

## NOTICE

**NOTICE IS HEREBY GIVEN** that the Twentieth Annual General Meeting of the Company will be held on Tuesday, June 26, 2012 at 11.30 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 audited Profit and Loss Account for the year ended March 31, 2012 and the Balance Sheet as at that date and the Report of the Directors and the Auditors thereon.
2. To declare a dividend on equity shares.
3. To appoint a Director in place of Mr. Rajan B. Raheja, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Satish B. Raheja, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. James Brooks, who retires by rotation and being eligible, offers himself for re-appointment.
6. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :

“RESOLVED THAT the retiring Auditors, M/s. N. M. Raiji & Co., (Registration No. 108296W) who being eligible, have offered themselves for re-appointment, be and are hereby re-appointed as Statutory 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 Statutory Auditors, in addition to reimbursement of out-of-pocket expenses, in connection with the audit of the Company.”

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

“RESOLVED that pursuant to the provisions of Section 228 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Borkar & Muzumdar, (Registration No. 101569W) be and are hereby appointed as Branch Auditors of the Company, to audit the Accounts in respect of the Company’s H & R Johnson (India) and RMC Readymix (India) Divisions, to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration to be mutually agreed between the Board of Directors of the Company and the Branch Auditors, in addition to reimbursement of out-of-pocket expenses, as may be incurred in the

performance of their duties.”

### Special Business :

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

“RESOLVED THAT, pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act and subject to the approval of the Central Government, the recovery of excess remuneration paid to Mr. Manoj Chhabra, Managing Director of the Company, for the period April 1, 2011 to March 31, 2012 resulting from non-availability of profits for the year ended March 31, 2012 and detailed as hereunder, be and is hereby waived :

₹ Crores

Remuneration paid	Remuneration as per limits prescribed in Schedule XIII in case of non-availability of profits	Excess Remuneration paid
2.55	0.24	2.31

“RESOLVED FURTHER THAT the Director(s) and the Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds and things and furnish such information/clarifications/declarations, certificates and other documents, to file applicable forms and to authorise any other person to represent before the Central Government as may be required in this regard.”

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

“RESOLVED THAT, pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act and subject to the approval of the Central Government, the recovery of excess remuneration paid to Mr. Vijay Aggarwal, Managing Director of the Company, for the period April 1, 2011 to March 31, 2012 resulting from non-availability of profits for the year ended March 31, 2012 and detailed as hereunder, be and is hereby waived :

₹ Crores

Remuneration paid	Remuneration as per limits prescribed in Schedule XIII in case of non-availability of profits	Excess Remuneration paid
3.30	0.24	3.06

“RESOLVED FURTHER THAT the Director(s) and the Company Secretary of the Company be and are hereby severally authorised to do all such acts,

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deeds and things and furnish such information/clarifications/declarations, certificates and other documents, to file applicable forms and to authorise any other person to represent before the Central Government as may be required in this regard.”

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

“RESOLVED THAT, pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act and subject to the approval of the Central Government, the recovery of excess remuneration paid to Mr. Ganesh Kaskar, Executive Director of the Company, for the period April 1, 2011 to March 31, 2012 resulting from non-availability of profits for the year ended March 31, 2012 and detailed as hereunder, be and is hereby waived :

₹ Crores

Remuneration paid	Remuneration as per limits prescribed in Schedule XIII in case of non-availability of profit	Excess Remuneration paid
1.41	0.24	1.17

“RESOLVED FURTHER THAT the Director(s) and the Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds and things and furnish such information/clarifications/declarations, certificates and other documents, to file applicable forms and to authorise any other person to represent before the Central Government as may be required in this regard.”

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

“RESOLVED THAT in accordance with the provisions of Sections 198, 309(4) and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, the Articles of Association of the Company and subject to all applicable approval(s) as may be required, the consent of the Company be and is hereby accorded to the payment of commission of upto one per cent of the net profits of the Company computed in the manner referred to in Section 198 and all other applicable provisions of the Act, provided that such commission in any financial year shall not exceed ₹ 50 lakhs (Rupees Fifty Lakhs only) per annum (subject to deduction of applicable taxes), in addition to the sitting fees for attending the meetings of the Board of Directors or any Committee thereof, for a period of five years commencing from April 1, 2012 to Mr. James Brooks, Non-executive Director of the Company as may

be decided by the Board of Directors (hereinafter referred to as the “Board” which term shall be deemed to include any Committee of the Board) from time to time with authority to the Board to determine the manner in which the amount be paid to Mr. Brooks.”

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

### NOTES :

- The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business mentioned under Item Nos. 8 to 11 above, is annexed hereto.
- 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.
- The Register of Members and Transfer Books of the Company will remain closed from Tuesday, June 19, 2012 to Tuesday, June 26, 2012 (both days inclusive). If the dividend as recommended by the Board of Directors is approved at the meeting, payment of such dividend will be made on or after June 28, 2012 as under :
  - To all beneficial owners in respect of shares held in electronic form as per the data as may be made available by the National Securities Depository Limited and the Central Depository Services (I) Limited as of the close of business hours on June 18, 2012.
  - To all shareholders in respect of shares held in physical form after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before the close of business hours on June 18, 2012.
- Shareholders holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the shareholders holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the shareholders.
- In order to avail the facility of Electronic Clearing System (ECS)/National Electronic Funds Transfer (NEFT) for receiving direct credit of dividend

to their respective account with the Bank(s), the members holding shares in physical form are requested to provide their Bank Account details to the Company's Registrar and Transfer Agent - Karvy Computershare Private Ltd. In the absence of ECS/NEFT facilities, the Company will print the bank account details, if available, on the payment instrument for distribution of dividend.

6. Members are requested to send all communication relating to shares to the Company's Registrar and Transfer Agent - Karvy Computershare Private Ltd., Unit : Prism Cement Limited, Plot No. 17 - 24, Vittalrao Nagar, Near Image Hospital, Madhapur, Hyderabad - 500 081. Members holding shares in electronic mode should address all their correspondence to their respective Depository Participants (DPs).
7. Nomination facility for shares is available for Members. The prescribed format, in this regard, can be obtained from the Company's Registrar and Transfer Agent.
8. Members who would like to receive notices, letters, annual reports and such other correspondence by electronic mode are requested to register their e-mail addresses and changes therein, from time to time, with the Company's Registrar and Transfer

Agent in respect of shares held in physical form and with the respective Depository Participants (DP) where the shares are held in demat form. Shareholders holding shares in physical form can send their e-mail address for registration to [einward.ris@karvy.com](mailto:einward.ris@karvy.com) quoting the Folio Number and Name of the Company.

9. The Company's equity shares are listed on The Bombay Stock Exchange Limited and The National Stock Exchange of India Limited. The listing fees for the year 2012-2013 have been paid to the aforesaid Stock Exchanges.
10. The Company is required to transfer unpaid/unclaimed dividends to the Investor Education & Protection Fund pursuant to Section 205C of the Companies Act, 1956. Shareholders who have not encashed their dividend warrants so far are requested to make their claim to the Company's Registrar and Share Transfer Agent.

By Order of the Board of Directors,

**Aneeta S. Kulkarni**  
Company Secretary

Place : Mumbai  
Date : May 10, 2012

### 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 Nos. 8 to 11 mentioned in the accompanying Notice dated May 10, 2012.

#### Item Nos. 8, 9 and 10

The Company has been earning steady profits on the basis of its inherent resilience and strength in terms of modern efficient plants, strong brand & optimal distribution, cash flow focused operations, committed human capital and professional management. The Company has been paying regular dividends since 2007. The Company has free reserves of ₹ 601 Crores as on March 31, 2012. The Company has always been current in its loan and interest obligations and was debt free from 2006 till 2009.

However, after consistently making profits for past eight years, despite diligent efforts, the Company could not earn profits for the financial year ended March 31, 2012, due to the following reasons (i) depressed market conditions, (ii) unprecedented increase in input cost and (iii) stabilisation of Unit II of Cement Division at Satna, Madhya Pradesh.

As you are aware, in 2009, the Cement Division set-up a brownfield Unit II at Satna with a clinker capacity of 2.4 MTPA and 3.6 MTPA of cement capacity and commenced production in January 2011. The project

cost of ₹ 960 Crores was funded by a debt of ₹ 600 Crores and internal accruals of ₹ 360 Crores. It normally takes 12-15 months for a new plant to stabilise and accordingly, for most part of the year ended March 2012, Unit II was under stabilisation.

Due to the depressed market conditions, the performance of the other two Divisions of the Company was also affected. Nonetheless, the Company has made profits of ₹ 59 Crores in the third and fourth quarters. This, however, was not sufficient to cover the losses of the first two quarters of ₹ 89 Crores and the Company ended the year with a loss of ₹ 30 Crores.

All efforts are being undertaken to ensure an improved performance during the current year :

- The Company is expanding its markets by penetrating deeper into the existing markets and also plans to enter into new markets.
- New product categories are being launched to enhance H & R Johnson (India) Division's (HRJ) offerings at premium price points.
- HRJ and its subsidiaries/joint ventures have also undertaken various capacity expansion projects at plants in Madhya Pradesh and Andhra Pradesh.
- New facilities have been set-up for bath fittings at Jammu.

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- Cost management and greater utilisation of assets and adding new RMC plants in existing markets where demand is robust.

The Company has been allotted a Coal Block in the Chhindwara District of Madhya Pradesh and has received the requisite approvals. It has acquired land to start the initial mine development activity and has commenced survey and basic infrastructure work. The mined coal will be used for captive consumption in the cement plant located at Satna, Madhya Pradesh, which is expected to bring down cement manufacturing costs in future.

The members, at the Annual General Meeting of the Company held on July 12, 2011 had re-appointed and approved the payment of remuneration to Mr. Manoj Chhabra, Managing Director of the Company, for a further period of two years with effect from August 25, 2011 on the same terms and conditions, as per applicable provisions of the law.

The members, at the Extra-ordinary General Meeting of the Company held on April 6, 2010 had appointed and approved the payment of remuneration to Mr. Vijay Aggarwal, Managing Director and Mr. Ganesh Kaskar, Executive Director of the Company, respectively, for a period of three years with effect from March 3, 2010, as per applicable provisions of the law.

The members had, while approving the respective resolutions of April 6, 2010 and July 12, 2011, also approved that where in any financial year during the tenure of the aforesaid Directors, the Company has no profits or it has inadequate profits, the remuneration approved by the aforesaid resolutions shall, subject to receipt of requisite approvals, be paid as minimum remuneration.

Due to non-availability of profits during the year 2011-12, the managerial remuneration paid as per aforesaid resolutions to Mr. Chhabra, Mr. Aggarwal and Mr. Kaskar has exceeded the limits prescribed under the Companies Act, 1956.

The Remuneration Committee and the Board of Directors have, at their respective meetings held on May 10, 2012, subject to the approval of the shareholders and of the Central Government, ratified, confirmed and approved, the payment of remuneration to the managerial personnel in excess of the limits prescribed under the Act. An application is being made to the Central Government for seeking its approval for payment of excess remuneration and waiver of recovery of the same.

Considering the general industry and the specific company profile, the remuneration as approved by the shareholders and paid to Mr. Chhabra, Mr. Aggarwal and Mr. Kaskar for the year 2011-12 is in line with

industry trends and is fair and reasonable.

The Directors recommend the passing of the Special Resolutions at item Nos. 8, 9 and 10.

Mr. Chhabra, Mr. Aggarwal and Mr. Kaskar are interested in the passing of the Resolution to the extent of the excess remuneration paid to them, respectively. None of the other Directors is deemed to be concerned or interested in any way in the above resolution.

### Item No. 11

The members, at the Annual General Meeting of the Company held on June 22, 2010 had approved of the payment of remuneration to Mr. James Brooks, by way of commission of upto one per cent of the net profits of the Company provided that such commission in any financial year shall not exceed ₹ 25 lakhs (Rupees Twenty-five Lakhs only) per annum with effect from April 1, 2010.

During the year, Mr. Brooks has contributed by giving technical advice and valuable time to the Company. To compensate for the demands on his time and the contributions made by him, it is proposed to pay remuneration to Mr. Brooks, by way of commission of upto one per cent of the net profits of the Company computed in the manner referred to in Section 198 and all other applicable provisions of the Act, provided that such commission in any financial year shall not exceed ₹ 50 lakhs (Rupees Fifty Lakhs only) per annum (subject to deduction of applicable taxes) in addition to the sitting fees for attending the meetings of the Board of Directors or any Committee thereof, with effect from April 1, 2012. Such resolution shall be valid for a period of five years.

The Board of Directors will determine each year, the specific amount of commission to be paid as aforesaid to Mr. Brooks. The Members are requested to approve the payment of commission to Mr. Brooks over a period of five years with effect from April 1, 2012. The payment of commission would be in addition to the sitting fees payable for attending Board/Committee Meetings.

The Directors recommend the passing of the Special Resolution at item No. 11.

Mr. Brooks is interested in the passing of the Resolution to the extent of the remuneration to be paid to him. None of the other Directors is deemed to be concerned or interested in any way in the above resolution.

By Order of the Board of Directors,

**Aneeta S. Kulkarni**  
*Company Secretary*

Place : Mumbai

Date : May 10, 2012

*Registered Office :*

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