

14th

ANNUAL REPORT

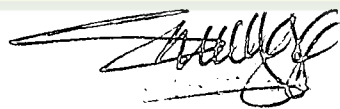
1997-98

152/28

MD	✓	BKC	✓
CS	NA	DPY	NA
RO	✓	DIV	NA
TRA	✓	AC	✓
AGM	✓	SHI	✓
YE	✓		✓

yes

certified true copy



MAHENDRA CEMENTS LIMITED



DIRECTORS

<i>B.S. BAGGA</i>	<i>Managing Director</i>
<i>S.S. BAGGA</i>	<i>Executive Director</i>
<i>J.S. BAGGA</i>	<i>Director</i>
<i>S.D. AGRAWAL</i>	<i>Nominee Director (MPSIDC)</i>
<i>HARMENDRA SINGH BAGGA</i>	<i>Director</i>

BANKERS

STATE BANK OF INDORE
PUNJAB & SINDH BANK
CENTRAL BANK OF INDIA
PUNJAB NATIONAL BANK

AUDITORS

M/S RAKESH NARENDRA KUMAR & CO.
CHARTERED ACCOUNTANTS
INDORE (M.P.)

REGISTERED OFFICE & WORKS

VILLAGE JEERABAD, TEHSIL GANDHWANI,
DISTRICT DHAR (M.P.)

CORPORATE OFFICE

RAJ COMPLEX, 42 KANCHAN BAG, INDORE - 452 001

SHARE TRANSFER AGENTS

M/S ANKIT CONSULTANCY PVT. LTD.
ALANKAR POINT, 4A RAJGARH KOTHI,
A.B. ROAD, INDORE - 452 001



NOTICE

NOTICE is hereby given that the Fourteenth Annual General Meeting of the Company will be held on Monday, the 30th November, 1998 at 11.00 A.M. at the Registered office of the Company at Village Jeerabad, Dist.Dhar (M.P.) to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors Report, Auditors Report, and Audited Profit and Loss Account for the year ended 30th September, 1998 and the Balance Sheet as at that date.
2. To appoint a Director in place of Shri J.S.BAGGA, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Statutory Auditors of the Company to hold office till the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration. The retiring Auditors, M/s Rakesh Narendra Kumar & Co. Chartered Accountants, being eligible offer themselves for re-appointment.

SPECIAL BUSINESS

1. To Pass with or without modification the following resolution as an **ORDINARY RESOLUTION** :

“RESOLVED THAT in terms of provisions of section 198, 269, 309 and all other applicable provisions, if any, of the companies Act, 1956 read with provisions of Schedule XIII to the Companies Act, 1956, the approval of the members of the Company be and is hereby accorded to appoint Shri Bharat Singh Bagga as Managing Director of the Company for a period of five years with effect from 17th July, 1998 on payment of remuneration and perquisites as described below.

Monthly remuneration of Rs. 20,000/-.

PERQUISITES :-

1. Medical Reimbursement :- Expenses incurred for self subject to a ceiling of one Month's salary in a year or three months salary over a period of three years.
2. Leave Travel Concessions :- Leave Travel Concessions for self and family once in a year to and from any place in India, subject to the condition that actual fare and hotel expenses shall be allowed.
3. Personnel Accident Insurance :- Accident insurance of an amount the premium for which shall not exceed Rs. 1000/- per annum.

4. Provident fund :- The Company's contribution towards provident fund as per rules of the Company.
5. Gratuity :- Gratuity not exceeding one-half months salary for each completed year of service, subject to a ceiling of Rs. 1,00,000/-.
6. Motor Car :- Free use of car with driver for the Company's business; all the expenditure in connection therewith will be borne by the company.
7. Telephone :- Free Telephone facility at the residence for business purposes.
5. To pass with or without modification the following resolution as an **ORDINARY RESOLUTION** :

“RESOLVED THAT in terms of provisions of section 198, 269, 309 and all other applicable provisions, if any, of the Companies Act, 1956 read with provisions of Schedule XIII to the Companies Act, 1956, the approval of the members of the Company be and is hereby accorded to appoint Shri Sunder Singh Bagga as Executive Director of the Company for a period of five years with effect from 17th July, 1998 on payment of remuneration and perquisites as described below :-
Monthly remuneration of Rs. 15,000/-.

PERQUISITES :-

1. Medical Reimbursement :- Expenses incurred for self subject to a ceiling of one Month's salary in a year or three months salary over a period of three years.
2. Leave Travel Concessions :- Leave Travel Concessions for self and family once in a year to and from any place in India, subject to the condition that actual fare and hotel expenses shall be allowed.
3. Personnel Accident Insurance :- Accident insurance of an amount the premium for which shall not exceed Rs. 1000/- per annum.
4. Provident fund :- The Company's contribution towards provident fund as per rules of the Company.
5. Gratuity :- Gratuity not exceeding one-half months salary for each completed year of service, subject to a ceiling of Rs. 1,00,000/-.
6. Motor Car :- Free use of car with driver for the Company's business; all the expenditure in connection therewith will be borne by the company.
7. Telephone :- Free Telephone facility at the residence for business purposes".

Annual Report 1997-98**MAHENDRA CEMENTS LIMITED****6. APPOINTMENT OF DIRECTOR**

To consider and if thought fit to pass with or without modification the following resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT in terms of provisions of section 257 of the Companies Act, 1956 approval of the Members of the Company be and is hereby granted for the appointment of Shri Harmendra Singh Bagga as Director of the Company liable to retire by rotation."

By order of the Board

Place : Indore

B.S. Bagga

Date : 2nd November, 1998

Managing Director

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ALSO ENTITLED TO APPOINT A PROXY, TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The explanatory statements setting out the material facts in respect of the business under item No. 4 to 6 in terms of provisions of Section 173(2) of the Companies Act, 1956 are annexed hereto.
3. Shareholders desiring any information as regards the accounts are requested to write to the Corporate office of the Company at least 10 days before the Annual General Meeting to enable the Company to reply the queries suitably.
4. The Share transfer Books & Register of members of the company were closed during 24th September 1998 to 30th September 1998 (Both days inclusive) hence are not closed again.

EXPLANATORY STATEMENTS PURSUANT TO PROVISIONS OF SECTION 173(2) OF THE COMPANIES ACT, 1956.**ITEM NO. 4 :**

The Board of Directors at their meeting held on 30th July, 1998 appointed Shri Bharat Singh Bagga as Managing Director for a period of five years with effect from 17th July, 98 on the terms and conditions as mentioned in the resolution.

In terms of provisions of Schedule XIII to the Companies Act, 1956, the approval of the members of the Company is being sought by way of Ordinary Resolution of Shri Bharat Singh Bagga as Managing Director on the remuneration as mentioned in the resolution.

The Board recommends passing of the resolution as an ordinary Resolution.

Shri Bharat Singh Bagga for himself and Shri Sunder Singh Bagga and Shri Harmendra Singh Bagga being related to him, may be deemed interested in the resolution.

This is and should be treated as abstract in terms of provisions of Section 302 of the Companies Act, 1956.

ITEM NO. 5 :

The Board of Directors at its meeting held on 30th July' 1998 appointed Shri Sunder Singh Bagga as Executive Director for a period of five years with effect from 17th July' 98 on such terms and conditions as mentioned in resolution.

In terms of provisions of Schedule XIII to the Companies Act, 1956, the approval of the members of the Company is being sought by way of Ordinary Resolution for appointment of Shri Sunder Singh Bagga as Executive Director of the Company.

The Board recommends passing of the resolution as an Ordinary Resolution.

Shri Sunder Singh Bagga for himself and Shri Bharat Singh Bagga and Shri Harmendra Singh Bagga being related to him, may be deemed interested in the resolution.

This is and should be treated as an abstract in terms of provisions of Section 302 of the Companies Act 1956.

ITEM NO. 6 :

Shri Harmendra Singh Bagga was appointed as additional director in terms of provisions of Section 260 of the Companies Act, 1956 on 17th July, 1998 till the date of this Annual General Meeting.

The Board proposes to appoint him as regular director of the Company in terms of provisions of Section 257 of the Companies Act, 1956. A Special notice in terms of the said section has been received by the Company from a shareholder of the Company proposing his candidature for the directorship of the Company.

The Board recommends passing of the resolution.

Shri Harmendra Singh Bagga for himself and Shri Sunder Singh Bagga, Shri Bharat Singh Bagga being related to him, may be deemed interested in the resolution.

By order of the Board

Place : Indore

B.S. Bagga

Date : 2nd November, 1998

Managing Director

Annual Report 1997-98



MAHENDRA CEMENTS LIMITED

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in submitting the fourteenth Annual Report and the Audited accounts of the Company for the year ended 30th September, 1998.

FINANCIAL RESULTS AT A GLANCE (Rs. in lacs)

ARTICULARS	1997-98 (18 Months)	1996-97 (12 Months)
Turnover	352.04	590.96
Profit/(Loss) before Finance Charges, Depreciation & Tax	(230.31)	(84.29)
Finance Charges	142.44	42.59
Depreciation	65.16	37.00
Profit/(Loss) before Tax	(437.91)	(163.88)
Provision for Taxation	—	—
Profit/(Loss) after Tax	(437.91)	(163.88)

WORKING RESULTS

The Indian Cement Industry passed through a very difficult year. The Prices were under severe pressure. This was largely because of a demand - supply mismatch. At the same time, the Industry was burdened with increase in input cost.

However, during the year under review the turnover of your company reached at level of Rs.352.04 lacs as against Rs. 590.96 in the previous year. The Net Loss before interest and depreciation comes to Rs.230.31 lacs as against loss of Rs. 84.29 lacs in the previous year. Due to loss of production as compared to previous year.

FUTURE OUTLOOK

Your Company is contemplating that demand of cement would be increased in next years since 20 Lakhs additional dwelling units will be built up as per finance budget 1998.

EXTENSION OF FINANCIAL YEAR

Your Board of Directors of the company, with the permission of Registrar of Companies M.P. extended the financial year 1997-98 ending on 31st March, 1998 upto 30th September, 1998. Hence the financial year 1997-98 will be of 18 months.

LISTING

Your Shares of the company are listed on MP (Regional), Mumbai & Delhi Stock Exchanges and the listing fees have been paid to the Stock Exchanges in time except BSE & MP Stock Exchange.

DIVIDEND

In view of the heavy losses your Directors are unable to recommend any Dividend on Equity Shares for the year under review.

DIRECTORS

Mr. J.S.Bagga, Director of the Company retires by rotation & being eligible offers himself for re-appointment. During the year Mr. J.S.Bagga has

resigned from the Managing Directorship and Shri S.S. Arora from the Directorship of the company. However, in place of Shri J.S. Bagga Mr. Bharat Singh Bagga has been appointed as Managing Director. However Mr. J.S.Bagga will continue as director of the company. The Board has also appointed Shri Sunder Singh Bagga as Executive Director and Shri Harmendra Singh Bagga as additional director of the company. The Board recommends their appointments.

AUDITORS

M/s Rakesh Narendra Kumar & Co., Chartered Accountants, Auditor of the Company retire at the ensuing Annual General Meeting and are eligible for re-appointment.

REFERENCE OF BIFR

As the networth of your company has been fully eroded, your directors have formed an opinion to make a reference to Board for Industrial & Financial Reconstruction (BIFR) under section 15(1) of Sick Industrial Companies (Special Provision) Act, 1985.

AUDITORS' REPORT

The Auditors in their report have referred to the notes forming part of accounts, which are self explanatory.

FIXED DEPOSITS

Your Company has not accepted any deposits from the public during the year.

PARTICULARS OF EMPLOYEES

None of the employees of the Company is covered under the provision of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

PARTICULARS OF CONSERVATION OF ENERGY ETC.

Information regarding conservation of energy etc., as per provisions of Section 217(1)(e) of the Companies Act 1956 are set out in the statement annexed hereto forming part of this report (Annexure-A)

INDUSTRIAL RELATIONS

Your Directors are happy to report that the Industrial relations continued to be cordial during the year under review. Your Directors wish to place on record their appreciation for contribution made by the employees at all levels.

ACKNOWLEDGEMENT

Your Directors take this opportunity to offer their sincere thanks to the various department of Central and State Governments, Financial Institutions, Banks, Customers and Suppliers for their continued valuable assistance and support. Your Directors also wish to place on record their sincere appreciation of dedicated efforts by officers, staff and workers of the Company at all levels.

For and on behalf of the Board

Place : Indore

Date : 2nd November, 1998

B.S. Bagga

Managing Director



ANNEXURE - A

I. CONSERVATION OF ENERGY
FORM - A

	30-09-98 (18 Months)	31-03-97 (12 Months)
(A) POWER & FUEL CONSUMPTION		
1. ELECTRICITY		
a. Purchased Units (kwh)	3069861	4116780
Total Amount (Rs. in Lacs)	132.62	168.54
Rate/Unit (Rs.)	4.32	4.09
b. Own generation		
i. Through diesel generator	----	----
Units	----	----
Units per Ltr of diesel oil	----	----
Cost / Unit	----	----
ii. Through Steam		
Turbine/Generator Units	----	----
Units per Ltr of Fuel Oil/Gas	----	----
Cost/Unit	----	----
2. COAL (Coke Breeze)		
Quantity (Tonnes)	6183.46	6444.00
Total Cost (Rs. in Lacs)	151.58	132.66
Average rate (Rupees/Tonne)	2451.50	2058.65
3. FURNACE OIL		
Quantity (K.Ltrs)	----	----
Total Amount	----	----
Average Rate	----	----
4. OTHER/INTERNAL GENERATION		
Quantity	----	----
Total Cost	----	----
Rate/Unit	----	----
(B) CONSUMPTION PER UNIT OF PRODUCTION		
Production (OPC)/Tonnes	19468	30199
Electricity P/T Unit	157.69	136.82
Furnace Oil	----	----

II. TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT (R&D)

During the year under review the Company did not carry out any activity of research and development a no expenditure were made on R&D, Technology and Absorption.

There was no foreign exchange earning & outgo during the year under review.

For and on behalf of the Bo

Place : Indore

Date : 2nd November, 1998

B.S. Bag
Managing Direc



AUDITORS' REPORT

ANNEXURE TO THE AUDITORS' REPORT

To The Members

Mahendra Cements Limited,

We have audited the attached Balance Sheet of **MAHENDRA CEMENTS LIMITED** as at 30th September, 1998 & the Profit & Loss Account for the year ended on that date and report that:-

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956 we enclose in the annexure a statement on the matters specified in paragraphs 4 & 5 of the said order to the extent applicable to the Company.

2. Further to our comments in the Annexure referred to in paragraph (1) above :

(a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

(b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of the books.

(c) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of accounts.

(d) To the best of our information and according to the explanations given to us, the accounts read with the notes thereon subject to note no. 4 appearing under notes to the accounts in schedule 15.

i) Non-provision of compound interest of Term Lending Financial Institutions Rs. 5.21 lacs (Previous year 5.21 lacs) (Note No.4)

Subject to above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :

i) In the case of the Balance Sheet of the state of affairs of the Company as at 30th Sept, 1998,

and

ii) In the case of the Profit and Loss Account of the Loss of the Company for the year ended on that date.

For **RAKESH NARENDRA KUMAR & CO.,**

Chartered Accountants

RAKESH KUMAR JAIN

Place : Indore

Date : 2nd November, 1998

Proprietor

Referred to in Paragraph 1 of our Report of even date

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. A substantial portion of fixed assets have been physically verified by the management during the year and no serious discrepancies have been noticed on such physical verification.

2. The fixed assets of the company have not been revalued during the year.

3. The stock of finished goods, stores, spare parts, raw materials of the company in its possession have been physically verified by the management at reasonable periods.

4. The procedures for physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.

5. The discrepancies noticed on physical verification of stock as compared to book records were not material and these have been properly dealt with in the books of accounts.

6. In our opinion and on the basis of our examination, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the previous year except W.I.P.

7. The Company has not taken any loans, secured or unsecured from Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and/or from the Companies under the same management as defined under section 370 (1B) of the Companies Act, 1956.

8. The Company has not given any loans, secured or unsecured, to Companies, firms or other parties listed in the register maintained under section 301 and/or to the Companies under the same management as defined under Section 370 (1B) of the Companies Act, 1956.