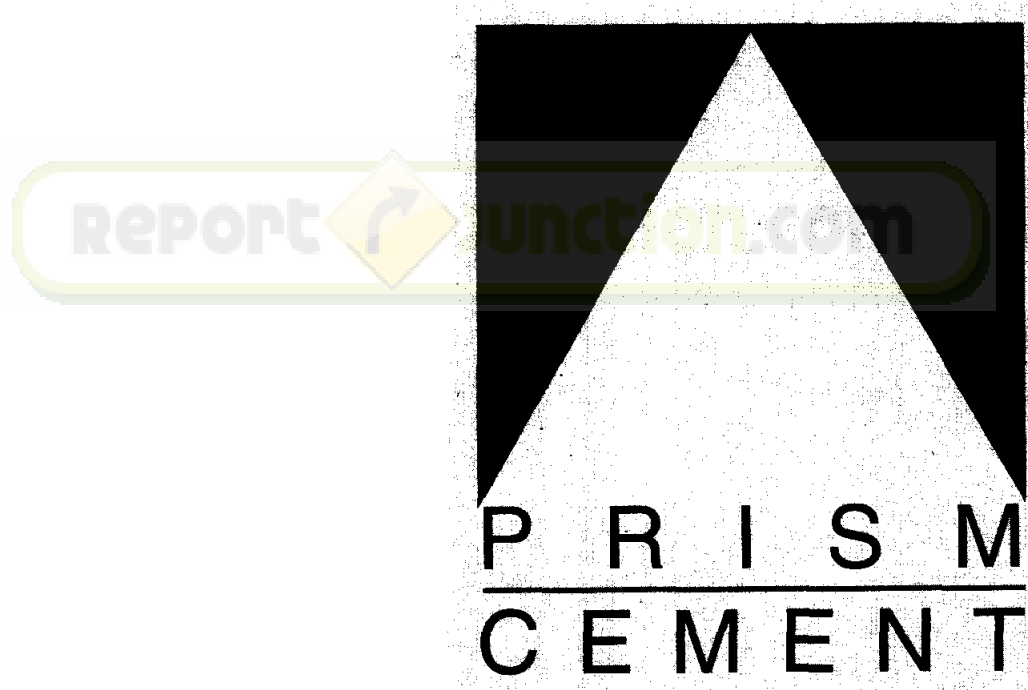


PRISM CEMENT LIMITED





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. 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

REGISTRARS & 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. Rajji & Co., Mumbai.

INTERNAL AUDITORS

Borkar & Muzumdar, Mumbai.

SOLICITORS

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

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 Ninth Annual General Meeting of the Company will be held on Thursday, September 27, 2001, at 11.00 a.m. at Taj Mahal Hotel, 4-1-999, Abids Road, Hyderabad - 500 001, to transact the following business:

Ordinary Business :

1. To receive and adopt the Directors' Report and the audited Profit and Loss Account for the fifteen month period ended June 30, 2001 and the Balance Sheet as at that date and the report of the Auditors thereon.
2. To appoint a Director in place of Mr. Rajan B. Raheja, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. Aziz H. Parpia, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. Satish B. Raheja, 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 subject to the provisions of the Companies Act, 1956, (including any statutory modification(s) or re-enactment(s)

thereof for the time being in force), the Securities Contracts (Regulation) Act, 1956 and the Rules framed thereunder, Listing Agreements, and all other applicable laws, rules, regulations and guidelines and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority 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 on the Board by the Resolution), the consent of the Company be and is hereby accorded to the Board to delist the equity shares and debentures of the Company from the Stock Exchanges at Ahmedabad and New Delhi."

NOTES :

- a. The Explanatory Statements pursuant to Section 173 of the Companies Act, 1956, in respect of the Special Business mentioned under Item No.6 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 Thursday, September 20, 2001, to Thursday, September 27, 2001 (both days inclusive).
- d. Members are requested to send all communications relating to shares and debentures to the Company's Transfer Agents at Karvy Consultants Ltd., Unit : Prism Cement Limited, Banjara Hills, Hyderabad - 500 034. Shareholders holding shares in electronic form should address all their correspondence to their respective Depository Participants (DPs).

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e. Nomination facility for shares is 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 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 2001-2002 have been paid to all the aforesaid Stock Exchanges.

By Order of the Board of Directors
for PRISM CEMENT LIMITED

Aneeta S. Kulkarni
Company Secretary

Place : Mumbai

Date : August 23, 2001

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 No.6 mentioned in the accompanying Notice dated August 23, 2001.

Item No. 6

At present, the Company's securities are listed at the Stock Exchanges at Ahmedabad, Delhi, Hyderabad (Regional) and Mumbai.

The Company's securities are also traded on the National Stock Exchange of India Limited, Mumbai.

With extensive networking of The Stock Exchange, Mumbai (BSE) and The National Stock Exchange of India Limited, Mumbai (NSE) and extension of BSE/NSE terminals to other cities as well, investors have access to online dealings in the Company's securities across the country. Bulk of the trading in the Company's equity shares takes place on the BSE and the NSE.

The Company's equity shares are one of the scripts which the Securities and Exchange Board of India (SEBI) has specified for settlement only in the dematerialised form by all investors, since May 31, 1999.

The details of average daily trading volumes on the various stock exchanges for the 15-month period ended June 30, 2001 are set out hereunder :

Number of Shares	
BSE	3,84,771
DSE	100
ASE	No trades reported
HSE	No trades reported

The proposed resolution will enable the Company to delist its securities from the Stock Exchanges at Ahmedabad and Delhi at an appropriate time in the future.

The proposed delisting of the Company's securities from Ahmedabad and Delhi Stock Exchanges as and when takes place, will not adversely affect the investors. The Company's securities will continue to be listed on the Stock Exchanges at Hyderabad and Mumbai. The delisting will take effect after all approvals, permissions and sanctions are received. The exact date on which delisting will take effect will be suitably notified at an appropriate time.

The Directors recommend the Special Resolution at Item No. 6 for approval of the members.

None of the Directors are 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 23, 2001

Registered Office :

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



PRISM CEMENT LIMITED

DIRECTORS' REPORT

To the Shareholders,

The Directors present the Ninth Annual Report and the audited Accounts of the Company for the 15-month period ended June 30, 2001.

OPERATING RESULTS

As you are aware, the Company's financial year 2000-01 was extended to the 15-month period from April 1, 2000 to June 30, 2001.

During the 15-month period ended June 30, 2001, the Company produced 22,47,795 tonnes of cement thereby achieving 90 % of its installed capacity. The sale of cement and clinker was 23,27,581 tonnes during the period.

The financial performance of the Company for the period ended June 30, 2001 is given below :

	15 months ended 30.6.2001 Rs. Lakhs	12 months ended 31.3.2000 Rs. Lakhs
Sales & other income	48,298	35,037
Expenditure	37,675	28,805
Operating Profit	10,623	6,232
Finance Charges	8,169	5,861
Gross Profit	2,454	371
Depreciation	3,553	2,786
Amortisation	570	371
Provision for Taxation	1	1
Net Loss	(1,670)	(2,787)

FINANCE

An unsecured, interest free, loan of Rs.4,128 lakhs advanced from time to time by Mr. Rajan B. Raheja, an Indian Promoter, was utilised for preferential issue of equity shares of the face value of Rs.10/- each, at par, during the period under review. The Directors wish to confirm that the money raised through this preferential issue has been utilised for the purpose stated in the Notice of Extra-ordinary General Meeting to the shareholders dated September 18, 2000.

The Company wishes to thank its term lenders for their support in rephasing of term loans

advanced by them and in reduction of interest rates. The full impact of this will be reflected from the next year.

MANAGEMENT DISCUSSION & ANALYSIS:

Financial performance and operational performance

The sale of cement and other income for the current period of 15 months ended June 30, 2001, has gone up to Rs. 48,298 lakhs from Rs. 35,037 lakhs for the previous year (12 months) which works out to an annualised increase of 10.3%. This has been achieved mainly due to increase in selling price in the later part of the current period and higher quantity of cement sold.

To improve its financial position, the Company had introduced an Economy Drive to exercise control on various expenses. This has shown positive results. Inspite of steep increase in prices of furnace oil, coal, royalty and freight expenses, the total expenses have gone up from Rs. 28,805 lakhs for the previous year to Rs. 37,675 lakhs during the current period, which works out to increase of only 4.64 % on an annualised basis.

As a result of the above, it is heartening to note that the operating profit for the current period at Rs. 10,623 lakhs is higher by 36.4% over the previous year on an annualised basis. However, there was a steep increase in finance charges (comprising of interest and lease rentals) which works out to 11.5% on an annualised basis as compared to the previous year.

The Company recorded a cash profit of Rs. 2,454 lakhs for the current period against Rs. 371 lakhs for the previous year. However, after providing for depreciation and amortisation, there has been a net loss of Rs. 1,670 lakhs for the period as against loss of Rs. 2,787 lakhs for the preceding year.

At the time of issuing its Prospectus (December 1994), the outlook for the cement industry was very encouraging. Based on various reliable data available then, it was estimated that for the twelve months ended March 31, 2001, the Company would be able to make a net profit of Rs. 6,216 lakhs. However, in view of the reasons stated above, the Company's results are at variance from what was stated in the Prospectus.

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Sector outlook:

The prospects for the Cement Industry appear to be bright in the long term. The per capita consumption of cement at 96 kg is one of the lowest in the world. In view of the country's large population, even a small increase in the consumption rate can fuel demand.

With substantial fiscal incentives provided to the housing sector in the Union Budget 2001-02, there is already an appreciable improvement in demand. This demand will get a further boost in the near future due to a very good monsoon which has been widespread in all parts of the country. Last year, while there was a severe drought in three states viz. Rajasthan, Gujarat and Madhya Pradesh, this year, so far, these States have received satisfactory rainfall. Similarly, in Uttar Pradesh, which is a major market for your Company, the rainfall has been satisfactory. This will certainly increase demand for rural housing.

Various schemes announced by the Central Government for infrastructural development are being implemented surely but slowly. In particular, the Golden Quadrilateral Highway Project, announced by the Government of India has already taken off and this will improve the demand for cement substantially in the surrounding regions.

The additional capacities being installed, particularly in the Southern and the Western parts of the country, are a cause of concern in the short term. However, there are no major capacity additions taking place in and around Central Zone where your Company's plant is situated and hence companies in this area would be in better position in the short term also.

Internal Control System :

Right from inception, the Company has introduced a detailed Internal Control System. At the Plant, the latest Enterprise Resource Planning (ERP) package from Ramco is under operation, enabling the Company to exercise instant control on various parameters necessary for efficient running of the Plant. For Marketing operations also, an ERP package from Mastek, has been installed to exercise tight control on outstandings and for quick and reliable compilation of Management Information Reports.

The In-house Management Audit Team and the independent Internal Audit Team continuously monitors relevant business aspects and ensures compliance of operational and financial discipline.

An effective budget control on capital expenditure and equipment stoppage analysis discussions at the top management level helps in running the Plant efficiently. A detailed presentation on all business aspects is made to the Board regularly.

Human Resources :

Your Company considers its human resources as one of its most important assets. Considerable amount of delegation and empowerment is provided to senior managers. At every stage, concept of "ownership" is instilled in them to ensure full commitment and dedication. These concepts are working very satisfactorily.

Training of personnel is an integral part of the Company's operations. Right from level of the workers to the top management, training is provided on a continuous basis. The Company has made arrangements with the Central Board for Worker's Education, sponsored by the Ministry of Labour, Government of India, to organize Employees Development Programmes on regular basis. During the period under review, there were nine such programmes organised for the workers covering areas like productivity, quality, safety, time management and yoga. These programmes have been highly appreciated by the workers and are found very useful in performing their day to day activities.

In its endeavour to provide training to the employees who are from families who sold their land to the Company and in order to make them useful industrial workers, your Company has sponsored 99 such employees to a two-year residential training scheme with a reputed specialised institute at Kymore in Madhya Pradesh.

To introduce transparency and impartiality in measurement of performance of the employees, Performance Management System was introduced in November, 1998 for the executives. This is working satisfactorily and has enthused the executives to achieve the targets set and owned by them.



PRISM CEMENT LIMITED

The Company enjoys cordial relations with the employees.

Safety and Welfare Measures :

The Company continues to maintain high level of awareness towards safety and welfare of the employees. Regular training programmes are conducted to educate and train them about safe work practices. Meetings of safety committee and fire drills are held regularly. These efforts towards safety have enabled the Company to win various prizes from the Director of Mines Safety, Jabalpur Region. Cultural programmes and festive celebrations are organised for the benefit of the employees and their family members. Recreation and sports facilities have been provided at the housing colony.

The Company's commitment to safety and welfare extends much beyond the above. It is the aim of the Company to improve quality of life in the surrounding areas on an ongoing basis. Towards this end, programmes in health care, immunization for polio, provision of drinking water and improved educational facilities are provided.

A series of Health Programme titled "Aahaar, Vihaar, Aachaar, Vichaar" based on yogic principles, were held which were attended by about 1,800 persons from the plant, colony, and nearby villages, including by ladies and children. About 35,000 patients including employees, their families and people residing in the nearby villages were treated at the Company's well equipped Medical Centre at the Plant.

Environment :

The Company is committed to provide a very healthy pollution-free environment to its employees, their families and to the villagers residing in surrounding areas. It has installed very sophisticated pollution control equipment to meet the international standards. Tree plantation is a regular activity. Developing abandoned mine areas into water reservoirs, fruit garden and picnic spot helps in improving overall surroundings.

Our sincere dedication and commitment to the cause of safety was well rewarded during the "Mines Safety Week-2000", conducted by Director General of Mines Safety, Jabalpur Region where the Company secured following prizes :

1. Use of Explosives & Dust Supervision	1 st Prize
2. Safety Provision and Organisation	1 st Prize
3. First Aid Competition	1 st Prize
4. House Keeping	3 rd Prize
5. Standard of Working	3 rd Prize

Five workers were awarded prizes in the Trade Test Competition.

Cautionary Statement :

Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised by the Company. Actual results could differ materially from those expressed or implied.

The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events.

DIRECTORS

In accordance with requirements of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Rajan B. Raheja, Mr. Aziz H. Parpia and Mr. Satish B. Raheja retire by rotation at the forthcoming Annual General Meeting and being eligible have offered themselves for re-appointment.

Mr. Palle O. Joergensen resigned from the Board on December 20, 2000. The Board wishes to place on record its high appreciation of the contribution made by Mr. Joergensen during his tenure as Director and in particular at the crucial stage of construction of the Plant.

CORPORATE GOVERNANCE

The implementation of the Securities and Exchange Board of India (SEBI) Corporate Governance practices will be mandatory for the Company by March 31, 2002. However, the Company has taken certain measures in this regard and is pleased to make voluntary disclosures as given hereunder :

1. Board of Directors

- The total strength of the Board is ten Directors comprising of two executive Directors and eight non-executive Directors.

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- ii. During the 15-month period April 2000 to June 2001, nine Board Meetings were held, with at least one meeting in every quarter and with a gap of less than four months between two meetings on the following dates : (i) April 6, 2000, (ii) May 8, 2000, (iii) July 27, 2000, (iv) September 18, 2000, (v) October 27, 2000, (vi) November 8, 2000, (vii) January 23, 2001, (viii) April 26, 2001 and (ix) June 29, 2001.

2. Audit Committee

The Audit Committee was constituted in March, 1995. At present it comprises of three Non-executive Directors. Details are as follows:

Mr. R. G. Kapadia - Chairman

Mr. A. H. Parpia - Member

Mr. S. Khasnobis - Member

Mr. R. G. Kapadia is a practising Chartered Accountant, Mr. A. H. Parpia is a practising Solicitor and Mr. S. Khasnobis is a Nominee of ICICI Ltd.

The Company Secretary acts as Secretary of the Audit Committee.

3. Remuneration Committee :

The Remuneration Committee has been constituted in April, 2001 comprising Non-executive members of the Board viz. Mr. Rajan B. Raheja - Chairman, Mr. R. G. Kapadia and Mr. A. H. Parpia. The Committee will decide on the Company's policy on remuneration

packages for its Executive Directors. The remuneration, if any, of non-executive Directors shall be decided by the Board of Directors.

4. Shareholders/Investors Grievance Committee:

The Company has constituted a Shareholders/Investors Grievance Committee in April 2001, consisting of Mr. A. H. Parpia - Chairman, Mr. R. G. Kapadia, Mr. S. N. Shah and Mr. M. Chhabra as the members of the Committee. The Committee looks into various issues relating to shareholder/investor grievances relating inter alia to non-receipt of annual report, non-delivery of shares after transfer/delay in transfer of shares, non-receipt of interest on debentures, etc.

5. Share Transfer Committee:

The Company's shares are traded in the dematerialised form on all Stock Exchanges. To expedite the transfer in physical segment, the Company has constituted a Share Transfer Committee in March 1995, consisting of Mr. Rajan B. Raheja - Chairman, Mr. S. N. Shah, Mr. A. H. Parpia, Mr. R. G. Kapadia and Mr. M. Chhabra as the members of the Committee. The Committee approves share transfers and transmission, issue of duplicate certificates and reviews all other matters connected with securities. The Committee oversees the performance of the Registrars and Transfer Agent.

The Board has designated Ms. Aneeta S. Kulkarni, Company Secretary, as Compliance Officer.

Share Transfers and Complaints received during the year :

Complaints :			Share Transfers :	
Received from	Received and Cleared	Pending	No. of transfer Deeds Received	7415
Direct to the Company	5411	Nil	No. of Shares Received for Transfer	2207401
Through SEBI	18	Nil	No. of Shares Transferred	2094701
Through Stock Exchange (s)	27	Nil	No. of Shares pending due to objections as on 30.06.2001.	112700
Investors Association	Nil	Nil		