

MD	✓		BKC	✓
CS	✓		DFY	✓
RO	✓		DEV	✓
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
Y&E	✓	✓		

Annual Report

For the
year ended
March
1998

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KANORIA GROUP

Kanoria Industries Limited



KANORIA INDUSTRIES LIMITED

BOARD OF DIRECTORS

A. K. Kanoria

(Chairman & Managing Director)

E. B. Desai

M. S. Sanganeria

M. L. Daga

A. B. Datar

Sushil K. Jalan

Alok Chakrabarti

Dr. Ram Tarneja

(Alternate to Shri Alok Chakrabarti)

N. Ramachandran

Dr. N. A. Kalyani

STATUTORY AUDITORS

Messrs Haribhakti & Co.

Messrs Santhappa & Co.

COST AUDITORS

Messrs B.J.D. Nanabhoy & Co.

SOLICITORS

Kanga & Co.

Mulla & Mulla &

Craigie Blunt & Caroe

BANKERS

Syndicate Bank

Canara Bank

Dena Bank

REGISTRARS AND TRANSFER AGENTS

Bigshare Services Pvt. Ltd.

J/12, Ansa Industrial Estate,

Saki Vihar Road, Saki Naka,

Andheri (E), Mumbai - 400 072

Tel. No. : (022) 8523541/4914

Fax No. : (022) 8525207

REGISTERED OFFICE

Air India Building

14th Floor,

Nariman Point,

Mumbai - 400 021.

FACTORY

Bagalkot, Dist. Bijapur

Karnataka - 587 111.

ANNUAL REPORT 1997-98**48th Annual General Meeting**

Time	11.30 A. M.
Day	Monday 24th August, 1998
Venue	K. C. College Hall Dinshaw Wachha Road, Churchgate, Mumbai - 400 020.

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HIGHLIGHTS**(Rs. In Lacs)**

YEAR	1997-98	1996-97	1995-96	1994-95	1993-94
SALES	6854.67	5875.75	5275.81	5769.24	5284.37
OTHER INCOME	72.93	193.52	163.39	88.37	62.11
INCREASE/(DECREASE) IN STOCK OF SEMI-FINISHED AND FINISHED GOODS	325.27	226.42	255.74	(28.81)	(101.17)
RAW MATERIAL & FINISHED GOODS	361.20	321.61	264.97	284.03	237.31
MANUFACTURING & OTHER EXPENSES	6093.91	5075.95	4450.67	4523.31	4404.31
PROFIT BEFORE INTEREST & DEPRECIATION	797.76	898.13	979.30	1021.46	603.69
INTEREST	654.27	565.49	396.42	390.63	478.95
CASH PROFIT	143.49	332.64	582.88	630.83	124.74
DEPRECIATION	205.32	255.70	252.82	276.48	268.12
PROFIT BEFORE TAX	(61.83)	76.94	330.06	354.35	(143.38)
PROFIT AFTER TAX	(61.83)	76.94	330.06	354.35	(143.38)
EQUITY DIVIDEND INCLUDING TAX	-	47.60	64.91	64.91	--
GROSS FIXED ASSETS	14945.31	14347.86	13959.18	5059.36	4880.44
NET FIXED ASSETS	9919.11	10021.27	10448.78	1800.97	1894.80
INVESTMENTS	213.02	213.02	213.02	213.95	214.04
NET CURRENT ASSETS	2136.76	1838.52	1216.89	615.87	1184.78
MISCELLANEOUS EXPENSES TO BE WRITTEN OFF	144.69	136.32	103.92	133.56	151.85
SHARE CAPITAL	854.45	432.70	432.70	432.70	432.70
RESERVES & SURPLUS	7809.50	8497.27	9193.23	554.27	259.67
SHARE HOLDERS' FUNDS	8519.26	8793.65	9522.01	853.41	540.52
BORROWINGS-LONG TERM	1802.45	1315.19	1219.59	1339.65	1737.87
BORROWINGS-SHORT TERM	1947.18	1963.97	1137.09	437.73	1015.23
PROFIT BEFORE TAX AS % OF SALES	-	1.31	6.26	6.14	--
CASH EPS RS.	1.68	7.69	13.47	14.58	2.88
NET EPS RS.	-	1.78	7.62	8.19	--
DIVIDEND RS. PER EQUITY SHARE	-	1.00	1.50	1.50	--
BOOK VALUE RS. PER EQUITY SHARE	99.70	203.23	220.06	19.72	12.49
RETAINED EARNINGS	143.49	285.04	517.97	565.92	124.74

Note : Revaluation of Fixed Assets as on 31-3-1996 has resulted in increasing the book value thereof by Rs. 83.74 crores. This has had corresponding effect in increasing the amount of Gross fixed Assets, Net fixed Assets, Reserves and Surplus, Shareholders' Funds and Book Value of Equity Shares from the year 1995-96 in the above Chart.

KANORIA INDUSTRIES LIMITED**NOTICE**

Notice is hereby given that the FORTYEIGHTH ANNUAL GENERAL MEETING of the Shareholders of **KANORIA INDUSTRIES LIMITED** will be held at K.C. College Hall, Dinshaw Wachha Road, Churchgate, Mumbai 400 020 on Monday, the 24th August, 1998 at 11.30 A.M., to transact the following business:

AS ORDINARY BUSINESS

1. To consider and adopt the Directors' Report and the audited Balance Sheet and Profit & Loss Account for the year ended 31st March, 1998.
2. To appoint a Director in place of Shri M.S. Sanganerla who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri A.B. Datar who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri N. Ramachandran who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

By Order of the Board
For **KANORIA INDUSTRIES LIMITED**

Mumbai, 12th June, 1998.

M.L. DAGA
Director & Secretary

NOTES:

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- (b) The Register of Members and the Share Transfer Books in respect of the Equity Shares of the Company will remain closed from Wednesday, the 15th July, 1998 to Saturday, the 25th July, 1998. (both days inclusive).

- (c) Members are requested to intimate the change of address, if any, immediately to the Company's Registrars and Transfer Agents, M/s. Bigshare Services Pvt Ltd, J/12, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (E), Mumbai 400 072.
- (d) Members are hereby informed that the Company has transferred to the Central Government all unclaimed dividends declared upto and including the accounting year ended 31st March, 1990. Hence, to claim dividend upto the said period, the members are requested to make an application to the Registrar of Companies, Maharashtra, Hakoba Mills Compound, Dattaram Lad Marg, Mumbai 400 033, in the prescribed Form No.II under the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978. Unclaimed dividend for the year 1994-95 will be transferred to the General Revenue Account of the Central Government by 25th September, 1998. Members, who have not encashed their dividend warrants for the said period, may please write immediately to the Company's Registrars and Transfer Agents.
- (e) Those persons who have so far not encashed their dividend warrants for the year 1995-96 and 1996-97 may immediately write to the Company's Registrars & Transfer Agents along with their dividend warrants.
- (f) Members who are holding shares in identical order of names in more than one folio are requested to intimate the Registrars and Transfer Agents of the Company, the Ledger Folio of such accounts and send all the Share Certificates to the Registrars to enable them to consolidate their holdings under one folio.
- (g) Members are requested to intimate the Company under the signature of the Sole/First Joint holder the Account Number, Type of Account - Saving (SB) or Current (CA), Name and address of the Bank, in which they intend to deposit the Dividend Warrant, so that the same can be printed on Dividend Warrant, to avoid the incidence of fraudulent encashment of the instrument.

ANNUAL REPORT 1997-98

DIRECTORS' REPORT

To

The Shareholders

The Directors hereby present the 48th Annual Report and audited Accounts of the Company for the year ended 31st March, 1998.

FINANCIAL RESULTS

	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
After meeting all operating and administrative expenses, the working of the year shows a surplus of	797.76	898.13
Less:		
Interest	654.27	565.49
Depreciation	205.32	255.70
Net Profit/(Loss) of the Year	(61.83)	76.94
Add:		
Excess Income Tax Provision Written Back	—	0.35
Profit brought forward from the previous year	114.04	126.16
Amount available for appropriation	52.21	203.45
Appropriations		
Proposed Dividend on Equity Shares	—	43.27
Transfer to General Reserve	—	41.81
Tax on Proposed Dividend	—	4.33
Net Balance of Profit Carried to Balance Sheet	52.21	114.04

DIVIDEND

Due to lack of profits, your Directors regret their inability to recommend any dividend.

DEBENTURES

The funds raised by the Company through the issue of Debentures have been utilised for meeting long term working capital needs.

RIGHTS ISSUE

As reported in the previous year, your Company has made a Rights Issue of equity shares to augment its long term funds. Consequent to the Issue the subscribed Equity Share Capital of your Company has gone up to Rs.865.40 lacs from Rs.432.70 lacs.

PRODUCTION AND PERFORMANCE

The figures for the year under review and the comparative position in the previous year are as follows:

	1997-98	1996-97
Clinker production (MT)	349094	266330
Monthly average	29091	22194
Cement production (MT)	337140	279230
Monthly average	28095	23269
Capacity utilisation (%)	102.16	84.61
Turnover (Rs. in lacs)	6855	5876

Your Company achieved the landmark of producing over 100% of its capacity in the period under review. The high capacity utilisation has been achieved, as your Company is now having 100% captive power generation capacity and is insulated from the vagaries of erratic and unreliable Grid supply. During the year, the additional D.G.capacity of 5 MW was commissioned.

Despite higher production and turnover, Your company was unable to maintain its profitability mainly due to fall in cement prices. The average realisation on cement has come down by over Rs.100/- per tonne during the year. This coupled with rise in cost of inputs such as coal, diesel and power etc. totally eroded the profit margins.

FUTURE OUTLOOK

The demand for cement has been consistently growing over past decade and the year 1997-98 was no exception with a demand growth of about ten percent over last year. However, with additional capacity going on stream the situation of supply outstripping demand continued. The expected investment in infrastructure has not materialised and till such time that it happens the situation will continue to be difficult.

There is, however, a silver lining in the horizon in that the Government is seized of the problem and quicker liberalisation and addressing the causes of industrial slump are its avowed priorities. The prospects for current year are linked to the industrial revival and long awaited filip to infrastructural development.

MODERNISATION-CUM-EXPANSION

The process of acquisition of mining lease land is continuing and further steps on the expansion are proposed to be taken in due course.

SUBSIDIARY COMPANIES

The audited Accounts together with the Reports of the Directors and the Auditors of the Company's subsidiaries, namely, Kanoria Mercantile Limited and Sanatan Investment Company Limited, are attached.

SAFETY & ENVIRONMENT

The Company's policy of giving importance to safety, was continued during the year. In order to keep the environment neat, clean and free from pollution, your Company has provided adequate equipments in all the areas of the plant operations, for maintaining the prescribed standards.

HUMAN RESOURCES

Industrial relations during the year have been satisfactory. The Company continued its progressive policy of human resources development.

PARTICULARS OF EMPLOYEES

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956 are given in Annexure A, which forms part of this report.

DIRECTORS

The nomination of Shri S. Venkatramani, who was a Director on the Board of your Company since 23/11/92 was withdrawn by Industrial Development Bank of India on 22/04/98. The Board has placed on record its appreciation of the valuable services rendered by him during his tenure.

S/Shri M.S.Sanganeria, A.B.Datar and N.Ramchandran retire by rotation and, being eligible, offer themselves for reappointment.

COST AUDIT

Pursuant to the Directions of the Central Government under Section 233 B of the Companies Act, 1956, M/s. B.J.D. Nanabhoy & Co., Cost Accountants, Bombay, have been appointed to conduct the cost audit of the Cement Division of the Company for the year ending on 31.3.1999.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars of conservation of energy, technology absorption and foreign exchange earnings and outgo as required under Section 217(1)(e) of the Companies Act, 1956 are given in Annexure B, which forms part of this report.

AUDITORS' REPORT

The observations made by the Auditors in their Report do not require any comments as the same are either self explanatory or have been fully explained in the notes attached to the Accounts.

APPOINTMENT OF AUDITORS

You are requested to appoint Statutory Auditors for the current year and fix their remuneration. The retiring joint Auditors M/s. Haribhakti & Company and M/s. Santhappa & Company are eligible for reappointment.

APPRECIATION

The Directors wish to place on record their appreciation of the co-operation received from the various departments of the Central and State Governments, Bankers, Financial Institutions, dealers and suppliers of the Company.

The Directors also wish to thank all the employees for their sincerity, hardwork and efforts.

On behalf of the Board of Directors

Mumbai, 12th June, 1998.

A.K. KANORIA
Chairman

ANNUAL REPORT 1997-98**ANNEXURE 'A' TO THE REPORT OF THE DIRECTORS**

Information required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 1998

Sr. No.	Name	Age	Designation/ Nature of duties	Remune- ration Rs.	Qualifications	Expe- rience in years	Date of commen- cement of service	Last Employment
A)	Statement showing particulars of Employees employed throughout the year who are in receipt of remuneration which was in aggregate not less than Rs.3,00,000/- per annum.							
1.	Mr. Agarwal R.P.	59	Vice President (Finance)	510640	M.Com., LL.B., M.S.	35	01.08.90	Vitro Pharma Products Ltd General Manager
2.	Mr. Bansal A.	66	Advisor	328180	B.E.(Mech)HNC A1 & A2 (CA) & A2 (Civil) Glasgow	43	01.04.94	Kanoria Industries Ltd Executive Vice President
3.	Mr. Bubna R.K.	49	General Manager (Finance)	369505	B.Com., LL.B.	37	01.04.94	Kanoria Sugar & Gen. Indust. Ltd Finance Manager
4.	Mr. Daga M.L.	56	Director & Secretary	578790	B.Com., F.C.A.	31	01.07.73	Eastern Ind. Ser. & Marketing Ltd. Officer
5.	Mr. Jain Shriprakash	42	Vice President	391972	B.Com., CAIIB	24	29.09.95	Usha Martin Finance Corpn. Ltd Asst. Vice President
6.	Mr. Kanoria A.K.	43	Chairman & Managing Director	1039430	B.A.	25	01.01.82	The Shankar Agro Ind. Ltd Managing Director
7.	Mr. Rajagopalan G.R.	56	Vice President (Works)	330200	B.E.(Electrical)	35	30.12.96	HMP Cement Porbander General Manager
8.	Mr. Shenoy K.P.	51	Vice President (Projects)	373807	B.Sc. (Chemical Engg.)	29	12.05.96	Grasim Industries Ltd Sr. General Manager (Projects)
B)	Statement showing particulars of employees for a part of the Financial Year who are in receipt of remuneration for any part of the year at a rate which in aggregate was not less than Rs.25,000/- per month.							
1.	Mr. Bhandari M.K.	47	General Manager	480815	B.Com.D.C.W.A.	24	01.12.93	Shankar Industrial Gases Dy. General Manager
2.	Mr. Deshpande A.K.	36	General Manager (Production & QC)	262857	B.E. (Chemical)	14	21.04.97	Mangalam Cement Ltd Dy. General Manager (P&QC)
3.	Dr. Nerkar S.C.	44	General Manager (HRD)	107250	B.Com., M.B.A., LL.B., Ph.D.	20	01.08.95	Chemox Chemical Industries Ltd. General Manager (HRD)
4.	Mr. Kanti Anurag	39	General Manager (DG Power Project)	65167	B.E.(Marine Engg.)	18	20.05.96	Santel Electronics Devices Ltd Head of Projects & Plants.
5.	Mr. Reddy R.M.	40	Asst. Vice President (Marketing)	88351	B.Com (Hons) MBA	11	04.12.97	Priyadarshini Cements Ltd Chief Manager, Marketing
6.	Mr. Vijaykumar K.R.	48	Vice President (Power Project)	229125	B.E. (Electrical Power)	25	21.07.97	Canara Steels Ltd Vice President (Works)

Notes: 1. Remuneration includes perquisites which have been evaluated on the basis of Income Tax Rules.

2. Appointment of Shri A.K. Kanoria, Chairman & Managing Director is contractual. All other appointments are non-contractual and are governed by the rules and regulations of the Company.

3. The above employees are not relatives of any Director of the Company.

On behalf of the Board of Directors

A.K. KANORIA
Chairman

Mumbai, 12th June, 1998.

ANNEXURE "B" TO THE REPORT OF THE DIRECTORS**CONSERVATION OF ENERGY**

- a) The Company is making constant efforts for optimisation of output and increasing output rates in various sections of the plant. These efforts have resulted in improvement in output rates in some sections of the plant as also reduction in power consumption.
- b) Total energy consumption and energy consumption per unit of production as per FORM "A".

FORM A
(See Rule 2)

Form for disclosure of particulars with respect to conservation of energy

A. POWER AND FUEL CONSUMPTION**1. ELECTRICITY****a) Purchased**

Unit (lac KWH)	90.94	132.27
Total amount (Rs. lacs)	396.19	515.18
Rate/Unit (Rs.)	4.36	3.89

b) Own generation

i) Through diesel generator		
Units(lac KWH)	333.42	217.86
Units per ltr. of diesel oil	3.85	3.44
Cost/Unit (Rs.)	2.70	2.50

ii) Through steam turbine/generator

Units	-	-
Units per litre of fuel oil/gas	-	-
Cost/Unit	-	-

KANORIA INDUSTRIES LIMITED**2. COAL & LIGNITE**

(Grade C, D & E used in cement for calcination of raw meal)

Quantity (tonnes)	60414.71	66766.62
Total cost (Rs. lacs)	1350.61	1200.92
Average rate (Rs/MT)	2235.57	1798.68

3. FURNACE OIL

Quantity (K ltr)	-	-
Total amount	-	-
Average rate	-	-

4. OTHER/INTERNAL GENERATION

Quantity	-	-
Total cost	-	-
Rate/Unit	-	-

B. CONSUMPTION PER UNIT OF PRODUCTION (Units per MT)

Electricity	115.61	118.35
Furnace Oil	-	-
Coal & Lignite (per tonne of clinker)	17.31%*	25.07%

* Substantial reduction in coal consumption has been achieved with the use of imported coal during the year.

B. TECHNOLOGY ABSORPTION

FORM B
(See Rule 2)

Form for disclosure of particulars with respect to Absorption

RESEARCH AND DEVELOPMENT (R & D)

The Company does not have any separate Research & Development section. The National Council for Cement & Building Materials is carrying out Research & Development activities for the entire industry and the Company is Member of the same, deriving therefrom all benefits of their activities.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

No technology has been imported during the last five years reckoned from the beginning of the financial year.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(Rs. in lacs)

1. Total Foreign Exchange earned	Nil
2. Total Foreign Exchange used	12.57

On behalf of the Board of Directors

A.K. Kanoria
Chairman

Mumbai, 12th June, 1998

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956**SECTION 212(1)(e)**

1. The interest of Kanoria Industries Limited (KIL), in its subsidiaries at the end of their last financial year was as follows:

Name of subsidiary	Financial year ended on	Extent of interest of KIL
(a) Kanoria Mercantile Ltd	31st March, 1998	Wholly-owned subsidiary
(b) Sanatan Investment Company Limited	31st March, 1998	Wholly-owned subsidiary

2. The net aggregate amount, so far as it concerns the members of KIL and is not dealt with in KIL's account.

(a) Profit for the above noted financial years of the subsidiaries since they became subsidiaries of KIL	Rs.4.36 lacs
(b) Profit for the previous financial years of the subsidiaries since they became subsidiaries of KIL	Rs.4.64 lacs

3. The net aggregate amount of the profits of the subsidiaries, which is dealt with in the account of KIL

(a) For the above noted financial years of subsidiaries	NIL
(b) For the previous financial years of the subsidiaries since they became subsidiaries of KIL	NIL

A.K. KANORIA
Chairman & Managing Director

E.B. DESAI
Director

M.L. DAGA
Director & Secretary

Mumbai, 12th June, 1998.

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