

AMBUJA CEMENT EASTERN LIMITED

(Formerly known as Modi Cement Limited)

MD	<input checked="" type="checkbox"/>		RKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		TVV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>		AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>		SUP	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>

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Annual Report 1997-98

ANNUAL REPORT 1997 - 98

BOARD OF DIRECTORS

Suresh Neotia

Dr. D. K. Modi

S. K. Sekhsaria

Pulkit N. Sekhsaria

P. B. Kulkarni

B. L. Taparia

A. C. Singhvi

S. K. Dewan

R. S. Rathore (Nominee - BIFR)

Harshavardhan Neotia, *Managing Director*

CORPORATE OFFICE

Vishwakarma
86 - C, Topsia Road(S),
Calcutta - 700 046.

ASST. COMPANY SECRETARY

R. Kalidas

REGISTERED OFFICE & WORKS

Village Rawan,
Tehsil Baloda Bazar,
District Raipur,
Madhya Pradesh - 493 331.

BANKERS

State Bank of India
Canara Bank
State Bank of Travancore
Bank of India
Union Bank of India
State Bank of Mysore
Punjab National Bank

AUDITORS

Lodha & Co.

NOTICE

NOTICE is hereby given that the SIXTEENTH ANNUAL GENERAL MEETING of the Members of the Company will be held on Wednesday, the 28th October, 1998 at 11.00 A.M. at the Registered Office of the Company at Village Rawan, Tehsil Baloda Bazar, District Raipur, Madhya Pradesh - 493 331, to transact the following business:-

1. To consider and adopt the Profit & Loss Account for the Corporate Financial Year ended 30th June, 1998 and the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Dr. D.K.Modi, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri S.K.Sekhsaria, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. Lodha and Co., retiring Auditors, as Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS :

5. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:-

"RESOLVED that pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Shri S.K.Neotia, who was appointed as an Additional Director of the Company and who under Section 260 of the Companies Act, 1956 holds office only upto the date of this Annual General Meeting and being eligible, offers himself for appointment and in respect of whom the Company has received notices in writing from some members, pursuant to the provisions of section 257 of the Companies Act, 1956, signifying their intention to propose the candidature of Shri S.K.Neotia for the Office of Director, be and is hereby appointed a Director of the Company liable to retire by rotation."

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

"RESOLVED that pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Shri P.B.Kulkarni, who was appointed as an Additional Director of the Company and who under Section 260 of the Companies Act, 1956 holds office only upto the date of this Annual General Meeting

and being eligible, offers himself for appointment and in respect of whom the Company has received notices in writing from some members, pursuant to the provisions of section 257 of the Companies Act, 1956, signifying their intention to propose the candidature of Shri P.B.Kulkarni for the Office of Director, be and is hereby appointed a Director of the Company liable to retire by rotation."

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

"RESOLVED that pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Shri B.L.Taparia, who was appointed as an Additional Director of the Company and who under Section 260 of the Companies Act, 1956 holds office only upto the date of this Annual General Meeting and being eligible, offers himself for appointment and in respect of whom the Company has received notices in writing from some members, pursuant to the provisions of section 257 of the Companies Act, 1956, signifying their intention to propose the candidature of Shri B.L.Taparia for the Office of Director, be and is hereby appointed a Director of the Company liable to retire by rotation."

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

"RESOLVED that pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Shri A.C.Singhvi, who was appointed as an Additional Director of the Company and who under Section 260 of the Companies Act, 1956 holds office only upto the date of this Annual General Meeting and being eligible, offers himself for appointment and in respect of whom the Company has received notices in writing from some members, pursuant to the provisions of section 257 of the Companies Act, 1956, signifying their intention to propose the candidature of Shri A.C.Singhvi for the Office of Director, be and is hereby appointed a Director of the Company liable to retire by rotation."

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

"RESOLVED that pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Shri S.K.Dewan, who was appointed as an Additional Director of the Company and who under Section 260 of the Companies Act, 1956 holds office only upto the

date of this Annual General Meeting and being eligible, offers himself for appointment and in respect of whom the Company has received notices in writing from some members, pursuant to the provisions of section 257 of the Companies Act, 1956, signifying their intention to propose the candidature of Shri S.K.Dewan for the Office of Director, be and is hereby appointed a Director of the Company liable to retire by rotation."

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

"RESOLVED that consent of the members be and is hereby accorded to the Company for voluntary delisting of its Equity Shares from Bhubaneswar Stock Exchange and that the Board of Directors of the Company be and is hereby authorised to do all such acts and things as may be necessary in this regard."

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

"RESOLVED that pursuant to the provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered as follows:-

- A. Articles 64, 114C and 114E of the Articles of Association be deleted forthwith.
- B. Existing Article 150(a) of the Articles of Association be substituted by the following as new Article 150(a) :-
150(a).The Board may from time to time appoint from amongst its members, a Chairman of the Board and determine the period for which he is to hold office. The Board may also likewise appoint from amongst its members a Vice - Chairman and determine the period for which he is to hold office.
- C. Existing Article 158(e) of the Articles of Association be substituted by the following as new Article 158(e) :-
158(e).contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees in excess of limits laid down under Section 293(1)(e) of the Act.
- D. Existing Article 161 of the Articles of Association be substituted by the following as new Article 161 :-

161. Subject to the provisions of Section 383A of the Act, the Directors may, from time to time, appoint and, at their discretion remove any individual (hereinafter referred to as "the Secretary") who shall have such qualifications as the authority under the Act may prescribe to perform such functions, which by the Act or these Articles are to be performed, by the Secretary, and to execute any other duties which may from time to time be assigned to the Secretary by the Directors. The Directors may also at any time appoint some persons (who need not be the Secretary) to keep the registers required to be kept by the Company.

- E. Existing Article 186(1) of the Articles of Association be substituted by the following as new Article 186(1) :-

186(1).A document or notice may be served or given by the Company on any member either personally or by sending it by post to him to his registered address or (if he has no registered address in India) to the address, if any, in India supplied by him to the Company for serving documents or notices on him.

12. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:-

"RESOLVED that pursuant to the provisions of Section 293(1)(d) and all other applicable provisions, if any, of the Companies Act, 1956, including any statutory modification(s) or re-enactment thereof as may for the time being be in force and in supersession of the resolution passed at the Annual General Meeting of the Company held on 21st September 1990, consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time , any money or monies for the Company upon such terms and conditions and with or without security as the Board of Directors may in its discretion deem fit, notwithstanding, that the money or monies to be borrowed by the Company (apart from the temporary loans obtained or to be obtained from time to time from the Company's bankers in the ordinary course of business) together with the money or monies already borrowed, may exceed the

aggregate of the paid-up share capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose, provided however that the monies so borrowed and remaining outstanding on account of principal shall not exceed Rs. 400 crores (Rupees Four hundred crores only)."

13. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:-

"RESOLVED that pursuant to the provisions of Section 293(1)(e) and all other applicable provisions, if any, of the Companies Act, 1956, including any statutory modification(s) or re-enactment thereof as may for the time being be in force, the Board of Directors of the Company be and is hereby authorised to contribute and/or donate from time to time to any charitable and other funds not directly relating to the business of the Company or the welfare of its employees, in excess of the limits prescribed under the said Section 293(1)(e), subject however that the contribution(s)/ donation(s) in excess of said limits shall not exceed Rs.25,00,000 (Rupees Twenty five lacs only) in any Corporate Financial Year."

14. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:-

"RESOLVED that the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to mortgaging and/or charging by way of second mortgage/charge by the Board of Directors of the Company of all or any of the immovable and/or moveable properties of the Company, wheresoever situate, both present and future, or the whole or substantially the whole of the undertaking or undertakings of the Company and/or conferring power to enter upon and take possession of the assets of the Company in certain events, to or in favour of the lenders/Industrial Development Bank of India (IDBI) on behalf of the lenders to secure:-

- (a) the Short Term Loan of Rs.20,00,00,000/- (Rupees twenty crores only) by State Bank of India;
- (b) the Short Term Loan of Rs.5,00,00,000/- (Rupees five crores only) by UTI Bank Ltd.; and
- (c) the Short Term Loan of Rs. 5,00,00,000/- (Rupees five crores only) by Credit Lyonnais;

together with interest, compound interest, additional interest, liquidated damages, premia

on prepayment, costs, charges, expenses and all other monies payable by the Company to the respective Banks in terms of the Letter of Sanctions/ Loan Agreements/Loan Document entered or to be entered into by the Company in respect of the said Short Term Loans as amended from time to time."

"RESOLVED further that the Board of Directors of the Company be and is hereby authorised to finalise with the Banks as lenders/IDBI, the Documents for creating aforesaid mortgage and/or charge and to do all such acts and things as may be necessary for giving effect to the above resolution."

NOTES :

1. 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 ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, the 6th October, 1998 to Tuesday, the 13th October, 1998 (both days inclusive) .
3. Shareholders holding shares in identical order of names in more than one folio are requested to write to the Company's Share Transfer Agents enclosing their share certificates to enable them to consolidate their holdings in one folio.
4. Members are requested to surrender their old share certificates held by them in the erstwhile Modi Cement Ltd. to the share transfer agents at the address given below to enable us to issue fresh certificates in exchange thereof in respect of the reduced share capital pursuant to the Rehabilitation Scheme sanctioned by the Board for Industrial & Financial Reconstruction (BIFR).
5. Members are requested to send all communications relating to shares to the share registrars and transfer agents at the following address:

MCS LIMITED
Sri Venkatesh Bhawan
212-A Shapurjat
New Delhi - 110 049
Tel. No. - (011) 6494830/31

By Order of the Board of Directors

Place: Mumbai
Date: 19th August, 1998

Harshvardhan Neotia
Managing Director

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

The following Explanatory Statement sets out all material facts relating to the special business under Item Nos. 5 to 14 of the accompanying Notice dated 19th August, 1998.

In respect of Item No. 5 to 9

In order to strengthen the management of the Company's affairs, Shri S.K.Neotia, Shri P.B.Kulkarni, Shri B.L.Taparia, Shri A.C.Singhvi and Shri S.K.Dewan were appointed as Additional Directors at the Board Meeting held on 24th December 1997. These additional Directors will hold office as Directors only upto the date of the ensuing Annual General Meeting pursuant to Section 260 of the Companies Act, 1956.

The Company has received Notices pursuant to Section 257 of the Companies Act, 1956 from some of the members, proposing the candidature of Shri S.K.Neotia, Shri P.B.Kulkarni, Shri B.L.Taparia, Shri A.C.Singhvi and Shri S.K.Dewan as Directors. The Board considers that it would be in the interest of the Company to continue to avail the services of the above Directors and hence recommend their appointment.

Shri S.K.Neotia, Shri P.B.Kulkarni, Shri B.L.Taparia, Shri A.C.Singhvi and Shri S.K.Dewan are interested in the resolutions at Item Nos. 5, 6, 7, 8 and 9 respectively. The notices received u/s 257 of the Companies Act, 1956, as referred to above, are open for inspection by the members during the business hours on any working day, at the registered office of the Company, upto the date of the meeting.

Except the above, none of the other Directors of the Company is, in any way, concerned or interested in the said resolutions.

In respect of Item No. 10

The Company's Equity Shares are presently listed at the Stock Exchanges at Indore, Delhi, Mumbai and Bhubaneshwar. The number of members belonging to the region which comes within the jurisdiction of the Bhubaneshwar Stock Exchange is insignificant in proportion to the total number of the Shareholders of the Company. Further, the transactions that have taken place at the Bhubaneshwar Stock Exchange in the Company's Shares in past are either none or negligible. Accordingly, the Company considers it imprudent to continue the listing of its equity shares with the Bhubaneshwar Stock Exchange as the same entails additional costs which the Company, being a sick Company, can ill afford.

The prevailing guidelines permits a company to seek voluntary delisting of its shares from any stock exchange subject to the approval from the shareholders by special resolution passed at General Meeting. Company shall also comply with other stipulations of the competent authority in this regard.

The Board recommends the passing of the resolution at Item No. 10.

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

In respect of Item No. 11

A (i) Article 64 of the Company's Articles of Association speaks about the compliances that have to be ensured by the Company with regard to the Estate Duty Act, 1953. As members are aware, the said enactment has been deleted from the statute quite some time back. Hence, the Article 64 is proposed to be deleted.

(ii) Article 114 C inter-alia empowers a specified public limited company to appoint two directors on the Board of Directors of the Company. Consequent to the restructuring of the Board of Directors of the company and its management pursuant to the Rehabilitation Scheme sanctioned by the Board for Industrial and Financial Reconstruction (BIFR), the existence of this Article is no longer considered necessary. Hence, the Article 114 C is proposed to be deleted.

(iii) Article 114 E inter-alia provides that the persons appointed as the Directors by a specified public limited company pursuant to Article 114 C shall not be liable to retire by rotation. This Article is also considered redundant in the present context. Hence, the Article 114 E is also proposed to be deleted.

B. The existing Article 150(a) of the Company's Articles of Association lays down the provisions relating to appointment of the Chairman, Vice-Chairman, President and Vice-President. It also names certain persons, nominated as President and Vice-President by the earlier management, to be in charge of the day to day affairs of the Company.

Consequent to the restructuring of the Board of Directors of the Company and its management pursuant to the BIFR Scheme, the said Article is proposed to be amended as per resolution at Item No.11.

C. The existing Article 158(e) of the Articles of Association sets out the monetary limits in so far as provisions of contributions to charitable funds is concerned. The limits are not in consonance

with the existing provisions of the Companies Act, 1956. Hence, the existing Article 158 (e) is proposed to be substituted by the new Article 158(e) as per resolution at Item No.11 to bring it in line with the existing provisions of the Companies Act, 1956.

- D. The existing Article 161 of the Company's Articles of Association sets out the monetary limits in regard to the appointment of wholetime Company Secretary which are not in tune with the existing provisions of the Companies Act, 1956. Hence, the existing Article 161 is proposed to be substituted by the new Article 161 as per resolution at Item No.11 to bring it in line with the existing provisions of the Companies Act, 1956.
- E. The existing Article 186(1) of the Company's Articles of Association lays down provisions in respect of service of documents or notices on members by the Company and provides for a specific manner in which the same are to be served to a specific person named therein. It is proposed to avoid according such specific treatment to any person. Hence, the existing Article 186(1) is proposed to be substituted by the new Article 186(1) as per resolution at Item No. 11.

The Board recommends passing of the resolution at Item No.11

A copy of the Articles of Association of the Company and the Rehabilitation Scheme sanctioned by the BIFR are available for inspection by the members during business hours on any working day, at the registered office of the Company, upto the date of the meeting.

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

In respect of Item No. 12

The present borrowing powers of the Board of Directors as authorised by the shareholders is Rs. 300 crores (Rupees Three hundred crores only) and DM 1,000,000 (DM One million only).

The Board of Directors considers it necessary to revise the said limit to Rs.400 crores (Rupees Four hundred crores only) in excess of the borrowing limits set out under section 293(1)(d) of the Companies Act, 1956 in view of the further improvements envisaged in plant process and the growth in operations.

The Board recommends passing of the resolution at Item No.12.

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

In respect of Item No. 13

As per the provisions of the Section 293(1)(e) of the Companies act, 1956 the Board of Directors of the

Company cannot contribute except with the consent of the members in the General Meeting in any Financial Year to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, in excess of the limits prescribed under the said Section 293(1)(e) of the Act which is Rs.50,000 or 5% of the average net profits as determined in accordance with the provisions of section 349 & 350 of the Act, whichever is greater.

Since the Company may be required to contribute to such charitable and other funds during any Financial Year in excess of the above-mentioned limits, it is considered necessary to obtain consent of the members for such contribution on behalf of the Company up to a sum of Rs.25,00,000 (Rupees Twenty five lacs only) over and above the limits prescribed under section 293(1) (e) of the Companies Act, 1956.

The Board recommends passing of the resolution at Item No. 13.

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

In respect of Item No. 14

The Company for its working capital purposes was sanctioned financial assistance in form of Short Term Loans by State Bank of India - Rs. 20 crores; UTI Bank Ltd. - Rs.5 crores; and Credit Lyonnais - Rs. 5 crores.

The financial assistance from the above three Banks is required to be secured by way of second pari-passu mortgage/charge on the immovable and/or moveable properties of the Company, both present and future, to be created in favour of these Banks/IDBI on behalf of these Banks.

Since creation of such security with power to take over the management of the business and the concern of the Company in certain events may be considered as disposal of the whole or substantially the whole of the Company's undertaking/s in terms of Section 293(1)(a) of the Companies Act, 1956, consent of the shareholders is being sought.

The Board of Directors recommends passing of the resolution at item No. 14.

Copies of the Letter of Sanctions, Loan Agreements and other documents executed with the respective Banks in respect of the said Loans are open for inspection by the members during business hours on any working day, at the registered office of the Company, upto the date of the meeting.

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

By Order of the Board of Directors

Place: Mumbai
Date: 19th August, 1998

Harshvardhan Neotia
Managing Director

DIRECTORS' REPORT

To the Members,

The Directors have pleasure in presenting the Sixteenth Annual Report together with the Audited Statement of Accounts of the Company for the period ended 30th June 1998.

FINANCIAL RESULTS

Company's Corporate Financial Year has been changed from April-March to July-June. The operating results as under are, therefore, for 15 month period from 1st April 1997 to 30th June 1998:-

	Current Year (15 Months) (Rs.in lacs)	Previous Year (12 Months) (Rs.in lacs)
Sales	12004.56	18467.94
Operating Loss before interest and depreciation	3768.12	2014.83
Interest and Finance charges	1010.77	5866.62
Gross Loss	4778.89	7881.45
Depreciation	1674.40	1315.66
Loss before Taxation	6453.29	9197.11
Provision for Wealth-tax	1.01	0.71
Net Loss after Taxation	6454.30	9197.82
Add/(Less):		
Adjustments for previous year	—	2907.40
Investment Allowance Reserve written back	(2788.17)	2788.17
Extraordinary items:		
Waiver of interest pursuant to BIFR scheme	(18543.33)	—
Mineral Area Development Cess	—	541.04
Loss brought forward from previous year	32913.15	17478.72
Capital Reduction pursuant to BIFR scheme	(3435.14)	—
Loss carried forward	14600.81	32913.15

SANCTION OF REHABILITATION SCHEME

Gujarat Ambuja Cements Limited - Co-promoter

The year assumes significance for the Company. The scheme for Rehabilitation was sanctioned by the Board for Industrial and Financial Reconstruction (BIFR) in November 1997. Gujarat Ambuja Cements Limited was inducted as Co-promoter for revival of the Company. The Board of Directors was reconstituted and the new management assumed charge in December 1997. Shri Harshavardhan Neotia was appointed as Managing Director in place of Dr.D.K.Modi.

Pursuant to the BIFR Scheme, Gujarat Ambuja has subscribed for 16.6 crore equity shares of the face value of Rs.10 each at par aggregating to Rs.166 crores. Out of this, Rs.154.60 crores have been inducted till date by Gujarat Ambuja amounting to its shareholding in present share capital of the Company to over 93%. Accordingly, Gujarat Ambuja has become our holding company.

The name of the Company has been changed from Modi Cement Limited to its present name viz. Ambuja Cement Eastern Limited.

Gujarat Ambuja has extended its support on all the fronts viz. Technical, Financial, Management, Marketing etc. for the earliest revival of the Company.

RE-STARTING THE PLANT

When the new management took charge of the affairs of the Company, the plant was lying closed for more than three months on account of paucity of funds.

The team of engineers and the workmen as well as the staff of all the other disciplines worked round the clock in putting all the facilities and resources in place for restarting the plant. Within just two weeks, our team restarted the plant during last week of December 1997. Requisite support was extended by Gujarat Ambuja for restarting the plant.

Since then production has fairly stabilised. However, due to poor offtake of cement, the plant has not run at its full capacity so far.

CURRENT OPERATIONS & STRATEGY FOR QUICK REVIVAL

Cement market during the period under report has been extremely sluggish. Supply was far in excess of demand in all the Company's markets. Competition was intense and prices remained depressed for most of the period. In addition, plant was closed for nearly four months during the current year. As a result, the production as well as sales were low as under:

	Current Year (15 months)	Previous Year (12 months)
Production		
Cement (lac MT)	6.15	9.24
Clinker (lac MT)	6.03	8.86
Sales (Cement & Clinker) (Including exports)		
Quantity (lac MT)	5.95	9.64
Value (Rs.in crores)	120.04	184.68

A fresh look is being given to the marketing strategies duly backed up by an exhaustive advertising campaign. Dealers and Stockists network is being strengthened. The existing systems of transportation and distribution of cement are being made cost effective. This exercise is being done under the guidance of Gujarat Ambuja who are pioneer in transportation, distribution and marketing, in order to increase the market share, improve the realisation and reduce costs.

To achieve higher sales volumes as well as to improve realisation, Gujarat Ambuja has licensed its brand "Ambuja Cement" to the Company for sale of cement. The brand "Ambuja Cement" is registered under the Trade Marks and Copyrights Law in India. This brand is well-known for its quality and enjoys premium in all its home markets. We have launched our cement under the brand "Ambuja Cement" from February 1998. Response to its new brand is encouraging. The sales are picking up gradually since then. However, reaching the fair share in the market will take some time.

Simultaneously, our technical team in close co-ordination with Gujarat Ambuja, is busy identifying all the areas of the plant process where further improvements are feasible. These when implemented would result in higher operational efficiencies, higher productivity and saving in cost, the area of another major concern.

PRESENT CEMENT SCENARIO AND FUTURE PROSPECTS

The growth of demand for cement continued at 8.5% in the year 1997-98. However, the surplus scenario has continued with the total capacity of over 100 million tonnes as against the demand of 74 million tonnes. The result - intense competition is going to remain in the current year as well as in the near future. On the other hand, the costs of major inputs viz. power, coal, freight have increased substantially during the year adding its pressure on margins.

Government in its recent budget has given significant emphasis on the development of infrastructure and housing sector. The implementation of the Government policies on these areas will boost the cement demand in future. We foresee better opportunities ahead for the cement industry albeit with a highly competitive environment.