

MD	<input checked="" type="checkbox"/>		BKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		DIV	<input checked="" type="checkbox"/>
IRA	<input checked="" type="checkbox"/>		AC	<input checked="" type="checkbox"/>
ACM	<input checked="" type="checkbox"/>		SHI	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>





Shri N.L. Hamirwasia receiving the Award as one of the top ten excise payers in 1996-97 from the Commissioner of Central Excise, Bangalore.



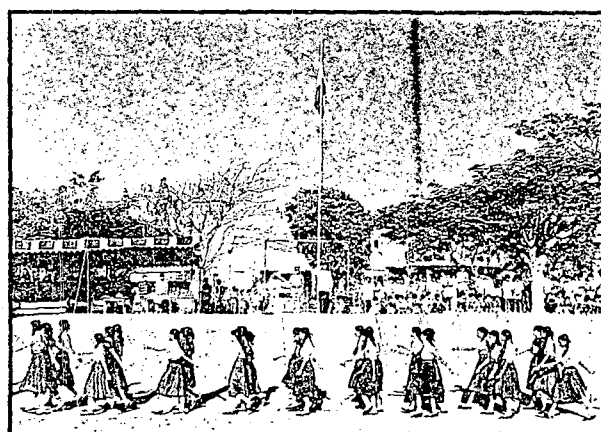
Shri S. Venugopalachari, Minister of State for Power giving the National Award for energy efficiency in Cement Industry for 1994-95 to Shri N.C. Panicker.



Inauguration of AP / Karnataka Cement Plants' Executives Meet by Shri N.L. Hamirwasia.



Employees taking oath on Safety Day.



March Past by school children on Republic Day.



MYSORE CEMENTS LTD.

THIRTYEIGHTH ANNUAL REPORT 1996-97

EXECUTIVES

N.L. HAMIRWASIA
MANAGING DIRECTOR

NIRBHAYA LODHA
DIRECTOR (FINANCE)

G.K. SUREKA
COMPANY SECRETARY & VICE PRESIDENT (LEGAL)

AMMASANDRA UNIT

N.C. PANICKER
EXECUTIVE VICE PRESIDENT

B.D. NANAIHAH
VICE PRESIDENT (MARKETING)

B.K. KUMAR
VICE PRESIDENT (FINANCE)

D.S. PUTTASIDDIAH
VICE PRESIDENT (MIS)

DAMOH UNIT

M.K. CHAUDHARY
PRESIDENT (DIAMOND CEMENTS)

P. SREENIVASAN
EXECUTIVE VICE PRESIDENT (WORKS)

B.M. GAGRANI
VICE PRESIDENT (FINANCE)

P.K. DAS
VICE PRESIDENT (MARKETING)

A.K. MATHUR
VICE PRESIDENT (WORKS)

JHANSI UNIT

V.P. KANORIA
GENERAL MANAGER

THERMAL POWER STATION

J.K. BHATNAGAR
GENERAL MANAGER (POWER PLANT)

REAL ESTATE DIVISION

H.G. GUPTA
EXECUTIVE VICE PRESIDENT

DIRECTORS

S.K. BIRLA, Chairman

P.L. AGARWAL

SIDHARTH BIRLA

D.P. DHANUKA

DR. V.K. GANGWAL

A. GHOSH

A.S. SHANKARE GOWDA

H.K. KEJRIWAL

DR. K.B. LALL

DR. A.C. MUTHIAH

R. PICHAI

S. RAGOTHAMAN

V. DWARAKNATH REDDY

K.J.M. SHETTY

N.L. HAMIRWASIA (Managing)

NIRBHAYA LODHA (Finance)

AUDITORS

LODHA & COMPANY

HARIHARAN & COMPANY

BANKERS

STATE BANK OF MYSORE

STATE BANK OF INDIA

THE FEDERAL BANK LTD.

REGISTERED OFFICE

GOLDEN ENCLAVE
TOWER B-1, 3RD FLOOR
AIRPORT ROAD,
BANGALORE - 560 017

PLANTS

AMMASANDRA (KARNATAKA)

DAMOH (MADHYA PRADESH)

JHANSI (UTTAR PRADESH)

REAL ESTATE DIVISION

GOLDEN ENCLAVE
TOWER B-1, 3RD FLOOR
AIRPORT ROAD,
BANGALORE - 560 017



MYSORE CEMENTS LTD.

NOTICE TO MEMBERS

NOTICE is hereby given that the 38th Annual General Meeting of Mysore Cements Limited will be held at 3.30 PM on Monday, the 29th September, 1997 at Woodlands Hotel, 5, Raja Rammohan Roy Road, Bangalore : 560 025, to transact the following business:

1. To consider and adopt the Profit and Loss Account for the year ended 31st March, 1997 and the Balance Sheet as at that date and the Reports of the Directors and Auditors of the Company.
2. To declare dividends.
3. To appoint Directors in place of Sarvashri S.Birla, R.Pichai, H.K.Kejriwal and Dr.V.K.Gangwal, who retire from office by rotation and being eligible, offer themselves for re-election.
4. To appoint Auditors and to fix their remuneration and for this purpose, to pass with or without modification, the following Resolution which will be proposed as a Special Resolution:

"RESOLVED that M/s. Lodha & Company and M/s.Hariharan & Company be and are hereby reappointed 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 determined by the Board plus reasonable out of pocket expenses that may be incurred by them."

SPECIAL BUSINESS:

To consider and if thought fit, to pass with or without modifications, the following Resolutions:

5. 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 the Board of Directors of the Company and/or a duly authorised committee thereof for the time being exercising the powers conferred by the Board of Directors (hereinafter for the sake of brevity referred to as the "Board") of all the immovable and movable properties of the Company wheresoever situate, present and future, and the whole of the undertaking 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 all or any of the following viz:-

- i. The Industrial Finance Corporation of India Ltd. (IFCI),
- ii. Industrial Development Bank of India (IDBI),

A. to secure :

- i. Rupee Term Loan not exceeding Rs.2250 lacs (Rupees two thousand two hundred and fifty lacs only) lent and advanced/agreed to be lent and advanced by IFCI to the Company under Equipment Finance Scheme, and
- ii. Rupee Term Loan not exceeding Rs.2500 lacs (Rupees two thousand five hundred lacs only) lent and advanced/agreed to be lent and advanced by IDBI to the Company under Asset Credit Scheme.

together with interest at the respective agreed rates, additional interest, liquidated damages, commitment charges, premium on prepayment or costs, charges, expenses and all other moneys payable by the Company to IFCI and IDBI in terms of their respective Loan Agreements/Hypothecation Agreements/Letters of Sanction/Memorandum of Terms and Conditions entered into/to be entered into by the Company, in respect of the said Term Loans and

- B. to the Board agreeing with all or any of the said IFCI and IDBI in terms of their respective Loan Agreements/Hypothecation Agreements/Letters of Sanction/Memorandum of Terms and Conditions to reserve a right to take over the management of the business and concern of the Company in certain events.

RESOLVED FURTHER that the mortgage/charge created/to be created and/or all agreements/documents executed/to be executed and all acts done in terms of the above by and with the authority of the Board be and are hereby approved and confirmed."

6. AS AN ORDINARY RESOLUTION:

"RESOLVED that pursuant to the provisions of Section 293(1)(a) and all other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors and/or a duly authorised Committee thereof for the time being exercising powers conferred by the Board of Directors (hereinafter for brevity's sake referred to as the "Board") for mortgaging and/or charging on such terms and conditions and at such time or times and in such form or manner as it may think fit, all or any of the existing Plant & Machinery of the Company wherever situated and the whole of the one or more of the undertaking(s) of the Company as the case may be together with the power to enter upon and take possession of the assets of the Company in certain events to or in favour of The Federal Bank Ltd. (hereinafter referred to as the "Bank") on providing a Rupee Term Loan of Rs. 1000 Lacs or such other amount as may be sanctioned and disbursed by the Bank to the Company to secure the said Rupee Term Loan together with interest thereon, commitment charges, liquidated damages, costs, charges, expenses and other monies, such security to rank second or subservient to the mortgages and/or charges already created or to be created in future by the Company in favour of the Trustees for Debentureholders and term lending Institutions or in such manner as may be agreed to and as may be thought expedient by the Board."

7. AS A SPECIAL RESOLUTION

"RESOLVED that in supersession of Resolution No.7 passed as a Special Resolution by the members of the Company at the Extraordinary General Meeting held on 7th February, 1995 and pursuant to the provisions of Section 17 and other applicable provisions, if any, of the Companies Act, 1956, the Memorandum of Association of the Company be and is hereby altered and extended as detailed below:

- A. The following sub-clauses be inserted immediately after the existing sub-clause 18 of Clause III of the Memorandum of Association of the Company:-



MYSORE CEMENTS LTD.

19. To carry on the business of generating, selling, transmitting, banking and wheeling, distributing, supplying either directly or through others, electricity for use in industries, domestic or any other purpose and also feed to the grids of Electricity Boards or other power grids using coal, lignite, gas, petroleum products or any other substance, wind energy, solar energy, wave energy, tidal energy, hydro energy, geo thermal energy, nuclear energy or any other form of energy.
 20. To provide all types of engineering facilities including construction, technical consultancy and architectural services related to the use, application, installation, erection, operation and maintenance of all kinds of power generation, transmission and distribution equipment and facilities and its related products.
 21. To carry on the business of processing, refining, converting, preparing, producing, manufacturing, formulating, synthesising, using, buying, trading, acquiring, storing, packing, selling, disposing, transporting, forwarding, distributing, importing, exporting and disposing of all kinds of petroleum and mineral and other oils, whether crude or refined, natural or synthetic, petroleum products, lubricating products, gases and other volatile substances.
 22. To own, establish, maintain, handle, create, provide, build mid-sea berthing facilities like jetties, mooring etc. and lay sub-seapiping or other methods of piping for loading/unloading liquid cargo of petroleum products, edible oils, synthetic oils and all other kinds of oils and chemicals and to build onshore tanks, to store liquid cargo; storage facilities for handling materials and to load/unload materials viz. petroleum products, edible oils, synthetic oils and all other kinds of oils, chemicals and other materials by transporting the same by road, rail, sea or through cross-country piping.
 23. To undertake the business of providing all types of telecommunication facilities and services including installation, maintenance and operation of private and public telecommunication networks, international and domestic telephone services, mobile interactive communication, satellite communication and links, broadcasting, television, radio network, multimedia communication, directory and database services, value added services, on line services, mobile telephone services, cellular telephone, radio and digital paging, electronic mail, data transmission, fax, telex, video text service, video and telephone conferencing services, networks, local area network services, wide area network services and all other means of communication.
 24. To carry on the business of processing, refining, converting, treating sea water, sewerage water, contaminated water, brackish water, mineral water and to sell, supply, distribute and deal in the products, by-products, derivatives, materials derived in the aforesaid process for domestic, industrial or any other use.
 25. To carry on business as manufacturers, processors, re-rollers, refiners, smelters, converters, producers, exporters, importers, traders, dealers, distributors, stockists, buyers, sellers, agents or merchants in all kinds and forms of steel and iron casting, pig iron, steel including mild, high carbon, spring, high speed, tool, alloy, stainless and special steel iron, metals and alloys, ingots, billets, bars, hoists, rods, squares, structurals, tubes, poles, all kinds of pipes including coated steel pipes, saw pipes and all types of metallic tubular structures, sheets, wires, rails, rolling materials, rollers, other materials made wholly or partly of iron, steel, alloys and metals required in or used for industrial, agricultural, transport, commercial, drilling, domestic building, power transmission and/or construction purposes.
 26. To establish, acquire, maintain and carry on the business of floriculture, horticulture, sericulture, verniculture, tissueculture, acquaculture, growers, cultivators, producers, planters, processors, blenders, manufacturers, refiners, extractors, packagers, buyers, sellers, exporters, importers, traders of and dealers in all types of agricultural produce and commodities including (but not limited to) tea, coffee, cinchona, rubber, citronella, cocoa, spices, cardamom, jute, cereals, oil seeds, cotton, sugarcane, oranges, citrus fruits and other fruits, flowers, leaves, plants, acquaplants, plankton, mushroom, fungi, vegetable, timber and its products and by-products. etc.
 27. To own rubber plantations for producing rubber latex and to carry on the business of drying, curing, maturing, compounding and colouring, activating, mixing, homogenisation, extrusion, manufacturing and packing as well as dealing in natural rubber latex, coagulated rubber, synthetic rubber, reclaimed rubber of all grades and kinds as well as to manufacture from all kinds of rubber, different rubber and elastic products like all kinds of rubber-thread, nets, belts, gloves, bandages for any purpose, textile fabric of all kinds, rubber chemicals and other materials generally required in such industry.
- B. The following new sub-clause 16 be substituted in the place of existing sub-clause 16 of Clause III of the Memorandum of Association of the Company:
- To carry on the business as promoters, builders, dealers, owners, investors, agents, managers, developers and brokers of real estate, infrastructural facilities and conveniences, land, estates, hereditament, layouts, townships, colonies, buildings, apartments, houses, flats, condominiums, condotels, hotels, motels, roads, highways, expressways, bridges, canals, waterways, dams, reservoirs, ports, docks, transshipment bays; residential, cultural, sports, recreational, tourist, marketing, commercial complexes and resorts, or any other structural or architectural work of any kind whatsoever; whether on land or on water, rural or urban, residential, agricultural, commercial or industrial, for which purpose to acquire or purchase, take on lease or in exchange, hire or by any other means obtain ownership of and/or options over any freehold or other property of any tenure, estate or interest or any rights, privileges or easements over or in respect of any facilities,

MYSORE CEMENTS LTD.

property, land or building; to improve, alter, furnish, construct, promote, develop, finance or subsidise the same and to equip the same or any part thereof with all or any amenities or conveniences, water, drainage, sanitation, electricity, air-conditioning, communication, telephone, television and computer networks and installations, and to deal with the same in any manner whatsoever; and to transfer, sell, lease, dispose of or maintain, operate, assist in sale of the same; or dispose of the same on instalment basis, hire purchase basis, deferred payment basis or in any other mode of disposition all or any part thereof."

8. AS A SPECIAL RESOLUTION

"RESOLVED that pursuant to the provisions of Section 149(2-A) of the Companies Act, 1956, approval be and is hereby accorded to the commencement by the Company either on its own or jointly or in association with other persons, the business of generation, transmission and distribution of electricity and engineering facilities in connection therewith, manufacture of steel and pig iron, and all types of pipes and business of real estate in terms of sub-clause 19, 20 and 25 proposed for inclusion in Clause III of the Memorandum of Association of the Company as well as in terms of new sub-clause 16 proposed in place of existing sub-clause 16 to be substituted in Clause III of the Memorandum of Association of the Company."

The Register of Members of the Company will remain closed from 16.9.1997 to 29.9.1997 (both days inclusive).

Registered Office:
Golden Enclave,
Tower B-1, 3rd Floor,
Airport Road,
Bangalore : 560 017

By Order of the Board

G.K.SUREKA
Secretary

30th June, 1997

NOTES:

1. The Registered Office of the Company has been shifted to 'Golden Enclave', Tower B-1, 3rd Floor, Airport Road, Bangalore : 560 017 and the members are requested to note the change.
2. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.
3. The instrument appointing a proxy has to be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
4. Preference and Equity Dividends as may be declared at the Annual General Meeting will be paid on or before 9.11.1997 to the members, whose names stand registered in the Register of Members on 29.9.1997.
5. The share transfer instruments, complete in all respects, should be sent to the Registered Office of the Company at 'Golden Enclave', Tower B-1, 3rd Floor, Airport Road, Bangalore : 560 017, well in advance, so as to reach the

Company prior to book closure. Shares under any defective transfer (unless defect is removed prior to book closure) and/or instruments of transfer received during the period of book closure, shall be considered after re-opening of the books.

6. Members are requested to intimate any change in their address to the Company immediately with the pin code of the Post Office.
7. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed dividends upto the Financial Year 1992-93 have been transferred to the General Revenue Account of the Central Government. The Company had individually informed the Shareholders concerned about the particulars of the unclaimed dividend transferred to the General Revenue Account. Shareholders who have not encashed the Dividend Warrants upto the said period are requested to claim the amount from the Registrar of Companies, Karnataka, Bangalore, by submitting an application in the prescribed form. The unclaimed dividends for the Financial Year 1993-94 will also be transferred to the said Account of the Central Government on 7.11.1997. Members, who have not yet claimed their Dividend for the said year, may claim it now before the same is transferred to the General Revenue Account of the Central Government.
8. Members attending the meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the meeting hall. Attendance at the Annual General Meeting will not be allowed without production of the attendance slip duly signed.
9. Members holding more than one Share Certificate in the same name under different Ledger Folios are requested to apply for consolidation of such folios and send the relevant Share Certificates to the Registered Office of the Company.
10. Persons attending the Annual General Meeting are requested to bring their copies of the Annual Report as the practice of distribution of copies of the Annual Report at the meeting has been discontinued.
11. For any further information regarding the aforesaid Accounts, advance intimation be given and the members should ensure that the same reaches the Registered Office of the Company at least 15 days before the date of the ensuing Annual General Meeting.
12. EXPLANATORY STATEMENT pursuant to Section 173 of the Companies Act, 1956 ("the Act") in respect of the Special Business stated above is appended below:

Item No.5: The Company has been sanctioned financial assistance for Capital Expenditure as under:

- IFCI** - Rupee Term Loan not exceeding Rs. 2250 lacs vide Letter of Intent No. C-III/2/96-64870 dtd. 30.9.96 read with their letter No. Blore/Che. 52/97-94 dtd. 7.1.1997 under Equipment Finance Scheme.
- IDBI** - Rupee Term Loan not exceeding Rs.2500 lacs vide Letter of Intent No. HO.PFD.01.P.18/7007 dtd. 26.11.96 read with their letter No. H.O. PFD.B-18 dtd. 26.5.1997 under Assets Credit Scheme.



MYSORE CEMENTS LTD.

The aforesaid financial assistance from the above referred Institutions have been secured by mortgage/hypothecation of the immovable and movable properties of the Company.

Section 293(1)(a) of the Act provides inter alia that the Board of Directors of a Public Company shall not without the consent of such Public Company in General Meeting, sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company, or where the Company owns more than one undertaking, of the whole or substantially the whole of any such undertaking.

Since the mortgage by the Company of its immovable and movable properties as aforesaid in favour of the above Financial Institutions may be regarded as disposal of the Company's properties/undertakings, it is necessary for the members to pass a resolution u/s 293(1)(a) of the Act.

The Director nominated by IDBI may be deemed to be interested in this resolution.

Item No.6: The Company has been sanctioned for Capital Expenditure a Rupee Term Loan not exceeding Rs.1000 lacs by The Federal Bank Ltd. (Bank) vide sanction letter no. BGRA/DF 282/114/97 dtd. 14.3.1997. The Rupee Term Loan is secured by an exclusive first charge on the plant and machinery purchased under the said loan and is also secured by extension of the existing mortgage and/or charges in favour of the said Bank on the existing plant and machinery of the Company (on second charge basis) as well as on current assets. Section 293(1)(a) of the Act provides inter-alia that the Board of Directors of a Public Company shall not without the consent of such Public Company in General Meeting, sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole of any such undertaking. Since the aforesaid charge by the Company in favour of the Bank may be regarded as disposal of the Company's properties/undertaking, it is necessary for the members to pass a resolution u/s 293(1)(a) of the Act.

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

Item No.7: The members at the Extraordinary General Meeting on 7.2.95 passed a Special Resolution providing for altering the Object Clause of the Memorandum of Association of the Company in terms of Section 17 of the Act. The aforesaid Section 17 of the Act as then existing provided for confirmation by the Company Law Board for the aforesaid amendment to be effective. As the various proposals for diversification were not taken up immediately and in view of the proposal to amend the provisions of Section 17 of the Act, the Company had not made the necessary application for confirmation of the amendments proposed in the Object Clause of the Memorandum of Association. The Companies (Amendment) Act, 1995 has since amended the aforesaid provisions and for amendment of the Object Clause of the Memorandum of Association to be effective, the confirmation of the Company Law Board is no longer necessary. As such, the Special Resolution at item No.7 has been proposed afresh. The Company would

like to avail of opportunities for diversification that may arise in fields such as infrastructure projects like jetties, highways, expressways, petroleum products, telecommunication, manufacture and dealing in chemicals, steel and steel products. In addition, the Company would also like to avail the opportunities that may arise for diversification into various aspects of real estate business for which existing sub-clause 16 of the Object Clause of the Memorandum of Association is proposed to be substituted as mentioned in the resolution. Accordingly, the Directors recommend the resolution for approval of the members.

None of the Directors is interested in the aforesaid resolution.

Item No.8: The Company proposes diversification into the business of power and steel as well as the real estate business as indicated in the substituted sub-clause 16 of the Object Clause of Memorandum of Association and for this purpose, the approval of the members is necessary u/s 149(2-A) of the Companies Act, 1956. After the amendment of the Act vide Companies (Amendment) Act, 1996, the amendment to the Object Clause of the Memorandum does not require confirmation by the Company Law Board. Consequently, the Board of Directors recommend the proposal for approval, subject to the approval of item no.7 by the members.

None of the Directors is interested in the aforesaid resolution.

INSPECTION OF DOCUMENTS

The following documents are open for inspection at the Registered Office of the Company between 11.00 AM to 1.00 PM on any working day prior to the date of the Annual General Meeting:

- a. The undernoted Letters of Intent/Letter of Sanction from the Institutions/Bank and the correspondence/agreements and other documents executed:

IFCI - Letter of Intent No.C-III/2/96-64870 dtd. 30.9.96 read with their letter no. Blore/Che.52/97-94 dtd. 7.1.1997 and Loan Agreement dtd. 8.1.1997 for Rupee Term Loan not exceeding Rs.2250 lacs under the Equipment Finance Scheme.

IDBI - Letter of Intent No. HO.PFD.01-B.18/7007 dtd. 26.11.96 read with their letter no. H.O. PFD.B-18 dtd. 26.5.1997 and Loan Agreement dtd. 16.6.1997 for Rupee Term Loan not exceeding Rs.2500 lacs under the Assets Credit Scheme.

Letter of Sanction No.BGRA/DF 282/114/97 dtd. 14.3.1997 of The Federal Bank Ltd. and Loan Agreement dtd. 31.3.1997 for Rupee Term Loan not exceeding Rs.1000 lacs.

- b. The Memorandum of Association of the Company.

Registered Office:
Golden Enclave,
Tower B-1, 3rd Floor,
Airport Road,
Bangalore : 560 017

30th June, 1997

By Order of the Board

G.K.SUREKA
Secretary



MYSORE CEMENTS LTD.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Gentlemen,

We have pleasure in presenting our 38th Annual Report together with the audited Accounts of the Company for the year ended 31.3.97.

REVIEW OF OPERATIONS

The year under review witnessed a general slow down in the country's economy, with the industrial sector registering a sharp decline in its growth and performance.

It was a particularly difficult year for the Cement Industry. Cement consumption, which had recorded a growth of nearly 11% in 1995-96 grew by only 8% during the year and this, coupled with creation of excess new capacity in the Industry during the last two years, resulted in a glut and consequently severe pressure on cement prices; this fact, along with the steep increases in cost of manufacture, substantially eroded the Industry's profitability. The Industry has also had to cope with deteriorating infrastructure support.

Cost of production of cement again rose during the year by over Rs. 175/- per tonne. The important contributory factors were the upward revision of administered prices of critical inputs like power, coal and railway freight and increases in road transportation charges and wages. Railway freight was hiked twice by over 23% and wages went up by 34% on account of revision in pay scales under the Wage Board Settlement. At the same time, cement is the only product where the retail prices have registered a fall resulting in dwindling margins and severe liquidity crunch for the Industry. During the major part of the year, particularly in the second half, extremely depressed market conditions prevailed in most of the Northern region, which is the principal market for our Damoh and Jhansi units, which together account for nearly 70% of our total capacity. The virtual standstill in developmental programmes and sluggishness in private construction activities had a dampening effect on the off-take of cement and prices crashed by about Rs. 15-20 per bag in some areas while, as stated earlier, manufacturing costs kept on increasing due to factors beyond the control of the Industry.

As a reflection of this situation, our own cement despatches actually fell from 1.83 mil. tonnes to 1.70 mil. tonnes and sales turnover for the year amounted to Rs 348 crs. as against Rs. 386 crs. in the previous year. Inevitably our working results were also affected. The operating profit (before Interest and Depreciation) came down to Rs. 21.18 crs. against Rs. 62.12 crs. Interest outgo at Rs. 19.12 crs. was up by Rs. 6.16 crs. and depreciation at Rs. 15.84 crs. was higher by Rs. 2.25 crs. Thus, the net loss for the year was Rs. 13.78 crs. as against the net profit of Rs. 35.57 crs. last year.

Our capacity utilisation at 81.79% compares favourably with the industry's average of 81.27%. Our share in the All India production of 69.98 mil. tonnes was 2.45%.

The Company has taken a number of steps to achieve all round economy and austerity measures have been introduced to minimise expenses. Recently, a technical study of the process parameters was conducted at Damoh by an external agency and action has been initiated on their preliminary report. A similar study was carried out by the National Council for Cement Building Materials (NCCBM) for Ammasandra and their recommendations are awaited.

While operations in all the plants of the Company were technically well-maintained, nevertheless working at Damoh and Jhansi was adversely affected on account of continuing shortages of power and coal and water-logging following the prolonged monsoon in 1996. The Hon' Supreme Court's interim order, banning all non-forest activities in designated forest areas, is affecting some operations at Ammasandra; we have already applied for exemption from this directive.

In regard to the chronic problem of power shortage and the quality of power supply, it does not seem likely that there will be much improvement in the position in the foreseeable future. This is an area which causes heavy avoidable losses. We have therefore taken a policy decision to create adequate captive capacity of power at all the three plants of the Company and eliminate our dependence on SEB supplies. Some mention of this was already made in our last year's report and we are hopeful that before the end of the current year we will be able to achieve our target in this respect. Apart from the obvious benefits to production efficiency, it is estimated that even our cost of generation will be more economical and the Company would thus gain on both fronts.

PROSPECTS

While the industry is facing a tough going presently, the prospects for the coming years are by no means bleak. India today is the 4th largest producer of cement in the world but with one of the lowest per capita consumption rates. In recent years, the Industry has taken a number of steps to modernise the plants with updated technologies and expand installed and production capacities. Some headway has also been made in exporting cement, particularly to the neighbouring SAARC countries. The scope for consumption growth, particularly in the infrastructure sectors such as road and housing, is enormous. There is also potential to progressively increase exports. Consistent with the expected growth in the overall economy in the coming years, the demand for cement is bound to go up significantly. The Industry can thus look forward to better days ahead. Your Company has, during the last few years carried out an expansion-cum-modernisation programme and follows a policy of continuous technological upgradation; with these inherent strengths it is well poised for sustained growth and improved working results in tune with the emerging prospects.

NEW PROJECTS

Due to the present economic conditions and liquidity position we have, for the time being, kept in abeyance further action on our planned projects. These will be reviewed in due course when the situation improves.

MYSORE CEMENTS LTD.

AWARDS

We are glad to report that :

- i The Jury appointed by NCCBM for National Awards for Energy Efficiency in Indian Cement Industry has selected our Ammasandra Unit for the Best Performance award for 1994-95.
- ii Our Limestone mines at Damoh was awarded the second prize for Environment and Ecology as well as for Reclamation and Rehabilitation at the regional level.
- iii It was also awarded the first prize for maintenance of machinery, besides prizes for Air Quality Management, Fire Safety Organisation and Management of Sub-grade Minerals.

To further bring down the emission and pollution levels at our plants, additional Electrostatic Precipitators, Dust collectors etc., are being installed. To improve the surroundings and the green cover, concerted efforts have been made at all the units to plant trees.

FINANCIAL HIGHLIGHTS

	Amount Rs.	Amount Rs.	Amount Rs.
Working for the year (after providing Rs. 8,83,13,944 towards leasing charges) resulted in a surplus of		2,06,27,210	
To which is added:			
- Profit b/f from the previous year		13,46,57,010	
- Investment Allowance Reserve no longer required		1,36,00,000	
- Debenture Redemption Reserve no longer required		3,90,000	
- Transfer from General Reserve		10,00,00,000	
			26,92,74,220
From this, provisions have been made for:			
- Depreciation		15,84,13,958	
- Prior Period Adjustment (Net)		20,83,943	
- Extraordinary items	5,18,04,854		
- Less: Transfer from Reserve for Contingencies	5,00,00,000		
			18,04,854

	Rs.	Rs.	Rs.
- Debenture Redemption Reserve		28,90,000	
			16,51,92,755
Leaving a balance of			10,40,81,465
The Directors now recommend payment of dividends, subject to approval of the Financial Institutions, on:			
- 20,00,000 Preference Shares @ 15.33%	3,06,60,000		
- 4,71,77,982 Equity Shares @ 10%	4,71,77,982		
		7,78,37,982	
On which Corporate Dividend Tax @ 10% would be absorbing		77,83,798	
			8,56,21,780
and leaving a balance of which is carried forward			1,84,59,685

Shareholders' Equity stood at Rs. 201.56 crs. on 31.3.97.

DIVIDEND

Notwithstanding the inadequacy of profit from current year's operations, it has been felt that we should not skip the equity dividend this time, breaking our consistent dividend paying record over the past several years. Therefore the Directors after careful consideration have recommended payment of a dividend of 10 % which, together with the tax payable by the company on the dividend pay out, would absorb a sum of Rs. 8.56 crs.

AUDITORS' REPORT

Points raised in the Auditors' Report are self explanatory and are covered in the Notes to the Accounts.

COST AUDIT

As directed by the Government, Cost Audit has been carried out during the year.

INDUSTRIAL RELATIONS

Industrial Relations continued to be cordial during the year and there was all round co-operation. The employees, at all levels, continued to put in their best in the service of the Company and we record our sincere appreciation for their dedication and loyalty.

STATUTORY STATEMENTS

Fixed Deposits received and outstanding as on 31.3.97 stood at Rs. 92.44 lacs. Deposits amounting to Rs. 3.51 lacs due for



MYSORE CEMENTS LTD.

repayment on or before 31.3.97 remained unclaimed by the Depositors at that date, of which Rs. 1.76 lacs have since been repaid/renewed. Reminders have been sent to the depositors, whose deposits are still outstanding.

The prescribed details as required under Sec. 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are set out in Annexure 'A' forming part of this Report. Particulars of employees as required under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are given in Annexure 'B' and also form part of this Report. Further, the prescribed details under Section 212 of the Companies Act, 1956 in respect of the Subsidiary Company - Birla Resource Leasing Ltd are furnished along with this Report.

DIRECTORS

Sarvashri S. Birla, R. Pichai, H.K.Kejriwal and Dr. V.K. Gangwal

retire from office by rotation and being eligible, offer themselves for re-election.

ACKNOWLEDGEMENT

We express our sincere thanks to the Financial Institutions and Banks for their consistent support and guidance.

We are grateful to the Shareholders, Depositors, Sales Representatives and Stockists of the Company for all their co-operation and goodwill.

For and on behalf of the Board

Calcutta,
30th June, 1997

S.K.BIRLA
Chairman

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