

# PRISM CEMENT LIMITED



**Seventh Annual Report  
1998 - 99**



# Human Resource Development



Environmental and Safety Awards



Goal Setting Session



Fire Drill-Safety



# 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**

## REGISTRAR & TRANSFER AGENTS

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

## BANKERS

State Bank of India  
Vijaya Bank  
Bank of Baroda

## 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.

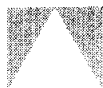
## PLANT SITE

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

## MARKETING OFFICE

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

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## PRISM CEMENT LIMITED

### NOTICE

NOTICE IS HEREBY GIVEN that the Seventh Annual General Meeting of the Company will be held at Bhavan's Sabhagriha, 'Kulapati Munshi Sadan', Bashir Bagh-King Koti Road, Hyderabad - 500 029, on Thursday, July 29, 1999, 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 year ended March 31, 1999 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. Aziz H. Parpia, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. Satish B. Raheja, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. Palle O. Joergensen, 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"), and the Central Government and such other approvals as may be necessary, the consent of the Company be and is hereby accorded to revise the remuneration payable to Mr. S. N. Shah, Managing Director, with effect from April 1, 1999, for the balance period of the contract i.e. upto August 25, 2003, upon terms and conditions as set out in the Supplemental Agreement to be entered into by the Company, submitted to this meeting and for identification signed by the Chairman, thereof, 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 Agreements from time to time and in such manner as may be agreed to by the Board and Mr. Shah, 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."

#### NOTES

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

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- 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, July 20, 1999, to Thursday, July 29, 1999 (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.
- e. The Company's equity shares and non-convertible debentures are listed on the Stock Exchanges at Ahmedabad, Delhi, Hyderabad and Mumbai and listing fees for the year 1999-2000 has been paid to all the aforesaid Exchanges.

By Order of the Board of Directors  
for PRISM CEMENT LIMITED

**Aneeta S. Kulkarni**  
Company Secretary

Place : Mumbai  
Date : June 24, 1999

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

## EXPLANATORY STATEMENT

As required by Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out the material facts relating to Item No. 6 mentioned in the accompanying Notice dated June 24, 1999.

### Item No. 6

Mr. S. N. Shah was appointed Managing Director of the Company with effect from August 25, 1998. Mr. Shah joined the Company as Director - Finance from June 1, 1993 and has been associated with it right from its inception. The emphasis being placed by Mr. Shah on efficient operations, control on expenditure, human resource development and team building has contributed to the substantial improvement in the performance of the Company. In view of this, the Board of Directors of the Company at its meeting held on June 24, 1999, has revised effective April 1, 1999, the remuneration payable to Mr. Shah for the balance period of his contract i.e. upto August 25, 2003, as under :

### Remuneration

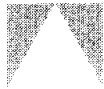
#### A. Payable when the Company has adequate profits

Remuneration, by way of salary, dearness allowance, perquisites, other allowances and commission, to be decided by the Board of Directors, which together shall not exceed five per cent of the net profits of the Company where the Company has one Managing Director / Whole-time Director / Manager, and if there is more than one such managerial person, ten per cent for all of them together.

#### B. Payable when the Company has no profits or inadequate profits

##### 1. Salary :

In the range of Rs. 87,500 - Rs. 2,00,000 per month to be decided by the Board of Directors from time to time.



## PRISM CEMENT LIMITED

### 2. Perquisites :

Perquisites such as house rent allowance / Company's furnished accommodation, reimbursement of expenses on furnishing, gas, electricity, house repairs / maintainance, medical reimbursement, leave travel concession and personal accident insurance. These perquisites will be evaluated as per the Income-tax Rules, 1962, wherever applicable and in the absence of any such rule, the same shall be evaluated at actual cost and shall not exceed 125% of his annual salary.

In addition, Mr. Shah will be entitled to encashment of leave as per the rules of the Company and contribution to Provident Fund, Superannuation Fund and Gratuity Fund as per the schemes applicable to the other employees of the Company which shall not be included in the computation of limits for the perquisites as aforesaid.

All other terms and conditions of the existing Agreement entered into with Mr. Shah will remain unaltered.

This may be treated as an abstract under Section 302 of the Companies Act, 1956, of the terms of the Supplemental Agreement with Mr. Shah.

The Supplemental Agreement to be entered into with the Managing Director as well as the existing Agreement with the Company 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, is deemed to be concerned or interested in the said Resolution. None of the other Directors is 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 : June 24, 1999

### Registered Office :

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



# 7th Annual Report 1998-99

## DIRECTORS' REPORT

To the Shareholders,

The Directors present the Seventh Annual Report and the audited Annual Accounts of the Company for the year ended March 31, 1999.

### REVIEW OF OPERATIONS : 1998-99

During the year under review, the country's economy continued to pass through a difficult phase and alongwith other industries, the cement industry's performance also has been severely hampered. The country's industrial growth for the year was a meagre 3.8 % as against 6.6 % for the previous year. The mining sector recorded a negative growth of 1.7 % during the year, as against 5.9 % for 1997-98. The manufacturing sector, an important segment, registered a growth of 4.1% in 1998-99 as against 6.7 % in the previous year. In view of this, the mismatch between capacity creation and demand in the cement industry continued, though to a lesser extent. However, during the last quarter of 1998-99, there was a general upswing in demand and prices for cement all over the country, and in particular, in the markets of our interest.

The Company concentrated on identifying and overcoming various technical problems that existed in the plant. Having stabilised the operation of most of its plant and equipment, the Company was able to produce and sell consistently higher volumes from October, 1998 onwards. The sales during the quarter ended 31<sup>st</sup> March, 1999 was 4,55,823 tonnes which represent 31.7 % of the entire year's sales. Through continuous monitoring and introduction of cost effective measures, the Company was able to contain its variable cost in manufacturing and marketing operations within reasonable limits.

Due to the reasons explained above, the Company made an operating profit of Rs. 5,811 lakhs which represents 20.0 % of sales. Unfortunately, it was not possible to fully cover the cost of interest and hence there was a marginal cash loss of Rs. 63 lakhs and a total loss of Rs. 3,113 lakhs for the year.

The Company's products continued to enjoy consumer preference and was able to sell its products at competitive prices. The Company's policy to operate directly through dealers has helped in establishing cordial relations with them and is proving beneficial to all the parties concerned.

### OPERATING RESULTS

The financial performance for the year ended 31<sup>st</sup> March, 1999 is given below :

	1998-99 Rs. Lakhs	1997-98 Rs. Lakhs (8 months)
Turnover & other income	28,988	11,338
Expenditure	23,177	11,427
Profit/(Loss) before Finance charges and Depreciation / Amortisation	5,811	(89)
Finance Charges	5,874	2,965
Loss after interest but before Depreciation/ Amortisation	(63)	(3,054)
Depreciation & Amortisation	3,048	1,812
Provision for taxation	2	1
Net Loss	(3,113)	(4,867)

As against the above results, in the Prospectus dated December 22, 1994, based on the conditions prevalent then, the Company had projected a net profit of Rs. 4,786 lakhs for the year ended March 31, 1999.

During the year under review, the Company achieved production of Ordinary Portland Cement of 14,05,249 tonnes i.e. 70.3% of the installed capacity. Under the difficult circumstances that the Company had to operate, the performance can be considered satisfactory.

### FINANCE

The Company wishes to thank State Bank of India, Bank of Baroda and Vijaya Bank for providing adequate working capital facilities for its smooth operations. The Company has been regularly meeting all its obligations for payment of interest and term loan instalments on due dates.