



MAIDHUSUDAN *INDUSTRIES LIMITED*

**ANNUAL REPORT
1999-2000**

Report  junction.com



MadhuraM[®]
Vanaspati and Edible Oils

**Board of Directors**

Shri Vikram Somany	(Chairman)
Shri Shashi Kumar Somany	
Shri Chandrakant C. Dalal	
Shri Sushil Kumar Bagla	
Shri Sushil A. Dalal	
Shri Sharad Somany	
Shri D. P. Goyal	(Resident Director)
Shri G. K. Loya	(Executive Director)
Dr. V. P. Shah	(Nominee of ICICI)

Bankers

Bank of Baroda
ICICI Bank Ltd.

Auditors

M/s. H. V. Vasa & Co.,
Chartered Accountants,
B-2, "Usha Kiran", Opp. Khanpur Gate,
Ahmedabad - 380 001.

Cost Auditors

M/s. Tholiya & Associates, Cost Accountants,
Room No. 76, 1st Floor, Bombay Mutual Bldg.,
Sir Phirozshah Mehta Road, Mumbai - 400 001.

Registered office

Rakhial Station, Taluka Dehgam,
Dist. Gandhinagar - 382 315, Gujarat, India.

Works

- 1) Rakhial Station, Tal. Dehgam, Dist. Gandhinagar - 382 315, Gujarat.
- 2) 9, GIDC Industrial Estate, Kadi, Dist. Mehsana - 382 715, Gujarat.
- 3) Special Plot No. 149, RIICO Industrial Area, Nimbahera, Dist. Chittorgarh, Rajasthan.
- 4) Patelka, Tal. Kalyanpur, Dist. Jamnagar, Gujarat.
- 5) Lamba, Tal. Kalyanpur, Dist. Jamnagar, Gujarat.

Corporate Office

"Madhusudan House", Opp. Navrangpura Telephone Exchange, Ahmedabad - 380 006.

Contents	Page No.
Notice	1
Directors' Report	5
Auditors' Report	9
Balance Sheet	10
Profit & Loss Account	11
Schedules 1 to 18	12
Cash flow statement	22
General Business Profile	23
Annual Report - Cera Leasing Finance & Industries Limited	24

Annual General Meeting at 11.30 a.m. on Wednesday,
the 27th day of September, 2000 at the Registered Office.



Notice

NOTICE is hereby given that the Annual General Meeting of the Members of **MADHUSUDAN INDUSTRIES LIMITED** will be held at 11.30 a.m. on Wednesday, the 27th day of September, 2000 at the Registered Office of the Company at Rakhial Station, Taluka Dehgam, Dist. Gandhinagar to transact the following business :

ORDINARY BUSINESS

1. To consider and adopt Audited Profit and Loss Account for the year ended 31st March, 2000, Balance Sheet as at that date and the Directors' and Auditors' Reports thereon.
2. To declare dividend on Equity Shares.
3. To appoint a director in place of Shri Vikram Somany, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Shri Shashi Kumar Somany, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

6. Creation of Mortgage/Charge

To consider and, if thought fit, to pass with or without modification 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 :

- a) to the mortgaging and/or charging by the directors of the Company all or any of the immovable and movable properties and assets wheresoever situate, both present and future, of Sanitaryware unit of the Company at Kadi, Dist. Mehsana on such terms and at such time and in such form or manner as the directors may think fit, together with power to takeover the management of the business and concerns of the Company in certain events to or in favour of the following institution :

Bank of Baroda (BOB) for Rupee Loan of Rs.600 lacs,

to secure the repayment by the Company of the loan and / or any other loans provided or to be provided by the lenders together with interest at the respective rates, additional interest, liquidated damages, commitment charges, premium on pre-payment or on redemption, costs, charges, expenses and all other moneys payable by the Company to the lenders in terms of Loan Agreements / Heads of Agreement entered into and / or to be entered into by the Company in respect of said loan, and other loans as may be granted by the lenders to the Company within its borrowing powers;

- b) to the directors of the Company finalising all documents, agreements, or other writings in connection with the above financial assistance and accepting any alteration/ changes/ variations to or in the terms and conditions notwithstanding that the said documents/ agreements/ writings may contain a provision empowering the lenders to take over the management of the business and undertaking or concern or undertakings and/or concerns of the Company in certain

events and to take all such further steps as may, in the opinion of the directors, be appropriate for the purpose of giving effect to this resolution.

7. Re-appointment of Shri Dharam Prakash Goyal as Resident Director

To consider and, if thought fit, to pass with or without modification the following resolution as an ordinary resolution.

RESOLVED THAT approval of the members be and is hereby accorded in terms of Sections 198, 268, 269, 309, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 for the re-appointment of and for the remuneration payable to Shri Dharam Prakash Goyal as Resident Director and designated as President-cum-Resident Director for Edible Oil and Wind Turbine Divisions of the Company for a period from 01-07-2000 to 30-06-2003 in terms of agreement entered into by the Board of Directors of the Company with Shri Dharam Prakash Goyal.

RESOLVED FURTHER THAT Resident Director is not liable to retire by rotation till he enjoys the position of Resident Director.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to alter and vary the terms and conditions of the said appointment and /or agreement in such a manner in terms of Sections 198, 268, 269, 309, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 being in force as may be agreed between the Board of Directors and Resident Director.

RESOLVED FURTHER THAT the Resident Director, is also entitled to the benefits as per the rules of the Company, which the other employees of the Company are entitled to.

RESOLVED FURTHER THAT Shri Dharam Prakash Goyal, Resident Director re-appointed herein above be and is hereby continued as an "Occupier" as defined under section 2 of the Factories Act for the Edible Oil and Wind Turbine Divisions of the Company.

8. Appointment of Shri G.K. Loya as Director

To consider and, if thought fit, to pass with or without modification the following resolution as an ordinary resolution.

RESOLVED THAT Shri G.K. Loya appointed as additional director of the Company by the Board of Directors and who ceases to hold office at this meeting u/s.260 of the Companies Act, 1956 and in respect of whom the Company has received notice in writing u/s. 257 of the Companies Act, 1956, proposing his candidature for the office of the director be and is hereby appointed as director of the Company.

9. Appointment of Shri G.K. Loya as Executive Director

To consider and, if thought fit, to pass with or without modification the following resolution as an ordinary resolution.

RESOLVED THAT approval of the members be and is hereby accorded in terms of Sections 198, 268, 269, 309, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 for the appointment of and for the remuneration payable to Shri G.K. Loya as Executive Director for Ceramic Division of the Company for a period from 01-07-2000 to 30-06-2003 in terms of agreement entered into by the Board of Directors of the Company with Shri G.K. Loya.

Annual Report 1999-2000

RESOLVED FURTHER THAT Executive Director is not liable to retire by rotation till he enjoys the position of Executive Director.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to alter and vary the terms and conditions of the said appointment and /or agreement in such a manner in terms of Sections 198, 268, 269, 309, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 being in force as may be agreed between the Board of Directors and Executive Director.

RESOLVED FURTHER THAT the Executive Director, is also entitled to the benefits as per the rules of the Company, which the other employees of the Company are entitled to.

RESOLVED FURTHER THAT Shri G.K. Loya, Executive Director appointed herein above be and is hereby appointed as an "Occupier" as defined under section 2 of the Factories Act for the Ceramic Division of the Company.

4th July, 2000

Regd. Office :

Rakhial Station, Tal. Dehgam,
Dist. Gandhinagar - 382 315,
Gujarat.

By Order of the Board of Directors
Narendra N. Patel
Company Secretary

Notes

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Members are requested to notify immediately the change of address, if any, to the Company.
3. The Register of Members and Share transfer book of the Company will remain closed from 16-09-2000 to 27-09-2000 (both days inclusive) for the purpose of ascertaining the right of members to receive dividend for the year ended 31st March, 2000. Members whose names will appear on the register of members as on 16-09-2000 will be entitled to dividend for the year ended 31st March, 2000.
4. The Board of Directors has recommended 10% dividend on fully paid Equity Shares of Rs. 10/- each for the year ended 31st March, 2000.
5. Members / Proxies should bring the attendance slip sent herewith duly filled in for attending the meeting.
6. Members are requested to send their queries atleast ten days before the date of the meeting so that the information can be made available at the meeting.
7. As per the provisions of Section 205 of the Companies Act, 1956 the dividend can be paid to the bankers of the Shareholder or any other authorised person. The Shareholders who want to make the Payment of dividend to any other person or banker may send the authority to the Company on or before 01-09-2000 with details of number of shares held, amount of dividend, L.F. No. and name of the person/ bank to whom the payment is to be made.
8. Unpaid dividend upto the year 1993-94 has been transferred to the General Revenue Account of the Central Government. Any member who has to prefer a claim of dividend for any of the years including and prior to the year 1993-94 may approach the Company for relevant formats etc. for such claim.

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.**Item No.6**

The Company has undertaken modernisation-cum-balancing equipment programme and set-up Captive Power plant at Sanitaryware unit of the Company at Kadi, Dist. Mehsana, Gujarat. The Company required additional fund for the said programme, hence borrowed moneys by way of Financial Assistance of Rs.600 lacs from BANK OF BARODA (BOB), Ahmedabad. The Company is required to create security by creating mortgage on the immovable properties of its Ceramic Division situated at Kadi, Dist. Mehsana for the said loan. As per clause (a) of sub-section 1 of section 293 of the Companies Act, 1956 as interpreted by the Central Government, creation of mortgage over the immovable properties will amount to be a disposal of whole or substantially the whole of the undertaking of the Company requiring the consent of the members of the Company by an ordinary resolution to be passed at a General Meeting. As such, it is proposed to pass the resolution as per item No. 6 of the notice.

The terms and conditions of the said mortgage are as usual.

Your directors commend the passing of the resolution as per item No. 6 of the notice for your approval.

None of your directors is concerned or interested in the said resolution.

Item No. 7

Shri Dharam Prakash Goyal was appointed as Resident Director of the Company for a period 01-07-1998 to 30-06-2000. His term expired on 30-06-2000.

Shri Dharam Prakash Goyal has been re-appointed as Resident Director and designated as President-cum-Resident Director for Edible Oil and Wind Turbine Divisions of the Company for a period from 01-07-2000 to 30-06-2003 by the Board of Directors at their meeting held on 16-06-2000, subject to the approval of members of the Company at the General Meeting. Shri Dharam Prakash Goyal as Resident Director for Edible Oil and Wind Turbine Divisions of the Company will discharge every duty and function subject to the superintendence, direction and control of the Board of Directors of the Company. The terms and conditions of the re-appointment are in conformity with Schedule XIII and other applicable provisions if any, of the Companies Act, 1956. The Company has entered into an agreement on 03-07-2000 with Shri Dharam Prakash Goyal for his re-appointment as Resident Director.

Shri Dharam Prakash Goyal shall not be liable to retire by rotation till he enjoys the position of Resident Director.

However, Shri Dharam Prakash Goyal shall not exercise the following powers as Resident Director :

- (a) make calls on shareholders in respect of money unpaid on the shares of the Company;
- (b) issue debentures, and
- (c) except as may be specifically delegated by the Board under Section 292 of the Companies Act, invest the funds of the Company or make loans and borrow moneys.

The agreement between the Company and Shri Dharam Prakash Goyal contains the following main terms and conditions :

1. Period of Agreement : 01-07-2000 to 30-06-2003
2. Remuneration
 - i) **Salary** : In the range of Rs. 55,000/- — Rs. 80,000/- per month. Rs. 55,000/- per month w.e.f. 01-04-2000. However, it is subject



to revision within the maximum limit prescribed under Schedule XIII of the Companies Act, 1956 and any amendment thereof from time to time.

The Board or Committee thereof, in its absolute discretion will fix within the range stated above the salary payable to the Resident Director depending on the performance of the Resident Director, the size of operations, profitability and other relevant factors annually.

II) Perquisites :

Category - A

- a) Accommodation : Free furnished housing accommodation or house rent allowance as may be mutually agreed by both the parties.
- b) Facilities of gas, electricity, water and furnishings : The expenditure incurred by the company on gas, electricity, water and furnishings shall be valued as per Income-tax Rules, 1962. This shall, however, be subject to a ceiling of 10% of the salary of the appointee.
- c) Medical benefit : Medical reimbursement for self and family subject to one month's salary in a year or three months' salary over a period of three years.
- d) Leave Travel Concession : For self and family once in a year to and fro any place in India in accordance with the Rules of the Company.
- e) Club Fees : Annual fees of club subject to a maximum of two clubs. This will not include admission and life membership fee.
- f) Insurance : Personal Accident Insurance of an amount annual premium of which does not exceed Rs.4,000/-
- g) Bonus : As per rules of the Company as applicable to other executives/employees of the Company.

Category - B

- a) Contribution to Provident Fund, Superannuation Fund or Annuity Fund : These will not be included in the computation of the ceiling of the perquisites to the extent these either singly or put together are not taxable under Income-tax Act, 1961.
- b) Gratuity : Gratuity payable in accordance with the company's scheme thereof as applicable to other officers of the company subject to a maximum of half month's salary for each completed year of service.

Category - C

- a) Free telephone facility at residence. Personal long distance calls on telephone will be billed by the company to the appointee.
- b) Free use of Car with driver for company's work only. The use of car for private purpose shall be billed by the company to appointee.

The Resident Director is also entitled to the benefits as per the rules of the Company which the other employees/ executives of the Company are entitled to.

3. The terms and conditions of the said re-appointment and/ or agreement may be altered and varied from time to time by the Board as it may, in its discretion deem fit, within the maximum amount payable to the Resident Director in accordance with schedule XIII to the Companies Act, 1956 or any amendments made thereafter in this regard.

4. If at any time the Resident Director ceases to be a Director of the Company for any cause whatsoever, he will cease to be the Resident Director.
5. If at any time the Resident Director ceases to be Resident Director of the Company for any cause whatsoever, he will cease to be a Director of the Company.
6. If at any time the Resident Director ceases to be in the employment of the Company for any cause whatsoever, he will cease to be a Director and Resident Director of the Company.
7. This may be treated as an abstract of the Agreement between the company and Shri Dharam Prakash Goyal u/s. 302 of the Companies Act, 1956.
8. Resident Director may resign from the service of the Company by giving three months notice in advance. Similarly, the Company has the right to terminate the services of Resident Director at any time by giving three months notice in writing.

The Copy of Agreement entered into with Shri Dharam Prakash Goyal is open for inspection at the registered office of the Company during the office hours on any working day.

Your directors commend the passing of the resolution as per item No.7 of the notice for your approval.

Except Shri Dharam Prakash Goyal none of your directors is concerned or interested in the said resolution.

Item No.8

The Board of Directors has appointed Shri G.K. Loya as Additional Director w.e.f. 01-07-2000 u/s.260 of the Companies Act, 1956 at their meeting held on 16-06-2000. As per the provisions of the said section, he will hold office till this Annual General Meeting. However, being eligible for re-appointment, he offers himself for the same. The Company has also received notices from some of the members of the company signifying their intention to propose Shri G.K. Loya, being appointed as Director of the Company alongwith deposit of Rs.500/- in cash, under the provisions of section 257 of the Companies Act, 1956. It is in the interest of the Company to continue to have the benefit of the services of Shri G.K. Loya as director of the company.

Your directors commend the passing of the resolution as per item No.8 of the notice for your approval.

Except Shri G.K. Loya none of your directors is concerned or interested in the said resolution.

Item No.9

Shri G.K. Loya has been appointed as Executive Director for Ceramic Division of the Company for a period from 01-07-2000 to 30-06-2003 by the Board of Directors at their meeting held on 16-06-2000, subject to approval of the members of the Company at the General Meeting. Shri G.K. Loya as Executive Director shall discharge every duty and function subject to the superintendence, direction and control of the Board of Directors of the Company. The terms and conditions of the appointment are in conformity with Schedule XIII and other applicable provisions if any, of the Companies Act, 1956. The Company has entered into an agreement on 03-07-2000 with Shri G.K. Loya for his appointment as Executive Director.

Shri G.K. Loya shall not be liable to retire by rotation till he enjoys the position of Executive Director.

However, Shri G.K. Loya shall not exercise the following powers as Executive Director.

- (a) make calls on shareholders in respect of money unpaid on the shares of the Company;

Annual Report 1999-2000

- (b) issue debentures, and
- (c) except as may be specifically delegated by the Board under Section 292 of the Companies Act, invest the funds of the Company or make loans and borrow moneys.

The agreement between the Company and Shri G.K. Loya contains the following main terms and conditions :

1. Period of Agreement : 01-07-2000 to 30-06-2003.

2. Remuneration

- I) **Salary** : In the range of Rs.42,500/- -- Rs.67,500/- per month. Rs.42,500/- per month w.e.f. 01-04-2000. However, it is subject to revision within the maximum limit prescribed under Schedule XIII of the Companies Act, 1956 and any amendment thereof from time to time.

The Board or Committee thereof, in its absolute discretion will fix within the range stated above the salary payable to the Executive Director depending on the performance of the Executive Director, the size of operations, profitability and other relevant factors annually.

II) **Perquisites :**

Category - A

- a) **Accommodation** : Free furnished housing accommodation or house rent allowance as may be mutually agreed by both the parties.
- b) **Facilities of gas, electricity, water and furnishings** : The expenditure incurred by the company on gas, electricity, water and furnishings shall be valued as per Income-tax Rules, 1962. This shall, however, be subject to a ceiling of 10% of the salary of the appointee.
- c) **Medical benefit** : Medical reimbursement for self and family subject to one month's salary in a year or three months' salary over a period of three years.
- d) **Leave Travel Concession** : For self and family once in a year to and fro any place in India in accordance with the Rules of the Company.
- e) **Club Fees** : Annual fees of club subject to a maximum of two clubs. This will not include admission and life membership fee.
- f) **Insurance** : Personal Accident Insurance of an amount annual premium of which does not exceed Rs.4,000/-
- g) **Bonus** : As per rules of the Company as applicable to other executives / employees of the Company.

Category - B

- a) **Contribution to Provident Fund, Superannuation Fund or Annuity Fund** : These will not be included in the computation of the ceiling of the perquisites to the extent these either singly or put together are not taxable under Income-tax Act, 1961.

- b) **Gratuity** : Gratuity payable in accordance with the company's scheme thereof as applicable to other officers of the company subject to a maximum of half month's salary for each completed year of service.

Category - C

- a) **Free telephone facility at residence**. Personal long distance calls on telephone will be billed by the company to the appointee.
- b) **Free use of Car with driver for company's work only**. The use of car for private purpose shall be billed by the company to appointee.

The Executive Director is also entitled to the benefits as per the rules of the Company which the other employees/ executives of the Company are entitled to.

- 3. The terms and conditions of the said appointment and/ or agreement may be altered and varied from time to time by the Board as it may, in its discretion deem fit, within the maximum amount payable to the Executive Director in accordance with schedule XIII to the Companies Act, 1956 or any amendments made thereafter in this regard from time to time.
- 4. If at any time the Executive Director ceases to be a Director of the Company for any cause whatsoever, he will cease to be the Executive Director.
- 5. If at any time the Executive Director ceases to be Executive Director of the Company for any cause whatsoever, he will cease to be a Director of the Company.
- 6. If at any time the Executive Director ceases to be in the employment of the Company for any cause whatsoever, he will cease to be a Director and Executive Director of the Company.
- 7. **This may be treated as an abstract of the Agreement between the Company and Shri G.K. Loya u/s. 302 of the Companies Act, 1956.**
- 8. Executive Director may resign from the service of the Company by giving three months notice in advance. Similarly, the Company has the right to terminate the services of Executive Director at any time by giving three months notice in writing.

The Copy of Agreement entered into with Shri G.K. Loya is open for inspection at the registered office of the Company during the office hours on any working day.

Your directors commend the passing of the resolution as per item No.9 of the notice for your approval.

Except Shri G.K. Loya none of your directors is concerned or interested in the said resolution.

4th July, 2000

Regd. Office :

Rakhial Station, Tal. Dehgam,
Dist. Gandhinagar - 382 315,
Gujarat.

By Order of the Board of Directors
Narendra N. Patel
Company Secretary


MADHUSUDAN
INDUSTRIES LIMITED

Directors' Report

To
The Members,

The Directors have pleasure in submitting the Annual Report together with the Statement of Accounts of your Company for the year ended 31st March, 2000.

Performance

The summary of your Company's financial performance is given below:

	Year ended March 31, 2000 (Rs. in lacs)	Year ended March 31, 1999 (Rs. in lacs)
Profit before depreciation, taxes and exceptional item	528.05	648.17
Deducting therefrom Depreciation of	331.65	315.35
Profit before tax	196.40	332.82
Deducting therefrom taxes of	44.50	55.00
Profit after tax and before exceptional item	151.90	277.82
Add : Balance brought forward from previous year	446.00	275.00
Less : Loss on Shares sold of subsidiary Company	497.15	—
Add : Amount Transferred from Investment Allowance (utilised) Reserve	15.72	—
Amount available for Appropriations	116.47	552.82
The proposed appropriations are :		
1. Proposed Dividend	53.75	80.62
2. Tax on Proposed Dividend	11.83	8.87
3. General Reserve	3.89	17.33
4. Balance carried forward	47.00	446.00
	116.47	552.82

Dividend

Your Directors recommend the dividend of Re. 1/- per share on 53,75,000 Equity Shares of Rs.10/- each fully paid. (Previous Year Rs.1.50) for the year ended 31st March, 2000, to be paid subject to approval by the members at the ensuing Annual General Meeting.

Operations in retrospect

Edible Oil Division

The production of Vanaspati and Refined Oil during the year was 19,573 M.T. (18,997 M.T. in the previous year). The De-oiled Cake production was 13,404 M.T. (37,342 M.T. in the previous year).

Alarming conditions prevailed in the domestic edible oil market. Excessive imports of oils continued unabated, rendering processing of oils and oil-seeds unremunerative. The mid-term course correction during December, 1999 by the Government by imposing differential rates of duty for imports by Vanaspati manufacturers / refiners and the traders was rendered ineffective on account of reduction in prices internationally. The Government has again announced some changes in the import

duty structure for edible oils on 13th June, 2000. Possibly, these changes in respect of differential rates of duty should have positive effect on the Vanaspati unit of the Company. The extent of success of this policy in curtailing overall volume of inflow of oils would have to be seen over a period of time.

In this scenario, the Company has continued to import oils directly. Nonetheless, it has faced unprecedented hardtimes due to continuously falling edible oil prices in the market.

Power Division

Unlike the catastrophic cyclone of last year, the current year was a good year in terms of Wind velocity. Consequently the total generation was 42,21,294 kwh against 20,14,910 kwh generated last year.

Ceramic Division

The production of Sanitaryware was 12,557 M.T. (10,592 M.T. in the previous year). Sales were 11,940 M.T. (11,418 M.T., in the previous year) showing an increase of 18.5% in production and the sales were up by 4.5% despite a recessionary trend in construction activities in the country. The modernisation-cum-balancing equipment programme undertaken by the Company in the current year has made good progress and is expected to be completed by August, 2000. 1.5 M.W. Captive Power Plant based on Natural Gas has been commissioned and is in full operation giving substantial saving in electricity cost for the Company. The Company incurred a sum of Rs.800 lacs till March, 2000 out of total project cost of Rs.1,123.50 lacs. The coming year is expected to be a good year with House Building being treated as a core industry by the Government.

The Company intends to focus on reducing process loss and improving the production efficiency.

Redemption of Debentures

The Company has redeemed 1st and 2nd instalments of Rs.10/- each on 08-01-1999 and 08.01.2000 per PCD of 15% Partly Convertible Debentures (Part-B, Non Convertible Portion) and last instalment of Rs.15/- will be due on 08.01.2001.

Energy Conservation, Technology Absorption, R & D Cell and Foreign Exchange Earnings & Outgo

The details required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are annexed to this report.

Exchequer

The Company has contributed Rs.934.20 lacs to the exchequer by way of excise duty, sales tax and other fiscal levies.

Fixed Deposit

Fixed Deposits from the Public, outstanding as on 31-03-2000 was Rs.54.44 lacs. There are 22 Fixed Deposit holders with Rs.1,01,000/- of unclaimed/unrenewed deposits as on 31st March, 2000. Since then, the Company had paid/renewed a sum of Rs.5000/- to 2 persons. The Company on the basis of the working results during the year under review, can accept deposits from the Public as well as from the shareholders to the extent of Rs.1,744 lacs.

Subsidiary Companies

The Company sold its entire shareholding (50.76%) in subsidiary company, Madhusudan Ceramics Industries Limited in the year under review to Sun Earth Ceramics Ltd., Mumbai.

Annual Report 1999-2000

The particulars required Under Section 212 of the Companies Act, 1956 in respect of the Subsidiary Company viz. Cera Leasing Finance & Industries Limited is appended.

Finance

During the year under review, the Company repaid loans of Rs.343.77 lacs to Financial Institutions.

Personnel

Information as per Sub-section (2A) of Section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 forming part of the Directors' Report for the year ended 31st March, 2000 is annexed.

Exports

Exports of the Edible Oil and Ceramic Divisions were of Rs.1,793.27 lacs consisting of Rs.1,167.71 lacs of De-Oiled Cake including third party exports and Rs.625.56 lacs of Sanitarywares.

Directors

Sarva Shri Vikram Somany and Shashi Kumar Somany are due to retire by rotation and being eligible for re-appointment offer themselves for re-appointment.

Shri Dharam Prakash Goyal, Resident Director, whose term expires on 30-06-2000 is being re-appointed as Resident Director for Vanaspati and Wind Turbine Divisions of the Company for a period of three years w.e.f. 01-07-2000, subject to the approval of members at Annual General Meeting.

Shri G.K. Loya, Chief Executive is being appointed as Additional Director and Executive Director for Ceramic Division of the Company for a period of three years w.e.f. 01-07-2000, subject to the approval of members at Annual General Meeting.

Auditors

The shareholders are requested to appoint Auditors for the year 2000-2001 and fix their remuneration at the ensuing Annual General Meeting.

Cost Auditors

The Company has appointed Cost Auditors pursuant to direction from the Department of Company Affairs for Vanaspati and Soap businesses.

Insurance

The Company has adequately insured all its properties including Plant and Machinery, Building and Stocks.

Industrial Relations

The Company's relations with its employees remained cordial throughout the year.

The Company has taken adequate steps for the health and safety of its employees, as required under the Gujarat Factories Rules, 1963.

Stock Exchange Listing

Equity Shares and Partly Convertible Debentures (Part-B, Non-convertible Portion) are listed with Ahmedabad, Mumbai and Calcutta Stock Exchanges. The Company has paid Annual Listing Fee to each of the above Stock Exchanges for the years 1999-2000 and 2000-2001.

Y2K Compliance

The Company had taken adequate measures for its Hardware/Software against the problems that could have been caused by the Y2K bug.

Appreciation

Your Directors thank the Financial Institutions and Bankers for extending timely assistance in meeting the financial requirements of the Company. They would also like to place on record their gratitude for the co-operation and assistance given by BQB, ICICI Bank Limited, ICICI, IIBI, IREDA, GIC and various departments of both State and Central Governments.

For and on behalf of the Board of Directors

Ahmedabad
16th June, 2000

Vikram Somany
Chairman

Annexure to the Directors' Report

Information as per Section 217(2A) read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2000.

Sr. No.	Name & Age (Years)	Designation/ Nature of Duties	Remuneration (Rs.)	Qualifications & Experience (Years)	Date of commencement of employment	Last employment, Name of employer, post held and period. (Years)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
A : Names of Employees employed throughout the year and were in receipt of remuneration of not less than Rs.6,00,000 during the year:						
1.	Shri Goyal D.P. (51)	Resident Director	9,36,200	M.A.(Economics) P.M.A.(IIMA) (28)	16-03-1977	Wipro Ltd. Area Sales Manager (4)
2.	Shri Kothari S.C. (56)	Chief Executive (Projects)	8,12,052	B.Com.,LL.B., FCA (34)	01-06-1985	CCDC Construction Pvt.Ltd. (1)

Notes

- Gross remuneration as above includes Salary, Company's contribution to Provident Fund, Superannuation Fund, Leave Encashment, Leave Travel reimbursement, Medical expenses reimbursement, House Rent Allowance, Housing Accommodation and Monetary value of perquisites calculated in accordance with the provisions of Income Tax Act, 1961 and Rules made thereunder.
- None of the above employees is a relative of any director of the Company.


MADHUSUDAN
INDUSTRIES LIMITED

Annexure to the Directors' Report

Disclosure of particulars with respect to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo as required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Report of the Board of Directors for the period ended 31st March, 2000.

1-4-1999 to 1-4-1998 to
31-3-2000 31-3-1999

FORM - A (For Vanaspati Unit-Edible Oil Division)

A. Power and Fuel Consumption

1. Electricity:		
i. Purchased		
Unit(KWH)	31,78,850	42,94,170
Total Amount (Rs.)	1,62,03,946	2,06,39,129
Rate/Unit(Rs.)	5.10	4.81
ii. Own Generation		
Through Diesel Generator		
Unit(KWH)	3,75,750	1,20,919
Units/Ltr. of Diesel Oil	3.30	2.95
Cost/Unit (Rs.)	3.09	3.34
2. Coal :		
i. Lignite Coal		
Qty.(Tonnes)	5,266	11,808
Total Cost (Rs.)	64,02,507	1,53,29,991
Average Rate (Rs.)	1,216	1,298
ii. Fire Wood		
Qty.(Tonnes)	4,987	1,721
Total Cost (Rs.)	42,20,310	12,39,944
Average Rate (Rs.) :	846	721
iii. G. N. Husk		
Qty. (Tonnes)	95	—
Total Cost (Rs.)	80,628	—
Average Rate (Rs.)	848	—

B. Consumption per unit of Production

a. Product - Vanaspati		
Steam(M.T.)	1.45	1.74
Electricity(KWH)	155	168
Coal (Specify Quality)		
Steam Coal / Lignite (M. T.)	0.23	0.45
Others (Specify)		
Firewood (M. T.)	0.22	0.07

FORM - B

Research and Development (R & D)

- Specific areas in which R & D is carried out : The Company's Research & Development Unit of Ceramic Division is recognised by Department of Scientific & Industrial Research, Government of India, since 1993. It has successfully developed the body and glaze compositions for fast firing tunnel Kilns. The Company

- Benefit derived as a result : It will help the Company to analyse and conduct test at various process levels resulting in reducing process losses and increasing efficiency.
- Future plan of action : The Company further plans to develop New Body and also further strengthen its R & D Unit.
- Expenditure on R & D :
 - Capital : Rs.52,61,690/-
 - Recurring : Rs.16,08,400/-
 - Total : Rs.68,70,090/-
 - Total R & D Expenditure as a percentage of Total Turnover : 0.51%

Technology Absorption, Adaptation & Innovation

- Efforts in brief made towards : Efforts in R & D Unit in technology absorption, reducing losses in glaze and adaptation and innovation raw-material is on continuous Basis.
- Benefits derived as a result of the above efforts e.g. Product improvement, cost reduction, product development, import substitution, etc. : There is improvement in quality and reduction in cost.
- In case of imported technology (Imported during the last five years reckoned from the beginning of the financial year) following information may be furnished
 - Technology imported : UK & Italy.
 - Year of Import : 1995-96 & 1999-2000.
 - Has technology been fully absorbed : Yes, the fuel efficient kiln and Electrostatic glazing system & lifting Battery casting are working successfully.
 - If not fully absorbed areas : Not Applicable where this has not taken place, reasons therefore and future plans of action

FORM - C

Total Foreign Exchange used and earned

Total foreign exchange used	: Rs. 883.29 Lacs
Total foreign exchange earned	: Rs. 659.29 Lacs

Annual Report 1999-2000

Annexure to the Directors' Report
Statement of Holding Company's Interest in Subsidiary Company

Statement pursuant to Section 212 of the Companies Act, 1956

- | | | |
|--|---|--|
| 1. Name of the Subsidiary | : | Cera Leasing Finance & Industries Limited |
| 2. Financial year of the Subsidiary Company ended on | : | 31st March, 2000 |
| 3. (i) Number of Shares in Subsidiary held by Madhusudan Industries Limited on the above date. | : | (1) 12,90,000 (Previous year 3,00,000) Equity Shares of Rs.10/- each.
(2) 0 (Previous year 99,000) 10% Non-Cumulative Redeemable Preference shares of Rs.100 each
10% Non-Cumulative Redeemable Preference Shares of Rs. 100/- each were converted in to Equity Shares of Rs. 10/- each during the year. |
| (ii) Holding Company's interest | : | 100% (Previous year 100%) |
| 4. Profit of Cera Leasing Finance & Industries Ltd. for the year ended 31st March, 2000. (after tax) | : | Rs. 2,40,045/- |
| 5. The loss for previous Financial Years since it became the Company's subsidiary. | : | Rs.13,14,043/- |
| 6. No adjustment has been made in the books of Madhusudan Industries Limited in respect of the said Profit of Cera Leasing Finance and Industries Limited. | | |

Narendra N. Patel
Company Secretary

Ahmedabad
16 June, 2000

Vikram Somany	Chairman
Chandrakant C. Dalal	Director
Sushil A. Dalal	Director
Sharad Somany	Director
Dr. V. P. Shah	Director
D. P. Goyal	Resident Director

Significant Accounting Policies

- | | |
|--|---|
| <p>★ Sales
Sales include excise duty and net of discounts and sales-tax.</p> <p>★ Research & Development
Revenue expenditure is charged as an expense. Capital expenditure is included in fixed assets and depreciated at applicable rates.</p> <p>★ Provision for Retirement Benefits
Contribution to Provident and Superannuation Funds are made at applicable rates. Provisions for unutilised leave due to employees and contribution to approved Gratuity Fund is made on the basis of Actuarial Valuation.</p> <p>★ Fixed Assets & Depreciation</p> <p>(a) Fixed Assets are stated at cost. Cost is inclusive of freight, duties, levies and any directly attributable cost of bringing assets to their working condition for intended use, and net off MODVAT credits available on the assets.</p> <p>(b) Assets acquired under hire purchase instalment credit scheme, the cost of asset is capitalised while the annual financial charges at equated instalments are charged to revenue.</p> <p>(c) Depreciation for the year has been provided at the rates and in the manner specified in Schedule-XIV of the Companies Act, 1956 as under :</p> <p>1. On Plant & Machinery and Electric Plant & Installation on straight line method.</p> <p>2. On other assets on written down value method.</p> <p>(d) Leasehold land is amortised over the period of lease. In respect of other assets taken on lease, the value thereof is</p> | <p>not capitalised, but the contracted lease rentals are charged to revenue on accrual basis.</p> <p>(e) As per Accounting Standard (AS-10) "Accounting for Fixed Assets" issued by the Institute of Chartered Accountants of India, the value of discarded Plant and Machinery has been written down to the lower of Net book value and net realisable value.</p> <p>★ Inventories
Inventories are valued as under :</p> <p>a) Stock-in-Process - at cost.</p> <p>b) Raw Materials (including in transit) - at cost.</p> <p>c) Finished Goods - at cost or market value whichever is lower.</p> <p>d) Stores, Chemicals & Coal, etc. - at cost.</p> <p>e) By-Products - at realisable value.</p> <p>★ Investments
Investments are stated at cost.</p> <p>★ Foreign Currency Transactions
Accounts Receivable in foreign currency are either represented by bills of exchange, which, in many cases, are immediately discounted with bankers, or accounted at realised amounts.</p> <p>★ Taxation
The provision for tax is based on the estimated assessable profits of the company computed in accordance with the Income-Tax Act, 1961.</p> <p>★ Contingent Liabilities
Contingent liabilities wherever material are provided for and Contingent liabilities not provided for in the accounts are referred to by way of notes to the accounts.</p> |
|--|---|