	✓
AGM	✓	SHI	✓
YE	✓		

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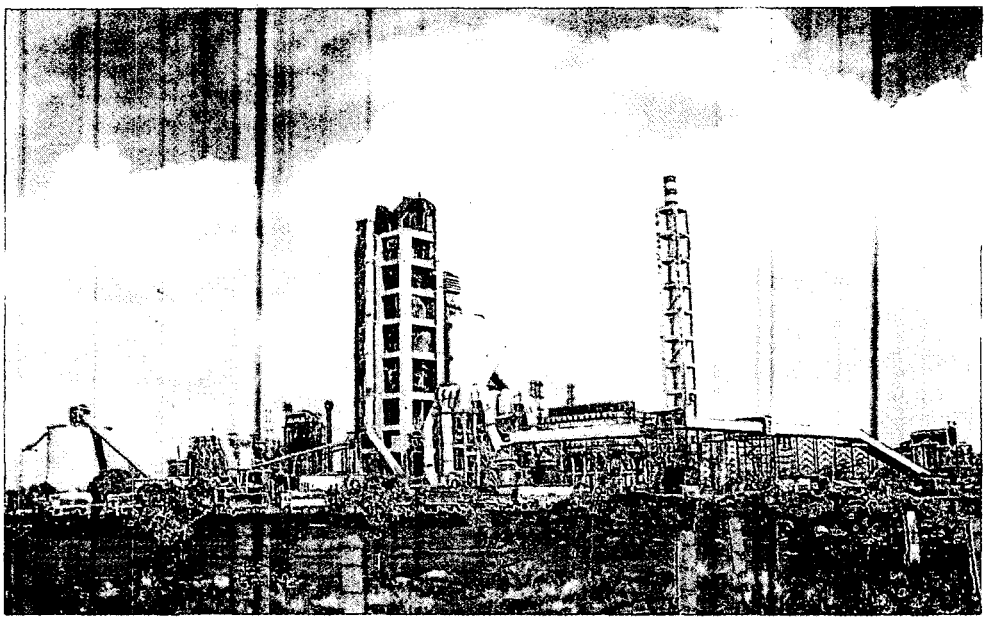


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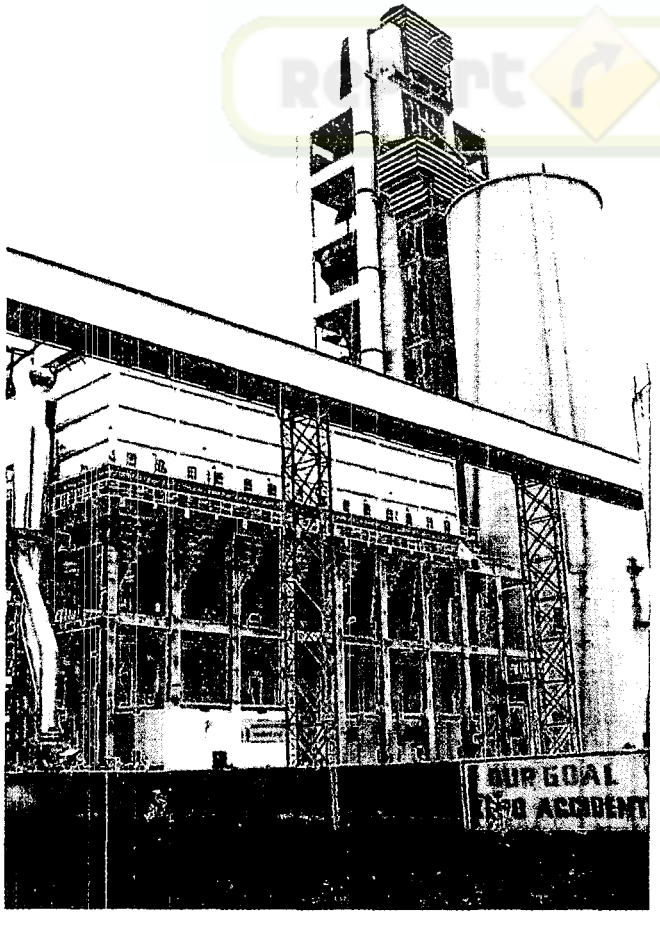
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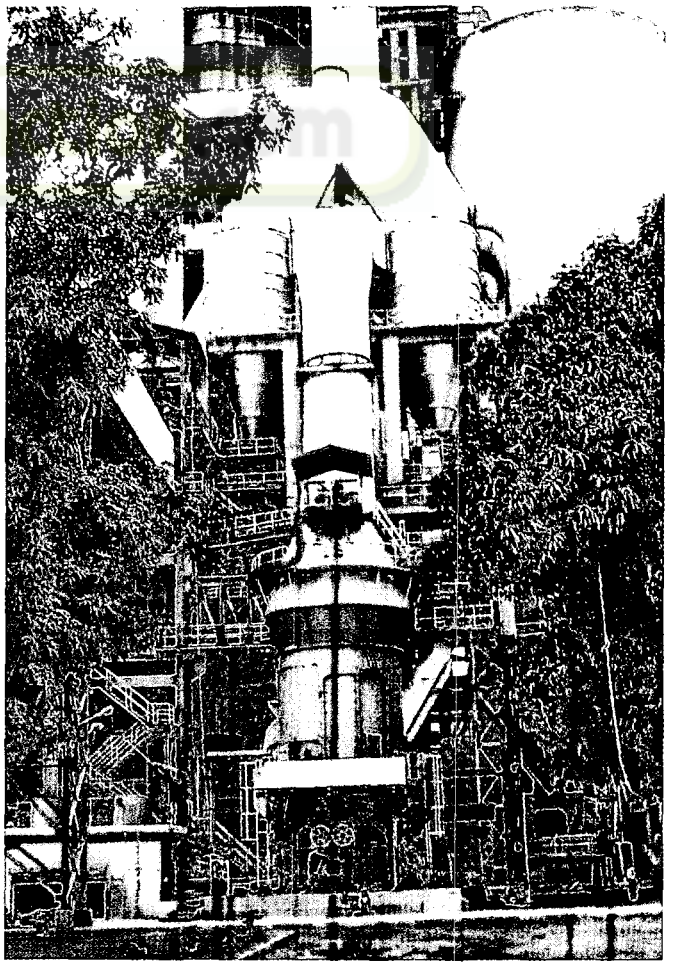
Environment Friendly Plant



Dust Free Plant



Pollution Control Equipment



Raw Mills

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PRISM CEMENT LIMITED

BOARD OF DIRECTORS

Mr. Rajan B. Raheja
Chairman

Mr. Sharad N. Shah
Managing Director

Mr. Aziz H. Parpia

Mr. Rajesh G. Kapadia

Mr. Satish B. Raheja

Mr. M. Shankar Narayanan

Mr. Palle O. Joergensen

Mr. Martin Kristensen

Mr. Peter G. Christiansen

Ms. Chanda Kochhar
Nominee of ICICI

Mr. Vijay Aggarwal
Alternate to Mr. Satish B. Raheja

COMPANY SECRETARY

Ms. Aneeta S. Kulkarni

BANKERS

State Bank of India
Vijaya Bank
Bank of Baroda
HDFC Bank Ltd.

AUDITORS

N.M. Raiji & Co., Mumbai.

INTERNAL AUDITORS

Borkar & Muzumdar, Mumbai.

SOLICITORS

A. H. Parpia & Co., Mumbai.
Wadia Ghandy & Co., Mumbai.

CORPORATE OFFICE

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

REGISTERED OFFICE

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

PLANT SITE

Village Mankahari/Bamhori,
Satna - 485 111, Madhya Pradesh.

MARKETING OFFICE

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

REGISTRARS & TRANSFER AGENTS

Karvy Consultants Ltd.
46, Road No. 4, Street No. 1,
Banjara Hills, Hyderabad - 500 034.

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PRISM CEMENT LIMITED

NOTICE

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting of the Company will be held at The Hyder Mahal, Grand Kakatiya Hotel & Towers, Begumpet, Hyderabad - 500 034, on Tuesday, September 29, 1998, at 10.30 a.m. to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit and Loss Account for the eight month period ended March 31, 1998 and the Balance Sheet as at that date and the reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Rajan Raheja, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. Rajesh Kapadia, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. M. Shankar Narayanan, who retires by rotation and is eligible for re-appointment.
5. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :

   "RESOLVED THAT the retiring Auditors, Messrs. N.M. Raiji & Co., who being eligible, have offered themselves for re-appointment, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting at a remuneration to be mutually agreed between the Board of Directors of the Company and the Auditors, in addition to reimbursement of all out-of-pocket expenses in connection with the audit of the Company."

SPECIAL BUSINESS :

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

   "RESOLVED THAT subject to the provisions of Sections 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") or any re-enactments thereof, and the Articles of Association of the Company, and subject to such other approvals/consents/sanctions/permissions as may be necessary, the consent of the Company be and is hereby accorded to the appointment of Mr. S.N. Shah as Managing Director, for a period of five years with effect from August 25, 1998, upon terms and conditions as set out in the Agreement to be entered into by the Company with him, submitted to this Meeting and initialled by the Chairman for the purpose of identification, which Agreement is hereby specifically approved with liberty to the Board of Directors of the Company (" the Board ") to alter and vary the terms and conditions of the said Agreement from time to time and in such manner as may be agreed to by the Board and Mr. S.N. Shah, but so as not to exceed the limits specified in Schedule XIII to the Act or any amendment thereto or re-enactments thereof, with effect from such dates as may be decided by it."

   "RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things as may be considered necessary to give effect to the aforesaid resolution."

7. 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 other applicable provisions, if any, of the Companies Act, 1956 or any re-enactments thereof and provisions of other statutes as may be applicable, the Articles of Association of the Company be and are hereby altered as follows:

   Insert the following Heading and Article as Article 18A after Article 18:

XIIA DEMATERIALISATION OF SECURITIES

18A. For the purpose of this Article:

Definitions (1) "Beneficial Owner" shall have the meaning assigned thereto in Section 2 of the Depositories Act, 1996;

"Depositories Act" shall mean the Depositories Act, 1996 or any statutory modification(s) or re-enactment thereof;

"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;

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

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securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.

Option for investors

(3) Every person subscribing to / acquiring 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 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 purpose 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 the 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 by 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 necessity of having distinctive numbers for securities issued by the Company shall apply to securities held in 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."

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

"RESOLVED THAT in supersession of resolution No. IX passed at the Annual General Meeting of the Company held on July 19, 1994, consent under Section 293(1)(d) and any other applicable provisions of the Companies Act, 1956 or any re-enactments thereof and the Articles of Association of the Company be and is hereby accorded to the Board of Directors ('the Board' which expression shall include and mean any Committee of Directors) to borrow any sum or sums of money from time to time which, together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's Bankers in the ordinary course of business), may exceed at any time the aggregate of the paid up capital of the Company and its free reserves, (that is to say reserves not set

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apart for any specific purpose), provided that the total amount of moneys so borrowed by the Board shall not at any time exceed the limit of Rs.600 crores and that the Board be and is hereby empowered and authorised to accept/fix/vary/modify the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, security or otherwise, as they may think fit."

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

"RESOLVED THAT in supersession of resolution No. X passed at the Annual General Meeting of the Company held on July 19, 1994, the consent, authority and approval of the Company be and is hereby accorded under Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 or any re-enactments thereof, to the Board of Directors of the Company ('the Board' which expression shall include and mean any Committee of Directors), to create mortgage and/or charge in addition to the existing mortgages and/or charges created/to be created by the Company, in such form and manner and with such ranking and at such time and on such terms as the Board may determine on all or any of the movable and/or immovable properties of the Company wheresoever situate, present and future, including power to take over the management of the business and concern of the Company in events of default, if any, in favour of debentureholders or Trustees for the holders of debentures issued/to be issued from time to time and/or financial institutions/banks/other persons for borrowing any rupee term loans and/or foreign currency loans sanctioned/to be sanctioned from time to time, to secure sums not exceeding in the aggregate Rs.600 crores (Rupees Six hundred crores only) together with interest, compound interest, commitment charges, pre-payment premium costs, charges and expenses and other monies payable, if any, by the Company to trustees for debentureholders and all other lenders for financial assistance."

"RESOLVED FURTHER that the Board be and is hereby authorised to approve and finalise the documents and to do all acts, deeds and things as may be necessary for giving effect to the above Resolution."

By Order of the Board of Directors
for PRISM CEMENT LIMITED

Aneeta S. Kulkarni
Company Secretary

Place : Mumbai
Date : August 25, 1998

Registered Office :
305, Laxmi Nivas Apartments,
Ameerpet, Hyderabad - 500 016

NOTES

(a) The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the Special Business mentioned under Items 6 to 9 above, is annexed hereto.

(b) A member entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a member. Proxies in order to be valid must be received by the Company at the Registered Office not less than 48 hours before the Meeting.

(c) The Register of Members and Transfer Books of the Company will remain closed from Tuesday, September 22, 1998, to Tuesday, September 29, 1998 (both days inclusive).

(d) Members are requested to send all communications relating to Shares and Debentures to the Company's Transfer Agents at the following address: Karvy Consultants Ltd., Unit : Prism Cement Limited, Banjara Hills, Hyderabad - 500 034.

EXPLANATORY STATEMENTS

As required by Section 173(2) of the Companies Act, 1956, the following Explanatory Statements set out the material facts relating to Item Nos. 6 to 9 mentioned in the accompanying Notice dated August 25, 1998.

Item No. 6

Mr. S.N. Shah was appointed as Whole-time Director of the Company with effect from June 1, 1993. Having regard to Mr. Shah's long and rich experience in the industry and his significant contribution to the progress of the Company right from the inception of the project, the Board of Directors of the Company at its meeting held on August 25, 1998, appointed Mr. Shah as Managing Director of the Company for a period of five years with effect from August 25, 1998, at the same remuneration as already approved by the members at the Annual General Meeting of the Company held on September 11, 1997, which is as under:

Remuneration

Section I:- Payable when the Company has adequate profits

Remuneration, by way of salary, dearness allowance, perquisites, and other allowances payable monthly, to be decided by the Board of Directors, and commission, which together shall not exceed five per cent of its net profits for one such managerial person, and if there is more than one such managerial person, ten per cent for all of them together.

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Section II:- Payable when the Company has no profits or inadequate profits

1. Rs.87,500/- (Rupees Eighty seven thousand five hundred only) per month including Salary, Perquisites, Dearness and all other Allowances.
2. The following perquisites shall not be included in the computation of the ceiling on perquisites included under "Remuneration".
   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 as per the rules of the Company, so as not to exceed half month's salary for each completed year of service.
   iii) Encashment of Leave : As per the Company's Rules, at the end of the tenure.

The remuneration payable to Mr. Shah is within the limits prescribed under Schedule XIII to the Companies Act, 1956 ('the Act').

The appointment may be terminated at any time by either party giving to the other party six months notice of such termination and neither party will have any claim against the other for damages or compensation by reason of such termination. In any event, the appointee will not be entitled to any compensation in cases mentioned in Section 318(3) of the Companies Act, 1956.

This may be treated as an abstract under Section 302 of the Act, of the terms of the Agreement with Mr. Shah.

The Agreement to be entered into with the Managing Director is available for inspection at the Company's Registered Office at Hyderabad and at the Corporate Office at Mumbai, on all working days between 11.00 a.m. and 1.00 p.m., except Saturdays, upto the date of the Annual General Meeting.

The Directors recommend adoption of the Resolution at Item No. 6.

Mr. S.N. Shah, Director, is deemed to be concerned or interested in the said Resolution. None of the other Directors is concerned or interested in the Resolution.

Item No. 7

Consequent to the introduction of the Depositories Act, 1996 and the Depository System, your Company has entered into an agreement with the National Securities Depository Limited (NSDL) to offer the benefits of scripless trading to the members. Certain provisions of the Company's Articles of Association pertaining to issue, holding, transfer, transmission and dealing in shares and other securities as also certificates thereof which were framed on the basis of the relevant provisions of the Companies Act, 1956, need to be suitably altered. It is therefore proposed to alter the Company's Articles of Association, as set out in the Resolution at Item No. 7 of the Notice to reflect the provisions introduced by the Depositories Act, 1996.

A copy of the Memorandum and Articles of Association of the Company together with the proposed alterations is available for inspection by the members of the Company at the Company's Registered Office at Hyderabad and at the Corporate Office at Mumbai, on all working days between 11.00 a.m. and 1.00 p.m., except Saturdays, upto the date of the Annual General Meeting.

The Directors recommend adoption of the resolution at Item No. 7.

None of the Directors is, in any way, concerned or interested in the Resolution.

Item No. 8 & 9

The Board of Directors has been authorised by the shareholders under Section 293(1)(d) of the Companies Act, 1956, to borrow upto an aggregate amount of Rs. 400 crores (Rupees Four hundred Crores only) together with the moneys already borrowed (excluding temporary loans obtained from the Company's bankers in the ordinary course of business).

With the continuing unsatisfactory power position in the State of Madhya Pradesh, it has become necessary to augment the Company's captive power generation capacity from 31 MW to 37 MW to enable it to operate the plant at full capacity for which it is geared up. To finance the above and to provide funds for normal capital expenditure of the Company, it is necessary to increase the borrowing power of the Company upto an amount of Rs. 600 crores (Rupees Six hundred crores only).

The Board of Directors has been authorised under Section 293 (1) (a) of the Companies Act, 1956, to create mortgage(s)/charge(s) on the Company's assets upto Rs.400 crores (Rupees Four hundred Crores only). Since creating mortgage/charge on the Company's assets in favour of Debentureholders or Trustees for the Debentureholders/Financial Institutions/Banks/other persons, may in certain cases, be regarded as disposal of the Company's undertakings, approval is sought to create mortgage(s)/charge(s) on the Company's assets upto an amount of Rs. 600 crores.

The Directors recommend adoption of the resolution at Item No. 8 and 9.

None of the Directors is, in any way, concerned or interested in the Resolution.

By Order of the Board of Directors
for PRISM CEMENT LIMITED

Aneeta S. Kulkarni
Company Secretary

Place : Mumbai
Date : August 25, 1998

Registered Office :
305, Laxmi Nivas Apartments,
Ameerpet, Hyderabad - 500 016

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PRISM CEMENT LIMITED

DIRECTORS' REPORT

To the Shareholders,

The Directors present the Sixth Annual Report and the audited Annual Accounts of the Company for the year ended March 31, 1998.

REVIEW OF OPERATIONS

During the year under review, the country's GDP growth was only 5 % as compared to an average of 7.5 % over the previous three years. In addition to this, the cement industry suffered seriously due to a mismatch between capacity creation and demand which persisted throughout the year. As a result of these factors, the performance of cement companies was significantly affected resulting in erosion of profitability.

Under these difficult circumstances, based on partial completion of the project, your Company started commercial production on August 1, 1997 by launching 53 grade cement. The erection and commissioning of the Second Raw Mill, the Second Cement Mill and other balancing equipment was completed by November, 1997. It is heartening to note that despite the delay in completion of the Project, there was no overrun in the project cost of Rs.61,500 lakhs.

During the year, the Company also introduced 43 grade cement in the market. The Company's products have been very well received and continue to be placed in the premium segment with other established products. The Company's strategy to operate directly through dealers has been welcomed in the market and has been proved beneficial.

OPERATING RESULTS

The financial performance during the eight month period ended March 31, 1998 is given below. This being the first year of operation, there are no figures for the previous year :

		1997-98 (8 months)
	Rs. Lakhs	Rs. Lakhs
Turnover & other income		11,338
Expenditure	11,939	
Interest	2,685	14,624
Loss after interest but before depreciation		(–) 3,286
Depreciation		1,580
Provision for taxation		1
Net Loss		(–) 4,867

As against this, in the Prospectus dated December 22, 1994, based on the conditions prevalent then, the Company had projected a profit of Rs. 3,798 lakhs for the 16 month period ended March 31, 1998.

This year was very complex for the Company's performance. During the first four months, the project was under implementation. For the subsequent four months, the operations were based on a partly completed project and it was only during the balance months, that the Company established its full capacity of two million tonnes per annum.

While the operations were gradually stabilised, the fixed expenses, interest and depreciation had to be fully absorbed. Further, due to depressed market conditions, the price realisation was very low. The combination of these factors resulted in a loss during the period under review. However, the Company was in a position to overcome initial teething problems and achieved cement production of 6,73,533 tonnes during the eight month period ended March 31, 1998. The pro-rata capacity utilisation works out to 67 % which under the circumstances can be considered satisfactory.

FINANCE

The Directors wish to confirm that the money raised through the issue of Equity shares and partly convertible Debentures in terms of the Prospectus dated December 22, 1994, has been utilised for the purpose of setting up of the cement project. The Company has been able to

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