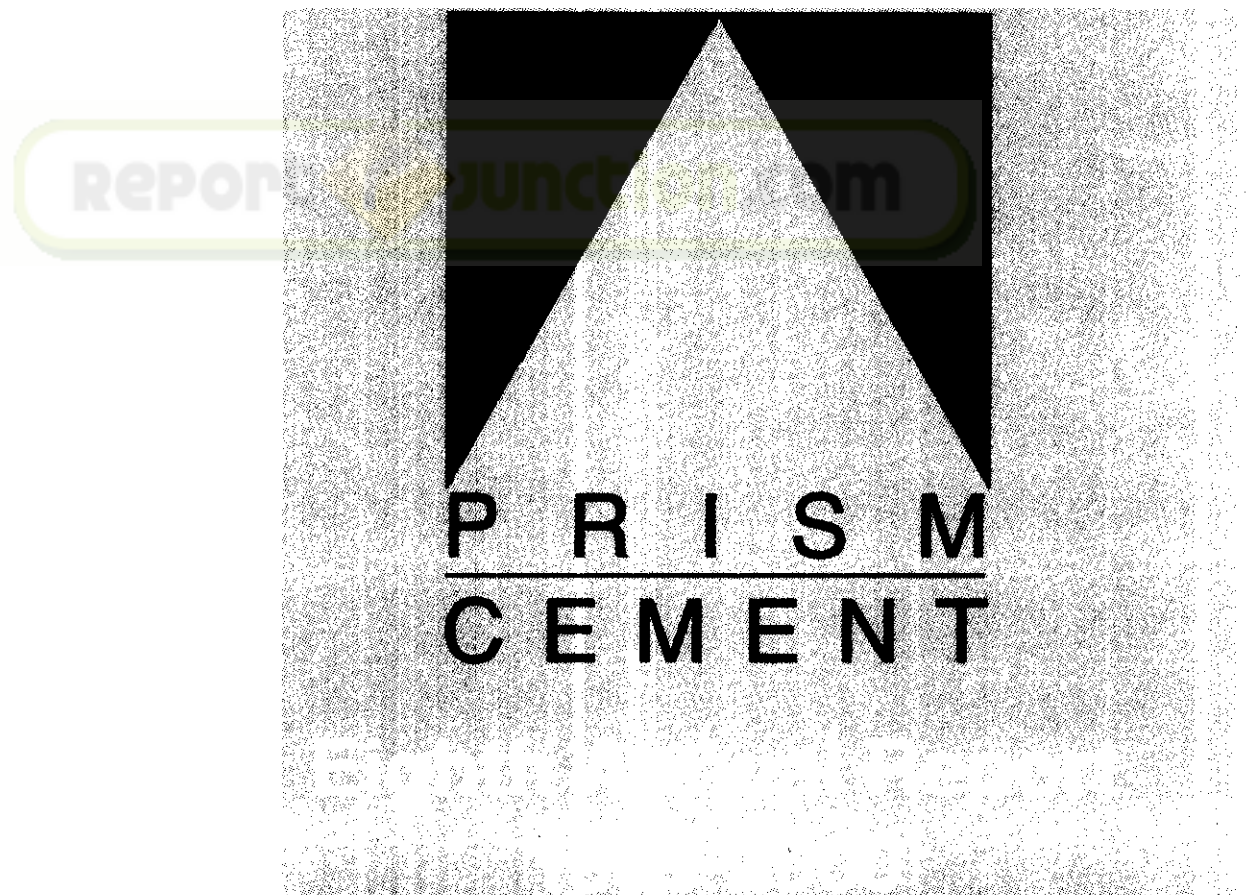


# PRISM CEMENT LIMITED





# PRISM CEMENT LIMITED

## BOARD OF DIRECTORS

**Mr. Rajan B. Raheja**  
*Chairman*

**Mr. Sharad N. Shah**  
*Managing Director*

**Mr. Manoj Chhabra**  
*Executive Director*  
*(Finance & Commercial)*

**Mr. Aziz H. Parpia**

**Mr. Rajesh G. Kapadia**

**Mr. Satish B. Raheja**

**Mr. Palle O. Joergensen**

**Mr. Peter G. Christiansen**

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

**Mr. Sridhar Sampath**

**Mr. S. Khasnobis**  
*Nominee of ICICI*

**COMPANY SECRETARY**  
**Mrs. 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,  
Amberpet, Hyderabad - 500 016.

## PLANT SITE

Village Mankahari/Bamhori,  
Satna - 485 111, M. P.

## 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 Eighth 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 Tuesday, June 20, 2000, at 10.30 a.m. to transact the following business:

### Ordinary Business :

1. To receive and adopt the Directors' Report and the audited Profit and Loss Account for the year ended March 31, 2000 and the Balance Sheet as at that date and the report of the Auditors thereon.
2. To appoint a Director in place of Mr. Rajesh G. Kapadia, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. Peter G. Christiansen, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. Sridhar Sampath, 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. Rajji & 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 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 Mr. M. Chhabra who was appointed as Additional Director of the Company by the Board of Directors with effect from August 1, 1999 and who, in terms of Section 260 holds such office until this Annual General Meeting, be and is hereby appointed as a Director of the Company."

"RESOLVED FURTHER 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 any other approvals / consents / sanctions / permissions as may be necessary, Mr. M. Chhabra be and is hereby appointed as Whole-time Director, Finance & Commercial, for a period of five years with effect from August 1, 1999, upon terms and conditions as set out in the Agreement dated August 10, 1999 and the Supplemental Agreement dated May 9, 2000, entered into by the Company with him, submitted to this meeting for the purpose of ratification, which Agreements are hereby specifically approved and ratified 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. M. Chhabra, 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 :

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"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, including statutory modifications or re-enactments thereof, the Articles of Association of the Company be and are hereby altered in the manner and to the extent as follows :

- (i) After Article 18. d. of the Articles of Association of the Company, add a new Article as Article 18. e. as under:

"18. e. In terms of Sections 109A and 109B of the Act, holder(s) of a share or a debenture may nominate a person in whom shares/debentures would vest in the event of the holder's death. Where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in, or debentures of the Company, the nominee shall, on the death of the shareholder or holder of debentures of the Company or as the case may be, on the death of joint holders become entitled to all the rights in the shares or debentures of the Company or as the case may be, all the joint holders, in relation to such shares in, or debentures of the Company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner."

- (ii) Existing Article 54. j. of Articles of Association of the Company be and is hereby deleted and the following Article be substituted in place thereof:

"54. j. To invest and deal with any of the monies of the Company, to vary or release such investments, to give any loan or guarantee, subject to the provisions of sections 42, 49, 77, 292, 293, 295, 369, read with Sections 372A and 373 of the Act, or any statutory modifications thereof."

- (iii) Existing Article 94 of Articles of Association of the Company be and is hereby deleted and the following Article be substituted in

place thereof :

"94.(a) Save and except so far as the provisions of this Article shall be avoided by Section 201 of the Act, the Directors, Managing Director or Whole-time Directors, Managers, Auditors, Secretary and other officers or servants for the time being of the Company, and the Trustees (if any) for the time being acting in relation to any of the affairs of the Company and everyone acting in relation to any of the affairs of the Company and everyone of them and everyone of their heirs, executors, and administrators shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses, which they or any of them, or any of their executors or administrators shall or may incur or sustain by or by reason of any contract entered into or any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their own respective offices or trust except such (if any) as they shall incur or sustain through or by their own wilful neglect or default respectively, and none of them shall be answerable for the act, receipts, neglects or default of the other or others of them, or for joining in any receipt for the sake of conformity, or for any bankers or other persons with whom any monies or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for the insufficiency or deficiency of any security upon which any monies of or belonging to the Company shall be placed out or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts or in relation thereto except the same shall happen by or through their own wilful neglect or default respectively.





## PRISM CEMENT LIMITED

94.(b) Subject as aforesaid, every Director, Managing Director or Whole-time Directors, Managers, Auditors, Secretary and other officers or servants for the time being of the Company or the Trustees (if any) for the time being acting in relation to any of the affairs of the Company and everyone of them shall be indemnified against any liability incurred by him in defending any proceedings whether civil or criminal in which judgement is given in his favour or in which he is acquitted or in connection with any application under Section 633 of the Act in which relief is given to him by the Court."

### NOTES

- a. The Explanatory Statements pursuant to Section 173 of the Companies Act, 1956, in respect of the Special Business mentioned under Item Nos. 6 and 7 above, are 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, June 13, 2000, to Tuesday, June 20, 2000 (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. Nomination facility for shares is now available for Members. The prescribed format, in this regard, can be obtained from the Company's Registrars and Transfer Agents at the address as stated in Note No. d. above.
- f. 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 2000-2001 have 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 : May 8, 2000

### 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 & 7 mentioned in the accompanying Notice dated May 8, 2000.

#### Item No. 6

The Board, at its meeting held on July 31, 1999, appointed Mr. M. Chhabra as Additional Director of the Company with effect from August 1, 1999 under Section 260 of the Companies Act, 1956 ('the Act'). Mr. Chhabra holds office upto the date of the forthcoming Annual General Meeting, but is eligible for re-appointment. The Company has received a notice in writing from a member alongwith the requisite fee proposing the candidature of

Mr. Chhabra for the office of Director under the provisions of Section 257 of the Act.

Mr. Chhabra has a good and varied experience of over twenty three years in finance and commercial functions. He joined the Company in the initial stages of project implementation and has held various positions in the Company at senior management level. Mr. Chhabra significantly contributed to the growth and efficient working of the Company. In recognition of this, the Board, at its meeting held on July 31, 1999, appointed Mr. Chhabra as Executive Director - Finance & Commercial, for a period of five years effective August 1, 1999. The Company has, subject to the approval of the shareholders, entered into an Agreement with Mr. Chhabra on August 10, 1999.

The remuneration payable to Mr. Chhabra is governed by the provisions of Schedule XIII of the Act which has been amended vide Government Notification No. GSR 215 (E) dated March 2, 2000. To bring the remuneration payable to Mr. Chhabra in line with the amended provisions of Schedule XIII, the Company has, subject to the approval of the shareholders, entered into a Supplemental Agreement on May 9, 2000 with Mr. Chhabra.

The Agreement and Supplemental Agreement entered into between the Company and Mr. Chhabra contains the following broad terms and conditions, which are in accordance with the provisions of Schedule XIII to the Companies Act, 1956 :

### **Remuneration**

#### **Section I:- 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.

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

1. Salary, Perquisites, Dearness and all other Allowances 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.
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 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 Companies Act, 1956, of the terms of the Agreement and Supplemental Agreement with Mr. Chhabra.

The Agreement and Supplemental Agreement entered into with the Executive Director is available for inspection by the members of the Company at the 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. Chhabra 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**

The Companies (Amendment) Act, 1999, has introduced new Sections 109A and 109B. These permit a shareholder or a debentureholder to nominate at anytime, any person in whom the shares of the Company shall vest in the event of his death. Presently, the Articles of the Company do not have such a provision and hence it is proposed to alter the Articles of the Company by including a new Article 18. e. as set out in the Resolution at Item No. 7.

The Companies (Amendment) Act, 1999, has repealed Sections 370 and 372 of the Companies Act, 1956 and has introduced Section 372A in their place. Section 372A prescribes revised limits of intercorporate loans and / or investments. It is therefore proposed to replace Article 54 (j) to bring it in line with the Companies (Amendment) Act, 1999.



## PRISM CEMENT LIMITED

In view of the amendments to the Companies Act, 1956, which have imposed additional duties and responsibilities on the directors and officers of the Company, it is proposed to replace the existing Article 94 with new Article 94.

Pursuant to provisions of the Companies Act, 1956, a Company may, by a Special Resolution, alter its Articles of Association. Accordingly, your Directors recommend adoption of the resolution at Item No. 7.

None of the Directors of the Company is in any way interested or concerned in the said resolution.

A copy of the Articles of Association of the Company together with the proposed alterations is available for inspection by the members of the Company at the 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.

By Order of the Board of Directors  
for PRISM CEMENT LIMITED

**Aneeta S. Kulkarni**  
Company Secretary

Place : Mumbai  
Date : May 8, 2000

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

### SHAREHOLDERS' PROFILE

(As on April 30, 2000)

| No. of Shares held | No. of Shareholders   |
|--------------------|-----------------------|
| 100                | 91,958                |
| 200                | 42,840                |
| 201-500            | 31,660                |
| 501-1,000          | 12,390                |
| 1,001-5,000        | 9,195                 |
| 5,001-10,000       | 919                   |
| 10,001-50,000      | 577                   |
| 50,001 and above   | 128                   |
|                    | <b><u>189,667</u></b> |

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## DIRECTORS' REPORT

To the Shareholders,

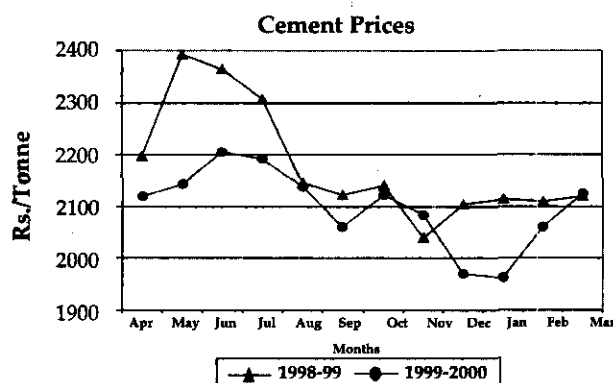
The Directors present the Eighth Annual Report and the audited Annual Accounts of the Company for the year ended March 31, 2000.

### REVIEW OF OPERATIONS : 1999-2000

#### Performance of the Economy :

During the year under review, the country's economy showed overall recovery with a GDP growth of 6 %. Industrial growth at 7 % (as against only 3.8 % last year) was encouraging and inflation (based on average WPI) at 3.5 %, was substantially under control. Demand in the cement industry was very buoyant achieving a growth of about 15 % over the previous year. Growth in demand at 18 % was even more impressive in markets of our interest viz. the states of Uttar Pradesh, Bihar and Madhya Pradesh. Consumption of cement during the year was higher by 16 % as compared to the previous year. Uttar Pradesh and Bihar recorded a very high consumption growth at 35 % and 20 % respectively, indicating that demand was emerging more from the rural sector of the economy.

The cement industry which had suffered from very low demand growth in the past few years, seized the opportunity and increased production to match the increase in demand. Capacity utilisation during 1999-2000 went up to 87 % from 78 % in the previous year. All plants in the Satna cluster substantially increased their capacity utilization to 95 % during 1999-2000 from 80 % during 1998-99. Consequently, incremental supply of cement exceeded the increase in demand as a result of which, prices remained under pressure throughout the year.



In addition to this, international oil prices increased

manifold thereby raising the cost of captive power generation to a considerable extent. There was also an all round increase in freight expenses and the cost of other raw materials and PP bags. The combined effect of spiralling cost of production and lower sales prices resulted in severe erosion of margins for the entire industry.

#### Performance of the Company :

During the year under review, the Company successfully completed various measures initiated in earlier years to increase production and to control cost of production. Some of the major achievements are as under :

- 1) Latest technology HEXADUR Rollers imported from Germany in January, 2000 were installed for one of the Roller Presses. This technology is the first of its kind used in the country and is expected to increase production capability and reduce power consumption. The HEXADUR Rollers for the second Roller Press will be installed during June, 2000.
- 2) In order to ensure sufficient availability of power, the Company installed a 6<sup>th</sup> D.G. Set of 6 MW during the last quarter. This will enable the Company to make optimum use of power and thereby bring down the cost of power.
- 3) In the states of Uttar Pradesh and Bihar, blended cement represents about 40 % of the total consumption of cement. Blended cement provides higher margins. In view of this, after meticulous planning, the Company launched its blended cement on 31<sup>st</sup> January, 2000 under the brand name 'CHAMPION' and has been well received in the market. The Company proposes to step up production of 'CHAMPION' during 2000-01.
- 4) During March, 2000, the Company added one more locomotive for its railway sidings to cope with the substantial growth in production. This will enable the Company to despatch more cement by rail which is an economical mode of transport for longer distances.

It may be noted that most of the above measures were completed during the last quarter of 1999-2000. The result of these measures was reflected immediately and in March, 2000, the Company's sale of cement and clinker exceeded 2 lakh tonnes.