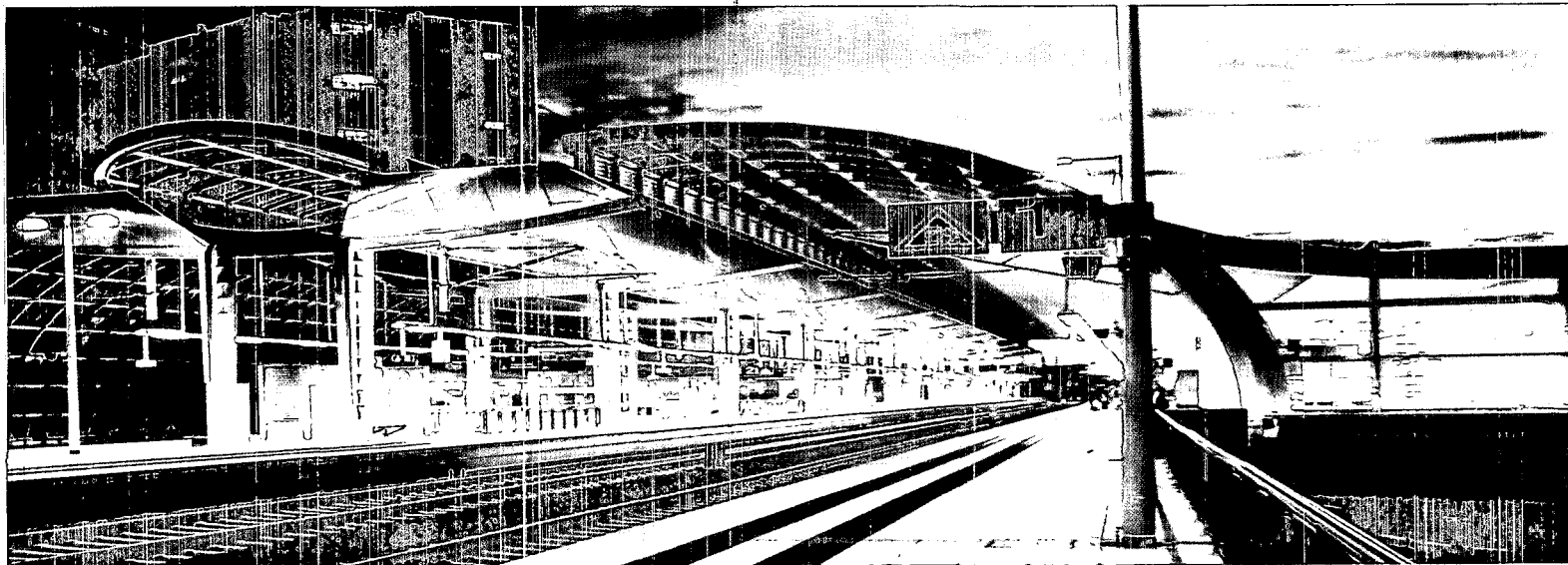


# ANNUAL REPORT - 2007

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**MYSORE CEMENTS LIMITED**  
**HEIDELBERGCEMENT** Group

## BOARD OF DIRECTORS

**Mr. P.G. Mankad**

*Chairman*

**Dr. Bernd Scheifele**

**Dr. Lorenz Nager**

**Dr. Albert Scheuer**

**Mr. Sidharth Birla**

**Mr. Amitabha Ghosh**

**Mr. Shardul Shroff**

**Mr. S. Krishna Kumar**

**Mr. Ashish Guha**

*Managing Director*

### CHIEF FINANCIAL OFFICER

Mr. Bradley Reginald Taylor

### HEAD LEGAL & COMPANY SECRETARY

Mr. T.V. Ganesan

### PLANTS

Ammasandra (Karnataka)

Damoh (Madhya Pradesh)

Jhansi (Uttar Pradesh)

### AUDITORS

M/s. S. R. Batliboi & Co.,

Chartered Accountants

### REGISTRARS & SHARE TRANSFER AGENTS

M/s. Alpha Systems Pvt. Ltd

30, Ramana Residency,

4<sup>th</sup> Cross, Sampige Road,

Malleswaram,

Bangalore – 560 003

### REGISTERED OFFICE

P.O. Ammasandra

District Tumkur

Karnataka – 572 211

### CORPORATE OFFICE

9<sup>th</sup> Floor, Tower 'C',

Infinity Towers

DLF Cyber City, Phase-II

Gurgaon, Haryana – 122 002

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## MYSORE CEMENTS LIMITED

Regd. Office : P.O. Ammasandra, District Tumkur, Karnataka – 572 211

### ATTENDANCE SLIP

PLEASE SIGN THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

I hereby record my presence at the 49th Annual General Meeting of the Company held on Tuesday, the 24<sup>th</sup> June, 2008 at 1.30 P.M. at Mysore Cements Employees Staff Club Auditorium, P.O. Ammasandra, District Tumkur, Karnataka – 572 211

Folio No.:

Name of the Member

DP-ID & Client-ID:

No. of Shares:

Signature of the  
Member or Proxy

Report Junction.com

## MYSORE CEMENTS LIMITED

Regd. Office : P.O. Ammasandra, District Tumkur, Karnataka – 572 211

### PROXY

Folio No.:

No. of Shares:

DP-ID & Client-ID:

I/We .....  
of.....being a Member/Members of MYSORE CEMENTS LIMITED, do hereby  
appoint.....of .....  
or failing him..... of ..... as my/our proxy in my/our  
absence to attend and vote for me/us and on my/our behalf at the 49th Annual General Meeting of the Company  
to be held on Tuesday, the 24<sup>th</sup> day of June, 2008 at 1.30 P.M.

Date : .....

Affix  
Revenue  
Stamp

**Note : The duly filled & signed Proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.**

# Mysore Cements Limited

Regd. Office: P.O. Ammasandra, District Tumkur, Karnataka-572211

## NOTICE TO MEMBERS

NOTICE is hereby given that the 49<sup>th</sup> Annual General Meeting of the Members of the Company will be held at 1.30 P.M. on Tuesday, the 24<sup>th</sup> June 2008 at Mysore Cements Employees Staff Club Auditorium, P.O. Ammasandra, District Tumkur, Karnataka – 572211, to transact the following business :

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts of the Company consisting of the Balance Sheet as at 31<sup>st</sup> December 2007 and the Profit and Loss Account for the financial year ended on that date including notes thereto together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Dr. Bernd Scheifele who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Dr. Lorenz Nager who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit to pass, with or without modification(s) the following as Ordinary Resolution:

"RESOLVED that M/s. S.R. Batliboi & Co., Chartered Accountants, be and are hereby appointed as Auditors of the Company to hold office from the conclusion of the 49<sup>th</sup> Annual General Meeting until the conclusion of the next Annual General Meeting on such remuneration as may be agreed upon between the Board of Directors and the Auditors, in addition to reimbursement of service tax and all out of pocket expenses in connection with Audit of the accounts of the Company."

### SPECIAL BUSINESS

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

"RESOLVED that Dr. Albert Scheuer, who was appointed by the Board of Directors, as an additional director of the Company with effect from 24<sup>th</sup> April, 2008 and who holds office upto the date of this Annual General Meeting of the Company under Section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director liable to retire by rotation."

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

"RESOLVED THAT the Board of Directors of the Company, be and is hereby authorized pursuant to Section 293(1)(e) of the Companies Act, 1956 to make contributions / donations from time to time, to any institute, society, trust, person, body or fund for any charitable or other purpose not directly relating to the business of the Company or the welfare of its employees, any amount the aggregate of which will, in any financial year, not exceed Rs. 50,00,000 (Rupees Fifty Lacs only) or up to 5% of the average net profits of the Company as determined in accordance with the provisions of sections 349 and 350 of the Companies Act, 1956 during the three financial years immediately preceding the financial year in which contribution / donation is to be made, whichever is greater."

BY ORDER OF THE BOARD

Date : 24<sup>th</sup> April 2008

#### Corporate Office :

9<sup>th</sup> Floor, Tower 'C', Infinity Towers,  
DLF Cyber City, Phase – II,  
Gurgaon - 122002, Haryana.

Sd/-

T.V. Ganesan  
Head Legal & Company Secretary

**NOTES :**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. 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.**
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act 1956 / Code for Corporate Governance is annexed.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 20<sup>th</sup> June 2008 to 24<sup>th</sup> June 2008 (both days inclusive).
4. The share transfer instruments, complete in all respects, should be sent to the Registrars & Share Transfer Agents, M/s. Alpha Systems Pvt. Ltd., 30 Ramana Residency, 4<sup>th</sup> Cross, Sampige Road, Malleswaram, Bangalore - 560003 well in advance so as to reach the Registrars & Share Transfer Agents prior to book closure.
5. The Equity Shares of the Company are in the list of securities for compulsory trading in dematerialised form and can be dematerialised by the Shareholders under ISIN: INE578A01017 with National Securities Depository Ltd. (NSDL) or Central Depository Services (India) Ltd. (CDSL) for which they may contact the Depository Participants of either of the above Depositories.
6. Members who continue to hold shares in physical form are requested to intimate any change in their address to the Registrars & Share Transfer Agents immediately with the postal pin code. Members holding shares in dematerialised form are required to get their change of address recorded with their Depository Participant.
7. (a) 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 shall not be allowed without production of the attendance slip duly signed.  
(b) They are also requested to bring their copies of the Annual Report. No additional copies of the Annual Report will be distributed at the Meeting.

**Explanatory Statement pursuant to Section 173(2) of the Companies Act 1956 / Code for Corporate Governance.****Item No. 2:**

Brief resume of Dr. Bernd Scheifele who is proposed to be re-appointed as Director is given below:

Dr. Bernd Scheifele, aged 49 years completed his Masters and Doctorate in Law from the Universities of Freiburg (Germany), Dijon (France) and Illinois (USA). Dr. Scheifele has over 21 years of experience as partner of a leading law firm and also that of being a corporate executive. From 6<sup>th</sup> May 2004 until 31<sup>st</sup> January 2005, he was the Chairman of the Supervisory Board of HeidelbergCement AG. Since 1<sup>st</sup> February 2005, he has been the Chairman of the Managing Board of HeidelbergCement AG, Germany.

Dr. Scheifele does not hold Directorship in any other Company in India. Dr. Scheifele does not hold any Equity Shares in the Company.

Except Dr. Scheifele, none of the other Directors may be deemed to be concerned or interested in the proposed Resolution. The Board of Directors recommends the re-appointment of Dr. Scheifele, by the shareholders.

**Item No. 3:**

Brief resume of Dr. Lorenz Nager who is proposed to be re-appointed as Director is given below:

Dr. Lorenz Nager, aged 47 years, holds a degree and doctorate in Business Administration from Regensburg and Mannheim (Germany) and Swansea (U.K.) besides qualification as Tax Advisor. Dr. Nager has over 21 years of experience as a corporate executive. Since 1<sup>st</sup> October 2004, he has been a Member of Managing Board at HeidelbergCement AG in charge of Finance, Group Accounting, Controlling, Taxes, Insurance & Corporate Risk Management, IT and Maxit group.

Dr. Nager does not hold Directorship in any other Company in India. Dr. Nager does not hold any Equity Shares in the Company.

Except Dr. Nager, none of the other Directors may be deemed to be concerned or interested in the proposed Resolution. The Board of Directors recommends the re-appointment of Dr. Nager, by the shareholders.

**Item.No.5:**

Dr. Albert Scheuer who was appointed as additional director on the Board with effect from 24<sup>th</sup> April, 2008 pursuant to the nomination received from Cementum 1 B.V. (HeidelbergCement Group), holds office upto the date of the present Annual General Meeting. Requisite notice under Section 257 of the Companies Act, 1956 has been received from a member of the Company signifying his intention to propose the name of Dr. Albert Scheuer for appointment as Director of the Company liable to retire by rotation.

Brief resume of Dr. Albert Scheuer is given below:-

Dr. Albert Scheuer, aged 50 years, completed Degree in Mechanical Engineering / Process Technology from the Technical University of Clausthal, Germany in the year 1982. He has also completed Doctorate in Mechanical Engineering in the year 1987.

Dr. Scheuer started his professional career with the Research Institute of the German Cement Industry in 1983. After joining HeidelbergCement group in 1992, he took on various positions at the Leimen Cement Plant and Heidelberg Technology Center. From 1998 to 2005, he was in charge of Technical support for European cement plants as Managing Director of Heidelberg Technology Center. Since 2005, he was responsible for HeidelbergCement's activities in China as Chief Operating Officer and in August, 2007, he was appointed as Member of the Managing Board and Executive Vice President of Lehigh Cement. He also took active part in the integration of the operations of Hanson, North America with the HeidelbergCement Group. Since 1<sup>st</sup> April, 2008, he is in charge of Asia-Oceania Region of HeidelbergCement Group and worldwide coordination of the activities Heidelberg Technology Center.

Dr. Scheuer is on the Board of Directors of Cochin Cements Limited and HeidelbergCement India Pvt. Limited.

Dr. Scheuer does not hold any Equity Shares in the Company.

Except Dr. Scheuer none of the other Directors may be deemed to be concerned or interested in the proposed Resolution. The Board of Directors recommends the appointment of Dr. Scheuer, by the shareholders.

**Item.No.6:**

In order to meet the social responsibilities of the Company like provision of basic amenities and infrastructure facilities viz., health care, education, water facility, development of roads, etc. that are required for improving the living conditions of the people residing in the areas adjoining the Company's factories and mines, it is proposed to contribute by way of donations to the trusts, societies and institutions that are operating in these areas.

As per the provisions of Section 293(1)(e) of the Companies Act, 1956 the Board of Directors of a Company can contribute to charitable and other trusts not directly relating to the business of the Company or the welfare of its employees, any amount the aggregate of which in any financial year will not exceed Rs. 50,000 or 5% of the average net profits of the Company during the immediately preceding three financial years, whichever is greater.

The approval of the shareholders of the Company is required for making the contributions exceeding the aforesaid limits. The members of the Company at the 48<sup>th</sup> Annual General Meeting held on 14<sup>th</sup> June 2007 had approved giving contributions / donations for the aforesaid purposes up to 5% of the average net profits of the Company during the immediately preceding 3 financial years or Rs. 15 lacs, whichever is greater.

In view of the increased requirement of funds for the development of the areas surrounding the Company's factories / mines it is desired that the aforesaid limit be enhanced from Rs. 15 lacs to Rs. 50 lacs. Accordingly, the Resolution is recommended for approval of the shareholders.

None of the Directors may be deemed to be concerned or interested in the proposed Resolution.

BY ORDER OF THE BOARD

Date : 24<sup>th</sup> April, 2008

**Corporate Office :**

9th Floor, Tower 'C', Infinity Towers,  
DLF Cyber City, Phase – II,  
Gurgaon - 122002, Haryana

Sd/-  
T.V. Ganesan  
Head Legal & Company Secretary

# Directors' Report

## TO THE MEMBERS

Your Directors are pleased to present their 49<sup>th</sup> Annual Report together with the audited statement of accounts for the financial year ended 31<sup>st</sup> December, 2007 (twelve months).

Your Company completed a successful year of operations in 2007. This is the first full year of operations after HeidelbergCement Group of Germany acquired controlling stake of 54.89% in the Equity Capital of the Company. HeidelbergCement Group is a global market leader in aggregates and a prominent player in the fields of cement, concrete and other allied activities, making it one of the world's largest manufacturers of building materials.

## CEMENT INDUSTRY

The Indian cement industry has a capacity of around 173.08 million tonnes per annum at the end of December 2007 as reported by the Cement Manufacturers Association (CMA). Against this, the cement production was 163.90 million tonnes during the period January to December 2007 exhibiting a growth of 7.12%. The cement despatches during this period were 159.20 million tonnes, showing a growth of 9%.

## OPERATIONS

The cement sales of the Company were 2.12 million tonnes during the financial year ended 31<sup>st</sup> December, 2007 against 1.58 million tonnes achieved during the financial year ended 31<sup>st</sup> December, 2006 (nine months).

Production and Sales figures of the Company are as under:

	Financial year ended 31 <sup>st</sup> December, 2007 (twelve months)	Financial year ended 31 <sup>st</sup> December, 2006 (nine months)
Production (in tonnes)		
- Clinker	15,44,365	11,40,853
- Cement	21,26,835	15,87,920
Sales (in tonnes)		
- Clinker	76,957	33,197
- Cement	21,24,465	15,77,545

Your Company launched a new brand name "Mycem" for selling its cement, which has been very well accepted by the market.

The Company is also focusing its efforts to reduce costs in all spheres of activities.

The Company has stepped-up the quality of cement produced at all the plants. This has been achieved through careful blending of raw materials as well as by some change in the manufacturing process. This will go a long way in improving customer's perception and establishment of a very strong brand over a period of time.

## FINANCIAL RESULTS

The Company achieved gross sales of Rs. 71,112.52 lacs during the financial year ended 31<sup>st</sup> December 2007, against Rs. 47,818.80 lacs during the financial year ended 31<sup>st</sup> December 2006 (nine months), thereby, registering annualized growth of 11.5 %. The net profit of the Company during the financial year ended 31<sup>st</sup> December 2007 was Rs. 9,765.28 lacs as compared to the net loss of Rs. 986.15 lacs during the financial year ended 31<sup>st</sup> December 2006 (nine months).

During the year under review, the Company has achieved best-ever results due to rationalization of operations, higher sales volume and increase in net sales realization.

The summarized financial results of the Company are given below :

	Financial year ended 31 <sup>st</sup> December, 2007 (twelve months)	Financial year ended 31 <sup>st</sup> December, 2006* (nine months)	(Rs. in lacs)
Working for the year resulted in an operational surplus of	11,579.09		6,375.05.
From which are subtracted :			
- Finance Charges	(304.42)	(1,676.09)	
- Depreciation / Amortization	(1,444.48)	(1,220.77)	
	(1,748.90)		(2,896.86)
Resulting in a profit/(loss) for the year of	9,830.19		3,478.19
To/From which are added / subtracted :			
- Prior Period Adjustment (Net)		(46.50)	
- Deferred Tax Charge		(3,614.89)	
- Income Tax (Prior years)	(0.54)		
- Fringe Benefit Tax	(64.37)	(36.76)	(3,698.15)
<b>Net Profit / (Loss) from continuing business (I)</b>	<b>9,765.28</b>		(219.96)
Profit / (Loss) from discontinued business (II)	—		(766.19)
Net Profit / (Loss) ( I + II )	9,765.28		(986.15)
Less : Effect of adoption of AS-15 (Revised) for:			
-Gratuity	—	(960.95)	
-Leave Encashment	—	(212.99)	(1,173.94)
Add : Debenture Redemption Reserve no longer required	350.00		—
	10,115.28		(2,160.09)
To which is added loss b/f from the previous year	(37,098.37)		(34,938.28)
Profit / (Loss) carried to Balance Sheet	(26,983.09)		(37,098.37)

\* Previous year figures have been regrouped wherever necessary.

In view of the carry forward accumulated losses, your Directors are unable to recommend any Dividend to the shareholders for the financial year ended 31<sup>st</sup> December, 2007.

#### EXPANSION

The Company is contemplating expansion of cement manufacturing capacity at its existing plants at Ammasandra (Karnataka), Damoh (M.P.) and Jhansi (U.P) from the existing total capacity of 2.2 million tonnes per annum to 5.9 million tonnes per annum. Since the aforesaid expansion project has to be approved by various Regulatory Authorities, as a first step, the Company has submitted its application to the Ministry of Environment and Forest, Government of India, New Delhi. After receiving all the requisite approvals, the Company will commence work relating to the projects.

#### DIRECTORS

Dr. Bernd Scheifele and Dr. Lorenz Nager will retire by rotation at the forthcoming Annual General Meeting (AGM) of the Company. The retiring Directors being eligible have offered themselves for re-election at the said AGM. The Board recommends the re-appointment of the aforesaid Directors.

Cementum I B.V. has withdrawn the nomination of Mr. Daniel Gauthier and has appointed Dr. Albert Scheuer as its new nominee on the Board of Directors of the Company w.e.f. 24<sup>th</sup> April, 2008. Consequently, Mr. Daniel Gauthier has also ceased to be the Chairman of the Board. The Board wishes to place on record a note of appreciation for the services rendered by Mr. Gauthier during his tenure as Director as well as Chairman of the Board.

Dr. Albert Scheuer who was appointed as Additional Director on 24<sup>th</sup> April, 2008 holds office upto the ensuing AGM of the Company. The Company has received a notice under Section 257 of the Companies Act, 1956 from a shareholder proposing the name of Dr. Scheuer for appointment as Director of the Company liable to retire by rotation at the ensuing AGM. The Board recommends the appointment of Dr. Albert Scheuer.

#### **AUDITORS**

M/s. S.R. Batliboi & Co., Chartered Accountants who were appointed as Statutory Auditors at the last Annual General Meeting held on 14<sup>th</sup> June, 2007 hold office up to the ensuing AGM. The said Auditors have confirmed that their re-appointment, if made, shall be within the limit under Section 224(1B) of the Companies Act, 1956. The Auditors' observations in their Report and the relevant notes to the accounts are self-explanatory.

#### **HUMAN RESOURCES**

In order to optimize the utilisation of Company's human resources, a Voluntary Retirement Scheme (VRS) was launched at all the Company's plants, which was opted by 455 employees during the year under review.

Industrial relations remained cordial during the year under review and there was all round cooperation. Employees continue to put in their best efforts for the progress of the Company and your Directors wish to place on record their appreciation for the dedication and commitment of the employees at all levels.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

As per Section 217(2AA) of the Companies Act, 1956, the Directors indicate that they have taken reasonable and bonafide care (a) that in the preparation of the accounts for the financial year ended 31<sup>st</sup> December 2007, the applicable accounting standards have been followed and proper explanations relating to material departures, if any, have been furnished; (b) that such accounting policies were selected and applied consistently and judgements and estimates that are reasonable and prudent made so as to give a true and fair view of the state of affairs of the Company for the year; (c) that proper and sufficient care had been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the Company's assets and for preventing and detecting frauds and other irregularities; and (d) that these Accounts have been prepared on a going concern basis.

#### **PARTICULARS OF EMPLOYEES**

Particulars of employees as required under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended are given in the enclosed statement forming part of this Report as Annexure 'A'.

#### **ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, forming part of this Report are annexed as Annexure 'B'.

#### **MD/CFO CERTIFICATION**

As per the requirements of Clause 49 of the listing agreement on Code of Corporate Governance, the certification made by Mr. Ashish Guha, Managing Director and Mr. Bradley Reginald Taylor, Chief Financial Officer in the prescribed format, in respect of the financial statements and the cash flow statement for the financial year ended 31<sup>st</sup> December, 2007 is annexed as Annexure 'C'.

#### **CORPORATE GOVERNANCE REPORT**

Corporate Governance Report for the financial year ended 31<sup>st</sup> December, 2007 as required by clause 49 of the listing agreement together with the certificate of Mr. Nityanand Singh, Practising Company Secretary in this regard is annexed herewith. Management's Discussion and Analysis forms part of this Report and is annexed herewith.

## ACKNOWLEDGEMENTS

Your Directors convey their grateful thanks to the Government Authorities, Shareholders, Distributors, Dealers, Banks and valued customers for their continued assistance, cooperation and support.

For and on behalf of the Board

Place : Gurgaon  
Date : 24<sup>th</sup> April, 2008

Sd/-  
P.G. Mankad  
*Chairman*

