

27 TH ANNUAL REPORT 2002-2003



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 pillar 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 finance, 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. They 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 Leadership



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BOARD OF DIRECTORS

Shri O.P. Gupta	
Shri A.S. Gupta	
Shri K.K. Mudgil	Nominated by I.D.B.I.
Shri T.S. Vishwanath	Nominated by U.T.I.
Shri N.G. Khaitan	
Shri K.C. Jain	Managing Director

JOINT PRESIDENT (FINANCE & ADMINISTRATION) & COMPANY SECRETARY

Shri R.C. Gupta

REGISTERED OFFICE & FACTORIES

P.O. Aditya Nagar - 326520

Morak

Distt. Kota (Rajasthan)

HEAD OFFICE

9/1, R.N. Mukherjee Road

Kolkata - 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

REGISTRAR & SHARE TRANSFER AGENT

M/s. Mas Services Pvt. Ltd.

(Unit Mangalam Cement Ltd.)

AB-4, Safdarjung Enclave.

New Delhi-110 029.

NOTICE

NOTICE is hereby given that the 27th Annual General Meeting of the Members of Mangalam Cement Ltd will be held on Wednesday, the 24th December, 2003 at 10.30 A.M. at the Club Hall of Mangalam Cement Ltd, Basant Vihar, Adityanagar 326520, Morak, Dist.Kota (Rajasthan) to transact, with or without modifications, the following business:

1. To receive, consider and adopt the Audited Accounts for the year ended 30th September, 2003 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri A.S.Gupta who retires by rotation and being eligible, offers himself for re-appointment.
3. 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 and terms of payment as per the recommendations of its Audit Committee."

SPECIAL BUSINESS

4. To consider and if thought fit to pass, with or without modification(s), the following Resolution as a Special Resolution:
 "RESOLVED THAT subject to the provisions of the Companies Act, 1956, The Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and all other applicable laws, rules, regulations and guidelines and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, which the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this Resolution), be and is hereby authorized to agree, the consent of the Company be and is hereby accorded to the Board to de-list the Equity Shares and all other Securities of the Company from the Delhi Stock Exchange Association Ltd. Delhi, Jaipur Stock Exchange Ltd, Jaipur and Calcutta Stock Exchange Association Ltd, Kolkata."
 "RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do and perform all such acts, deeds, matters and things, as it

may in its absolute discretion deem necessary, proper or desirable and execute all such applications, documents and writings as it may consider necessary or proper for giving effect to this Resolution."

5. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:
 "RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company, be and are hereby amended as follows.
 (a) The following new Article 76A be inserted after the existing Article 76.
 "76A POSTAL BALLOT
 In the case of Resolutions relating to such business as the Central Government may by notification, declare to be conducted only by Postal Ballot, the Company shall get such Resolutions passed by means of Postal Ballot and/or through electronic mode instead of transacting such business at the General Meeting of the Company. Where the Company is required or decides, as the case may be, to get the Resolutions passed by means of Postal Ballot, the provisions of Section 192A of the Act and other incidental rules, regulations framed and modifications thereunder from time to time, shall be complied with."

By Order of the Board,

Registered Office:

P.O.Adityanagar 326520,
Morak, Dist.Kota (Rajasthan)

R.C.GUPTA
Secretary

Dated, the 31st Day of October, 2003

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. Register of members and Share Transfer Books of the Company shall remain closed from Wednesday, the 17th December, 2003 to Wednesday, the 24th December, 2003, both the days inclusive.
3. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 for Special Business mentioned in the above Notice is annexed hereto.
4. a. Under provisions of Section 205(A) of the Companies Act, 1956, the Company has already transferred all unpaid dividends declared upto and

MANGALAM CEMENT LIMITED

including the financial year ended 31st March, 1995 and the members are advised to approach the Registrar of Companies, Rajasthan, Jaipur to claim the dividends of all the said periods.

- b. (i) Pursuant to Section 205A of the Companies Act, 1956, read together with 205C of the Act, as amended, Dividend for the financial year ended 31st March, 1996, amounting to Rs.1,57,032.80 (Rupees one lac fifty seven thousand thirty two and eighty paise only) which remained unpaid or unclaimed for 7 years, has been transferred to the Investor Education and Protection Fund constituted by the Central Government.
- (ii) It may be noted that as per amended Companies Act, once the unclaimed dividend is transferred to the Government as above, no claim shall lie in respect of such amounts.
- (iii) Unclaimed Dividend for the financial year ended 31.3.1997 will be transferred to the Investor Education and Protection Fund by 28.9.2004. Members, who have so far not encashed their Dividend Warrants for the year ended 31.3.1997 should approach the Company immediately with their warrants for realization.

5. Re-appointment of Directors

As per Clause 49 of the Listing Agreement with the Stock Exchanges, the Company is required to provide a brief resume, expertise and names of the companies in which the proposed Director holds the Directorship and Membership of the Committees of the Board and accordingly, the said information is given hereinbelow in respect of Shri A.S.Gupta who retires by rotation and being eligible offers himself for re-election at the ensuing Annual General Meeting.

Shri A.S.Gupta, aged 77 years is Ex-Chairman of LIC of India. He is Director in this Company since 16.2.1989. He is also Director in the following Companies.

- (a) KEC International Ltd.
- (b) Gujarat Carbon & Industries Ltd.
- (c) Bhansali Engg Polymers Ltd.

He is also Chairman /Member of the following Committees of Directors.

1.	Mangalam Cement Ltd	Audit Committee	Chairman
2.	Mangalam Cement Ltd	Remuneration Committee	Member
3.	KEC International Ltd.	Audit Committee	Chairman
4.	KEC International Ltd.	Remuneration Committee	Chairman
5.	Bhansali Engg Polymers Ltd.	Audit Committee	Chairman

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM No.4.

Equity Shares and 14% Optionally Convertible Cumulative Preference Shares (OCCPS) of the Company are currently listed on the following Stock Exchanges in India.

- i) Jaipur Stock Exchange Association Ltd (JSE), (Regional Stock Exchange), Jaipur
- ii) The Delhi Stock Exchange Association Ltd. (DSE), Delhi
- iii) The Stock Exchange, Mumbai (BSE)
- iv) The Calcutta Stock Exchange Association Ltd, (CSE), Kolkata
- v) National Stock Exchange of India Ltd, (NSE), Mumbai.

The Company's shares, which are required to be compulsorily traded in the dematerialised form, are actively traded only in the Stock Exchange, Mumbai and National Stock Exchange of India Ltd, Mumbai. The trading volumes in the Company's shares on the other Stock exchanges are either nil or insignificant.

The Board of Directors of your Company has accordingly recommended for the approval of Members, the proposal to voluntarily delist the Company's shares from the Stock Exchanges at Kolkata, Delhi and Jaipur.

Delisting of the Company's shares from the aforesaid Stock Exchanges would result in administration convenience and savings in costs on account of listing fee, etc. The proposed delisting of the Company's Equity Shares from CSE, DSE and JSE, as and when it takes place, will not affect the investors adversely. The Company's Equity Shares will continue to be listed on BSE and NSE. The delisting will take effect after all approvals, permissions and sanctions are received.

In line with SEBI (Delisting of Securities) Guidelines, 2003, consent of the Members is being sought by a Special Resolution for enabling voluntary delisting of Company's shares from the aforesaid Stock Exchanges.

Your Directors, therefore, recommend the resolution for your approval.

None of the Directors of the Company is, in any way, concerned nor interested in this Resolution.

ITEM NO.5

The Companies (Amendment) Act, 2000 has introduced the postal ballot system giving the shareholders a right to cast their vote by postal ballot including through the electronic media in respect of such business as is notified from time to time by the Central Government to be passed through postal ballot. To facilitate the same, a new Article 76A is proposed to be included in the Articles of Association of the Company.

The Directors, accordingly recommend the resolution mentioned in this item of the Notice for approval of the Shareholders.

None of the Directors of the Company is, in any way, concerned nor interested in this resolution except as may be to the extent of the shares held by them in the Company.

By Order of the Board,

Registered Office:
P.O.Adityanagar 326520,
Morak, Dist.Kota (Rajasthan)

R.C.GUPTA
Secretary

Dated, the 31st Day of October, 2003

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 30TH SEPTEMBER, 2003.

Dear Shareholders,

We present the 27th Annual Report of the Company with audited statements of accounts for the year ended 30th September, 2003.

FINANCIAL RESULTS

	Current year ended 30 th September 2003	Previous year ended 30 th September 2002
	Rs	Rs.
Gross Sales	260,40,81,416	309,66,80,651
Less: Excise Duty	50,46,33,316	52,78,25,383
Net Sales	209,94,48,100	256,88,55,268
Profit/(Loss)	(3,87,32,821)	14,41,57,510
Less: Interest	40,43,78,370	34,07,46,419
Gross Profit/(Loss) before Depreciation	(44,31,11,191)	(19,65,88,909)
Less: Depreciation (net of transfer from Revaluation reserve)	11,72,99,892	11,33,61,927
Net Profit/(Loss) after depreciation	(56,04,11,083)	(30,99,50,836)
Add:		
a. Income Tax refunds pertaining to earlier years	—	27,270
b. Surplus/(Deficit) of Profit and Loss account brought forward from previous years	(147,43,09,383)	(116,43,85,817)
Surplus/(Deficit) carried to Balance Sheet	(203,47,20,466)	(147,43,09,383)

DIVIDEND

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

PRODUCTION AND PERFORMANCE

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

	1.10.2002 to 30.9.2003 MT	1.10.2001 to 30.9.2002 MT
Clinker Production		
Mangalam cement	323725	433839
Neer Shree Cement	939215	960029
	1262940	1393868
Cement Production		
Mangalam cement	423286	516097
Neer Shree Cement	885037	969451
	1308323	1485548
Cement Despatches		
Mangalam cement	425063	517449
Neer Shree Cement	881965	966420
	1307028	1483869
Power Consumption (Per MT on Cement)		
Mangalam cement	98 Kwh	98 Kwh
Neer Shree Cement	81 Kwh	84 Kwh
Coal Consumption (Per MT on Cement)		
Mangalam cement	175 Kg	178 Kg
Neer Shree Cement	173 Kg	172 Kg

Cement and Clinker production was lower than the previous year mainly because of non availability of working capital funds due to which operations of the old plant were suspended intermittently. Sales during the year were lower because of lower despatches and un-remunerative cement prices. The net loss for the year is Rs.56.04 Cr as compared to Rs.30.99 Cr in the previous year mainly because of lower cement realization, increase in the excise duty by Rs.50 per MT w.e.f. 1st March, 2003 and increase in interest due to interest on interest, penal interest and liquidated damages on the interest and principal payable to financial institutions.

REHABILITATION PLAN

As reported in the previous year, the Revival Package submitted by the Company to Industrial Development Bank of India (IDBI), the Operating Agency (OA), was not accepted by them and the Company was advised to submit a substantially improved revival package. The Company has submitted the Revised Revival Package to IDBI on the 8th September, 2003 and the Company is in discussion with the OA on the same alongwith other options for the revival of the Company.

FINANCES

The Consortium of Banks did not release the working capital credit facilities to the company.

During the year company settled the dues of Industrial Investment Bank of India (IIBI) by paying 100% of the principal amount of Rs.75 lacs and 10% of the simple interest as Management Fee in full and final settlement of their dues.

Due to losses incurred by the Company, it could not meet its obligation of payment of interest and installments of principal of term loans availed from IDBI, ICICI, IFCI, LIC, UTI, GIC and its subsidiaries and External Commercial Borrowing availed from the Bank of India. The Company has submitted Rehabilitation Plan which includes inter-alia re-schedulement of principal and/or waiver of interest, compound interest and liquidated damages and, also reduction in the rate of interest.

SALESTAX INCENTIVE

The Government of Rajasthan has granted exemption to the second unit of the Company viz. Neer Shree Cement from the payment of tax payable on sale of cement to the extent of 75% in both Rajasthan Salestax (RST) and Central Salestax (CST) w.e.f. 29th May, 2003 as against earlier exemption of 25% in RST and 75% in CST. However, the aforesaid exemption is subject to the condition that in case the Hon'ble Supreme Court of India decides contrary to the judgment of the Hon'ble High Court of Rajasthan in the matter of Binani Cement Ltd, the incentive in excess of 25% of RST contingent in the books, will be deposited.

DISPUTED SALESTAX INCENTIVE FOR EARLIER PERIOD

To settle the dispute, the Company as well as the Government of Rajasthan have withdrawn all the pending cases which were pending in the Hon'ble High Court of Rajasthan relating to the salestax incentive for the period 1.4.1997 to 2.2.2001. Accordingly, the Company has filed an application U/s 37 of Rajasthan Sales Tax Act and Rule 34 of the Rajasthan Sales Tax Rules for giving consequential effect to the withdrawal of the cases and the Company has also filed miscellaneous application with the Rajasthan Tax Board for directing the Assessing Officer for finalising the assessment as per the judgment of the Board for the aforesaid period.

VOLUNTARY DELISTING OF COMPANY'S SHARES FROM CERTAIN STOCK EXCHANGES

Equity Shares of your Company are presently listed on the Stock

MANGLAM CEMENT LIMITED

Exchanges at Jaipur (Regional Stock Exchange), Mumbai, Delhi, Kolkata and National Stock Exchange of India Ltd. For facilitating administrative convenience, the Board of Directors has decided to apply for voluntary delisting of Company's shares under SEBI (Delisting of Securities) Guidelines, 2003, from the Stock Exchanges at Jaipur, Delhi and Kolkata.

With the wide and extensive net-working of the Stock Exchange, Mumbai (BSE) and National Stock Exchange of India Ltd (NSE), on-line dealing in the shares of the Company is accessible across the country and delisting of shares from the aforesaid Stock Exchanges would not adversely affect any investor including those located in the regions where the said Stock Exchanges are situated. Further, continued listing on the said Stock Exchanges at Jaipur, Delhi and Kolkata, will not have any commensurate benefit to the Company/investors in terms of listing fees being paid and compliance of formalities.

In view of the above, the Board of Directors recommends approval of the Members as sought under item No.5 to the Notice of Annual General Meeting.

DIRECTORS

In accordance with Article 99 of the Articles of Association of the Company, Shri A.S.Gupta, retires by rotation and being eligible offers himself for re-election.

Resume in respect of Shri A.S.Gupta is given in the Notice to Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217(2AA) OF THE COMPANIES ACT, 1956.

As required u/s 217(2AA) of the Companies Act, 1956, we hereby confirm:

- That in the preparation of the annual accounts, the applicable accounting standards had been followed alongwith proper explanations relating to material departures;
- That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at September, 30, 2003 and of the profit or loss for the year ended 30th September, 2003;
- That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- That the Directors have prepared the annual accounts on a going concern basis.

INSURANCE

The assets of your company are adequately insured against fire and risk which are considered necessary.

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 2003-2004. 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 observations made in the Auditors' Report regarding non-provision of interest on Inter Corporate Deposits (ICDs) for the

period 1st April, 2003 to 30th September, 2003, amounting to Rs.131.60 lacs, the same has not been provided as the Company's request for waiver of interest on ICDs is under consideration of lender companies.

COST AUDITORS

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 30th September 2003.

ENVIRONMENTS AND POLLUTION CONTROL

Both the manufacturing units of the Company possess required environmental clearances from the Pollution Control Board and the same are in compliance with the present environmental legislation.

INDUSTRIAL RELATIONS

During the year under review, your Company continued to maintain cordial and mutual helpful relationship with the employees. The Board records its appreciation of the commitment and support of employees at all levels and look forward to their total involvement.

PARTICULARS OF EMPLOYEES

There is no employee during the year under review in respect of whom the particulars as required to be disclosed with reference to the Companies (Particulars of Employees) Rules, 1975 as amended.

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.

CORPORATE GOVERNANCE

Your Company has taken adequate steps to ensure that all mandatory provisions of Corporate Governance as provided in the Listing Agreement with the Stock Exchanges with which Company's shares are listed, are duly complied with.

A separate report each on Corporate Governance and Management Discussions and Analysis are annexed hereto alongwith Auditors' Certificate as part of Annual Report.

PUBLIC DEPOSITS

The Company has neither invited nor accepted any deposits from the public within the meaning of Section 58(A) of the Companies Act, 1956 during the year under review.

ACKNOWLEDGEMENTS

Your Directors express their grateful appreciation and sincere thanks to the Financial Institutions, Bank of India, various Departments of Central and State Governments and Local Authorities for their continued guidance and support. The Directors also sincerely thank the Company's dealers, distributors, contractors and suppliers for their contribution and support and the shareholders of the Company for the confidence and faith they have always reposed.

Yours faithfully,

O.P. Gupta	Directors
K.K. Mudgil	
K.C. Jain	
	Managing Director

New Delhi
The 30th day of October 2003

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 30TH SEPTEMBER, 2003.

1. CONSERVATION OF ENERGY:

A) ENERGY CONSERVATION MEASURES TAKEN

i) Projects Implemented:

1. 2 Nos. V/F drives were installed and commissioned for bag filters in Unit-II resulting in saving of 0.16 Kwh per tone of cement.
2. Installation of Dense Phase System in Unit-II to convey clinker dust from Cooler ESP to Cement Mill resulting in saving of 0.40 Kwh per tone of cement.
3. Upgradation of VRM in Unit-II by incorporating LV classifier and increasing its grinding capacity resulting in saving of 1.5 Kwh per tone of cement. VRM production rate also increased by 15TPH.
4. Installation of V Separator for Polycor and close circuiting of Cement mill Unit-II. Presently, the system is under stabilization. Expected saving is 1.5 Kwh / tone of cement.
5. Unit I cement mill is made close circuiting by installation of SEPOL Separator and the system is under stabilization. 7TPH increase in output is expected with improved quality of cement.

ii) Other energy Conservation measures taken:

1. Optimization of 7 Nos bag filters fan speed by changing pulley size resulted in saving of 441492 Kwh / year.
2. Optimization of Raw mill Booster fan speed in Unit-I resulted in saving of 49000 Kwh / year.
3. Stopping of VRM water spray pump and giving water flow through gravity system in Unit-II, has resulted in saving of 26812 Kwh / year.
4. Unit-II Crusher ramp street lights were switched off during night hours from 10 P.M. onwards. This has resulted in saving of 6424 Kwh / year.
5. Electrical power consumption of mines tower lighting in Unit-II is reduced after installation of energy saver. This has resulted in saving of 11388 Kwh / year.
6. Electrical power consumption of street lighting in Unit-I is reduced after installation of P-20 Beblec energy saver. This has resulted in saving of 2920 Kwh / year.
7. Optimization of Unit-II PC blower speed by changing pulley size has resulted in saving of 120000 Kwh / year.
8. No load losses in transformers of Unit-I were reduced by switching off them in steps during plant shutdown period. This has resulted in saving of 78480 Kwh / year.

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

Installation of fly ash feeding system in V separator of Polycor circuit of Unit-II is in progress. This will help in manufacturing of PPC more efficiently.

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)(i) above, we saved about 2.06 Kwh / tone of cement in Unit II and also, production rate of Unit-II VRM increased by 15TPH and in (A)(ii) above, we saved approx. 736516 Kwh / annum of electricity in Unit-I and Unit-II combined.

2. TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION AS PER FORM - A OF THE ANNEXURE TO THE RULES IN RESPECT OF INDUSTRIES SPECIFIED IN THE SCHEDULE.

A. POWER AND FUEL CONSUMPTION

1.10.2002	1.10.2001
to	to
30.9.2003	30.9.2002

1. ELECTRICITY

a. Purchased(Net)

Unit (in lacs)

Total amount (Rs.in lacs)

(Rate/Unit (Rs.))

1154.98	1188.09
4830.60	4966.10
4.18	4.18

b. Own Generation(Net)

i. Through Diesel Generators

Units (in lacs)

Unit per Ltr. of Diesel Oil

Cost/unit (Rs.)

10.16	147.84
3.82	3.93
9.96	3.94

ii. Through Steam Turbine/Generator

N.A.	NA.
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MANGALAM CEMENT LIMITED



2. COAL

(Used for Calcining of Raw Meal)

Qty. (Tonnes)

238460

258230

Total cost (Rs. in lacs)

5079.71

5148.89

Average Rate (Rs. /MT)

2130.22

1993.92

3. FURNACE OIL

N.A.

N.A.

B. CONSUMPTION PER UNIT OF PRODUCTION

Products

Industry

Cement

Cement

Unit

Avg

M.T.

M.T.

Electricity

i) Unit I

100-120 Kwh

98 Kwh

98 Kwh

ii) Unit II

70-90 Kwh

81 Kwh

84 Kwh

Furnace Oil

N.A.

N.A.

Coal per ton on Cement

i) Unit I

175 Kg

178 Kg

ii) Unit II

173 Kg

172 Kg

3. TECHNOLOGY ABSORPTION

1. Research and Development (R&D)

(a) Specific areas in which R&D carried out by the Company

NIL

(b) Benefit derived as a result of above.

NIL

(c) Future plan of action

NIL

(d) Expenditure on R&D

(i) Capital

NIL

(ii) Recurring

Rs. 5.24 lacs

(iii) Total

Rs. 5.24 lacs

(iv) Total R&D Expenditure as a percentage of total turnover

0.02

2. Technology absorption, adoption and innovation:

(a) Efforts in brief made towards technology absorption.

1. Continuous interaction with Krupp Industries India Ltd., the main plant supplier and others for technical assistance, has helped to achieve optimum benefits of the advancement in technology such as plant optimization, efficient use of energy etc.

2. Plant personnel were trained by experts, in-house and outside through Seminars and visits.

(b) Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.

Improved quality and productivity improved throughput and cost reduction, due to thermal and electrical energy savings

(c) In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished :

(i) Technology imported

: NIL

(ii) Year of import

: N.A.

(iii) Has Technology been fully absorbed

: N.A.

(iv) If not fully absorbed areas :

where this has not taken place, reason thereof and future plan of action.

N.A.

4. FOREIGN EXCHANGE EARNING AND OUTGO:

(a) Total foreign exchange earned

Rs. Nil

(b) Total foreign exchange used

Rs. 208.37 lacs

O.P. Gupta
K.K. Mudgil
K.C. Jain

Directors
Managing
Director

New Delhi
The 30th day of October 2003

REPORT ON CORPORATE GOVERNANCE

Corporate Governance essentially deals with how companies are run and the manner in which the Board of Directors discharges its function and responsibilities to ensure proper management with accountability, in the best interest of shareholders and other stakeholders. Importance of good corporate governance has been recognised by your company since long.

A. COMPLIANCE OF MANDATORY REQUIREMENTS:

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges, the details of Corporate Governance Compliance by the Company are as under:

I. Company's Philosophy of Corporate Governance:

In this era of globalisation and increasing competitive market transparency in corporate management and reporting practices has become essential part of today's management. It has been the company's endeavour to have its proper focus on the quality/cost consciousness by increasing transparency and accountability to its bankers, financial institutions, customers and shareholders.

II. Composition of the Board and Directorship in other Companies as on 30th Sept 2003.

Board of Directors:

Name of the Director	Executive/ Non-Executive/ Independent	Members of the Board of other public companies excluding directorship in Pvt. companies	Total No. of committee membership held (excluding private companies).	
			As Chairman.	As Member
Shri O.P.Gupta	Non-Executive & Independent	6	4	6
Shri A.S.Gupta	Non-Executive & Independent	3	4	1
Shri K.K.Mudgil (Nominee Director of IDBI.)	Non-Executive & Independent	2	1	2
Shri T.S.Vishwanath (Nominee Director of UTI.)	Non-Executive & Independent	—	—	—
Shri N.G.Khaitan	Non-Executive & Independent	12	3	7
Shri K.C.Jain	Executive (Managing Director)	—	1	—

Meetings and attendance record of each Director:

(i) During the year ended on September 30, 2003, the Board of Directors had Eight (8) Meetings. They were held on:

S.No.	Date of Meeting
1.	22.10.2002
2.	30.10.2002
3.	02.12.2002
4.	14.12.2002
5.	25.01.2003
6.	01.04.2003
7.	22.04.2003
8.	25.07.2003

(ii) The attendance record of the Directors at the Board Meetings during the year ended 30th September, 2003 and the last Annual General Meeting (AGM) is as under:

S.No.	Name of the Director	No. of Board Meetings Attended	Attendance at the Last AGM
1.	Shri O.P.Gupta	8 out of 8	No
2.	Shri A.S.Gupta	3 out of 8	No
3.	Shri K.K.Mudgil	8 out of 8	Yes
4.	Shri T.S.Vishwanath	7 out of 8	No
5.	Shri N.G.Khaitan	6 out of 8	No
6.	Shri K.C.Jain	8 out of 8	Yes