

23RD ANNUAL REPORT 1999-2000



MANGALAM CEMENT LIMITED



BK BIRLA GROUP OF COMPANIES

The 21st Century Atlas

Atlas, The Titan - Collective strength of the Group:

This symbol as a whole, represents the collective strength of the Group. The astute and dynamic management which binds the group together and gives it leadership and direction, is personified in the figure of Atlas. A symbol of strength, Atlas also stands for steadfastness, consistency and reliability.

The Sun - Enlightenment and Growth:

The head of the Atlas, also represents the Sun. In this context, the Sun stands for a luminous and powerful presence that the Group has over the industrial arena on one hand, and resourcefulness in terms of firm technological skill, and intellectual leadership on the other.

Earth Segments - Diversified Activities:

Each latitude around the Titan, represents the different industries or activities that constitute the Group. Each individually draw and give strength and support to the central figure of Atlas.

The Globe - Global Vision:

The Group's Global vision and presence is visually inherent in the figure of the Earth.

The Symmetry and Balance - The resilience, versatility and stability:

The overall design, balance and harmonious blend of all the elements, sum up a well conceptualised industrial conglomerate.

Strong Foundation

Sustained Growth

Proven Lead



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BOARD OF DIRECTORS

Shri B.K. Birla	Chairman
Shri A.S. Gupta	
Shri O.P. Gupta	
Shri B. Bhavani Sankar	Nominated by I.D.B.I.
Shri T.S. Vishwanath	Nominated by U.T.I.
Shri K.K. Bajoria	
Shri K.C. Jain	Managing Director

SENIOR VICE PRESIDENT (FINANCE) & COMPANY SECRETARY

Shri R.C. Gupta

REGISTERED OFFICE & FACTORY

P.O. Aditya Nagar - 326520
Morak
Distt. Kota (Rajasthan)

HEAD OFFICE

9/1, R.N. Mukherjee Road
Calcutta - 700 001.

AUDITORS

Messrs Lodha & Co.
Chartered Accountants

BANKERS

State Bank of India
State Bank of Bikaner & Jaipur
The Bank of Rajasthan Ltd.
Bank of India
Citibank N.A.

NOTICE

NOTICE is hereby given that the 23rd Annual General Meeting of the Members of Mangalam Cement Ltd. will be held at the Registered Office of the Company at Adityanagar 326520, Morak, Dist.Kota, Rajasthan on Wednesday, the 19th July, 2000, at 10.00 A.M. to transact, with or without modifications, the following business:

1. To receive, consider and adopt the Audited Accounts for the year ended 31st March, 2000 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri B.K.Birla who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri O.P.Gupta who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration and in that connection to pass, with or without modification, the following resolution to be moved as a Special Resolution:

"RESOLVED that pursuant to the provisions of Section 224A of the Companies Act, 1956, M/s. Lodha & Co., Chartered Accountants, be and are hereby appointed as Auditors of the Company till the conclusion of the next Annual General Meeting of the Company and the Board of Directors of the Company be and is hereby authorised to fix their remuneration."

By Order of the Board

Registered Office :
Adityanagar,
Morak - 326 520.
Distt. Kota (Rajasthan)

Dated the 28th April, 2000

R.C. GUPTA
Secretary

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER. PROXIES IN THE FORM ANNEXED HERETO MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday the 12th July, 2000 to Wednesday the 19th July, 2000 (both days inclusive).
3. The instruments of share transfer complete in all respects should be sent to the Company well in advance so as to reach the Company prior to book closing.
4. Unclaimed Dividends for the financial year ended 31st March, 1996 will be transferred to the Investor Education and Protection Fund of the Central Government by 28.08.2003. Members who have so far not encashed their dividend warrants for the year ended 31.3.1996, may approach the Company.
5. The Company has appointed M/s. MAS Services Private Limited as Share Transfer Agents for both manual and electronic form of shareholdings. All communications relating to shares should be addressed to:
M/s. MAS Services Private Ltd.
(Unit Mangalam Cement Ltd),
AB-4, Safdarjung Enclave,
New Delhi 110029

By Order of the Board

Dated, the 28th April, 2000

R.C.GUPTA
Secretary

MANGALAM CEMENT LIMITED



REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST MARCH, 2000

Dear Shareholders,

We present the 23rd Annual Report of the Company with audited statements of accounts for the year ended 31st March, 2000.

FINANCIAL RESULTS

	31st March, 2000 Rs.	31st March, 1999 Rs.
Turnover	2,71,31,32,892	2,26,53,74,521
Operating Profit	21,60,81,337	22,65,88,748
Less: Interest	25,60,55,807	26,97,04,846
Gross Profit/(Loss) before Depreciation	(3,99,74,470)	(4,31,16,098)
Less:		
Depreciation (Net of Transfer from Revaluation Reserves)	11,62,33,172	11,89,09,039
Net Profit/(Loss) after Depreciation	(15,62,07,642)	(16,20,25,137)
Add:		
a. Transfer from Investment Allowance reserve	4,00,000	-
b. Income Tax/Wealth Tax Refunds pertaining to earlier years.	2,361	59,585
c. Surplus/(Deficit) of Profit & Loss account brought forward from previous year.	(35,99,01,854)	(19,79,36,302)
Surplus/(Deficit) available for appropriation	(51,57,07,135)	(35,99,01,854)
APPROPRIATIONS		
Deficit Balance carried forward to next year	51,57,07,135	35,99,01,854

DIVIDEND

In the absence of profit, the Directors are not in a position to recommend payment of any dividend on Equity and Optionally Convertible Cumulative Preference Shares.

REVIEW OF OPERATIONS

Performance figures of both the units as compared to that of previous year are given below:

	1999-2000 MT	1998-99 MT
Clinker production		
Mangalam Cement	3,47,655	1,96,450
Neer Shree Cement	9,21,800	8,65,725
	<u>12,69,455</u>	<u>10,62,265</u>

Cement Production

Mangalam Cement	3,89,211	3,65,114
Neer Shree Cement	9,27,359	7,36,448
	<u>13,16,570</u>	<u>11,01,562</u>

Cement Despatches

Mangalam Cement	3,88,848	3,63,613
Neer Shree Cement	9,20,344	7,36,896
	<u>13,09,192</u>	<u>11,00,509</u>

Clinker Sold

Mangalam Cement	-	-
Neer Shree Cement	19,855	415
	<u>19,855</u>	<u>415</u>

In view of various measures taken up, the production and performance of both the units improved substantially. During the year under review, the company achieved record performance of 131% capacity utilisation combined for both the plants as against 110% in the previous year. The sales value has also gone up substantially to Rs. 271.31 Crores as against Rs. 226.56 Crores during the previous year, thereby recording an increase of around 20%.

With the consistent efforts made, there was further reduction in the consumption of coal and power as compared to the previous year as indicated below.

	Power consumption units per tonne of Cement		Coal consumption per tonne of Clinker	
	1999-2000	1998-99	1999-2000	1998-99
Mangalam Cement	103	108	157 Kg.	152 Kg.
Neer Shree Cement	88	95	141 Kg.	143 Kg.

However, as the cost of production has gone up because of increase in the cost of power, diesel, coal etc and with no significant increase in the cement prices, There is only marginal reduction in the loss as compared to previous year.

MARKET

This was the fourth consecutive year of depressed market for cement industry mainly located in the Central and Northern parts of the country. The cement industry, more particularly in Northern India, in anticipation of increase in demand had created substantial additional capacities within a short span of time, outstripping demand and growth which has resulted in unhealthy competition. In some of our markets, there was abnormal drop in cement prices. The immediate future outlook does not appear to be encouraging. However, the significant emphasis on the development of infrastructure and housing sector given

by the Government in its latest budget is expected to boost the demand in cement in future.

SALES TAX INCENTIVE

The cases relating to eligibility and quantum of sales Tax incentives have not come up for hearing in the Rajasthan High Court and company continuing to get sales tax incentive as per the decision of the Rajasthan Taxation Board.

FINANCE

During the year, company paid Rs.1686.33 lacs towards interest on term loans and Rs.125.00 lacs towards repayment of instalments of term loans to the Financial Institutions. The Company also repaid one instalment of US\$ 5,00,000 of ECB loan to Bank of India. Due to difficult liquidity position on account of depressed market conditions, Company requested Bank of India to re-schedule instalments of ECB loan due on 30.11.1999 and 30.5.2000 to which the Bank has agreed.

In view of erosion of 50% of the peak net worth during the preceding four financial years, necessary steps are being taken to comply with the provisions of Sick Industrial Companies (Special Provisions) Act, 1985.

INSURANCE

The Assets of your Company are adequately insured against fire and other risks which are considered necessary.

DIRECTORS

In accordance with Article 99 of the Articles of Association of the Company Shri B.K. Birla and Shri O.P.Gupta retire by rotation and being eligible offer themselves for re-election.

AUDITORS

M/s. Lodha & Co., Chartered Accountants, auditors of the Company retire at the forthcoming Annual General Meeting and your Directors recommend their re-appointment for the year 2000-2001.

Since the combined shareholding of the Financial Institutions and Nationalised Banks exceeds 25% of the subscribed capital of the Company, the appointment of the Auditors will require Special Resolution.

The comments in the Auditors' Report read with Notes to Accounts are self explanatory.

COST AUDITOR

Pursuant to the directives of the Central Government under provisions of Section 233-B of the Companies Act, 1956, a Cost Auditor has been appointed to audit Cost Accounts of your Company for the year ended 31st March, 2000.

INDUSTRIAL RELATIONS

We wish to place on record our appreciation of the devoted services of the workers, staff and the executives of the company enabling the company to achieve high level of performance during the year. The industrial relations continue to be cordial and harmonious.

PARTICULARS OF EMPLOYEES

The information required under Section 217(2A) of the Companies Act, 1956 has been given in Annexure A to the Report.

PARTICULARS OF ENERGY CONSERVATION ETC.

Particulars as required to be disclosed as per Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are set out in the statement attached hereto and form part of this Report.

Y2K COMPLIANCE

The Company has attained Y2K compliant status.

ACKNOWLEDGEMENTS

Your Directors express their grateful appreciation and sincere thanks to the Financial Institutions, Consortium of Banks, Bank of India, various Departments of Central and State Governments and Local Authorities for their continued guidance and support. We also thank our shareholders for the confidence and faith they have always reposed in us.

Yours faithfully,

B.K. Birla	Chairman
A.S. Gupta	Directors
O.P. Gupta	
B. Bhavani Sankar	
T.S. Vishwanath	
K.C. Jain	Managing Director

Mumbai
The 28th day of April, 2000

MANGALAM CEMENT LIMITED



ANNEXURE 'A'

PARTICULARS OF EMPLOYEES AS PER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2000

S. No.	Name	Remuneration- received (Rs.)	Age (in years)	Designation and nature of duties	Educational qualification	Experi- ence (years)	Date of com- mencement of employment	Name of previous employer/position held
Employed throughout the financial year under review and were in receipt of remuneration for the year in aggregate not less than Rs. 6,00,000.								
1.	Shri Bindra D.S.	6,00,792	58	Joint President	B.E. (Mech.)	35	25.04.1996	CCI Ltd. New Delhi General Manager

Employed for part of the year and were in receipt of remuneration at the rate of not less than Rs. 50,000/- per month : Nil

NOTES :

1. Nature of employment - Non contractual.
2. Other terms and conditions - As per Company's Rules/Scheme.
3. The employee named above is not a relative of any Director of the Company.

MUMBAI

The 28th day of April, 2000

B.K.Birla	Chairman
A.S. Gupta	Directors
O.P. Gupta	
B. Bhavani Sankar	Managing Director
T.S. Vishwanath	
K.C. Jain	

ANNEXURE 'B'

INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURES OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2000.

1. CONSERVATION OF ENERGY:

A) ENERGY CONSERVATION MEASURES TAKEN

1. Coal blending system was commissioned in Unit II by providing 2 Nos weigh feeders and one extra hopper. This has resulted in saving of 5 k.cal/kg of clinker.
2. 3 Nos V/F drives were commissioned in Unit II which has resulted in saving of 0.5 KWH per tonne of cement.
3. In Unit II, Kiln feed bucket elevator system was commissioned resulting in saving of about 2.5 KWH per tonne of cement.
4. 4 Nos P-20 energy saving transfer units were installed resulting in saving of about 1.8 lakh KWH per year.
5. By optimising production in unit I, we have saved about 4 KWH per tonne of cement and in Unit II, about 5 KWH per tonne of cement.
6. Optimisation of lighting system in plant and colony resulted in saving of about 60,000 KWH per year.

B) ADDITIONAL INVESTMENTS AND PROPOSALS, IF ANY, BEING IMPLEMENTED FOR REDUCTION OF CONSUMPTION OF ENERGY.

1. Installation of bucket elevator system for VRM Material transport to Blending silo (Unit II).
2. Installation of SPRS system for ESP fan for energy saving during direct mode of kiln operation (Unit II).
3. Installation of IKN KIDS system in clinker cooler of Unit II.
4. Installation of Multichannel Burner in Unit-I.

Total investment estimated for the above (B) is Rs. 350 lacs appx.

C. IMPACT OF THE MEASURES AT (A) & (B) ABOVE FOR REDUCTION OF ENERGY CONSUMPTION AND CONSEQUENT IMPACT ON THE COST OF PRODUCTION OF GOODS.

By measures taken at (A) we will save about 4 KWH/Tonne of Cement of Power consumption in Old Plant and 7 KWH/Tonne of Cement in New Plant. After completion of item (B), we expect a further saving as under:-

- NSC - Power saving 2.4 KWH/Tonne of cement
- Coal saving 25 K Cal/Kg. of Clinker