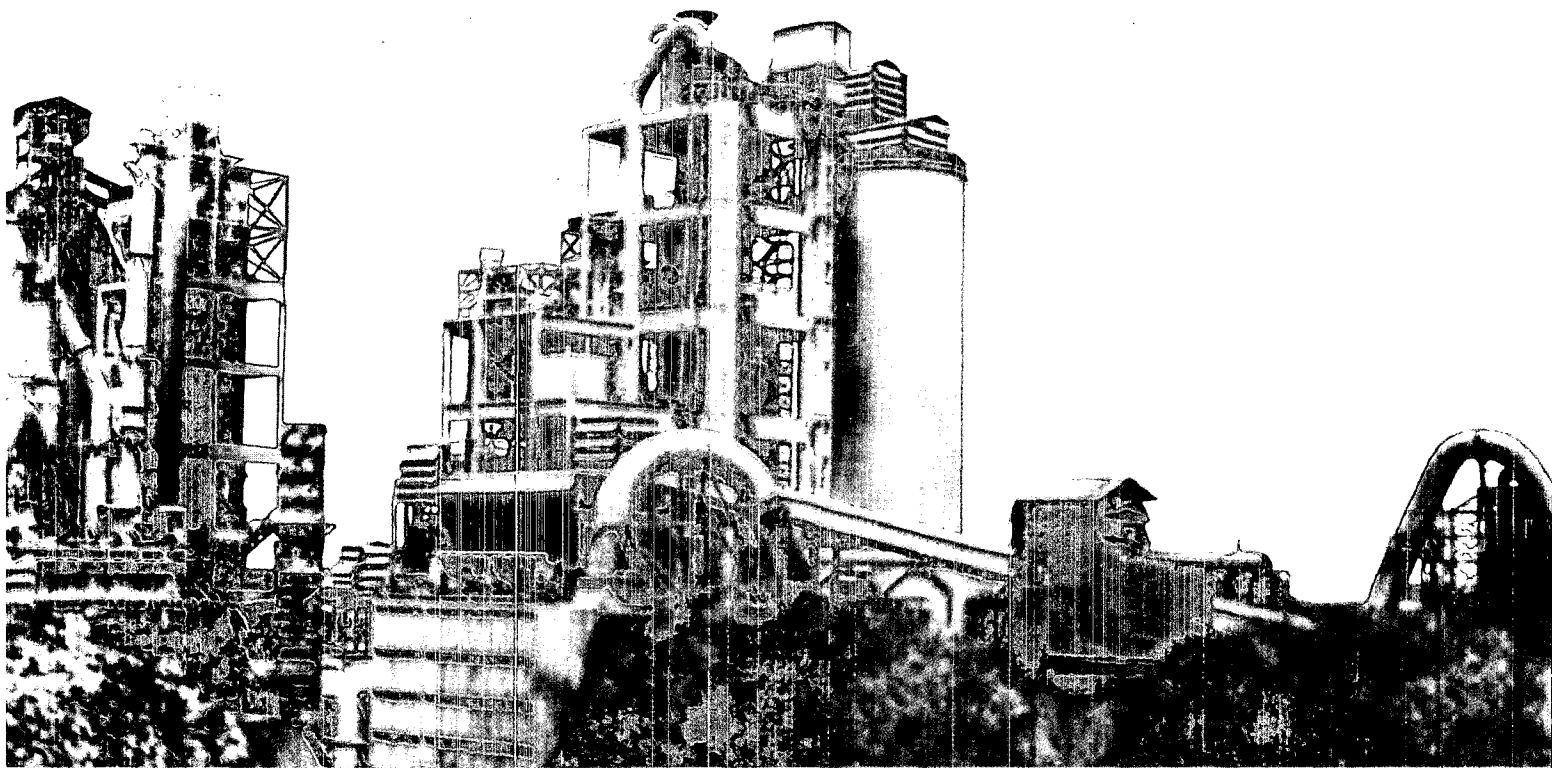




# MANGALAM CEMENT LIMITED

32nd ANNUAL REPORT 2007-2008

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## **B K BIRLA GROUP OF COMPANIES**

# **The Group logo - As represented by the 21st Century Atlas**

### **Atlas, The Titan - Collective strength**

Atlas, bearer of the heavens is synonymous with vast, all encompassing strength and is used to symbolise the Group's own collective strength. It reflects the combined qualities of astute and dynamic management while emphasising the Group's tenacity, consistency, reliability and overall leadership.

### **The Sun - Enlightenment and Growth**

The Sun, as a source of infinite energy and inspiration, is used here in conjunction with the Atlas head to represent the vitality and powerful presence of the Group - both in its industrial prowess and its financial, technological and intellectual skills.

### **The Earth Segments - Diversified Activities**

Each of the latitudes around the Titan represent various sections - industrial, agricultural, financial and other activities of the Group. As with the infinite variety of the world, so is the strength of the Group, made up of its diverse activities.

### **The Globe - Global Vision**

The Group's global presence and vision is reflected in the entirety of the Earth's Sphere.

### **The Base - Solid Foundations**

The strength of the entire edifice depends upon the strength of the foundation embedded in the bedrock, represented here by the Group Name.

### **The Symmetry - The Resilience, Versatility and Stability**

Seen in its entirety, each of the elements - Atlas, the Sun, the Earth divisions, the Globe and the Base, together sum up a well-conceptualised and balanced conglomerate.

**Strong Foundation • Sustained Growth • Proven Leadership**

# 32nd ANNUAL REPORT 2007-2008

## BOARD OF DIRECTORS

Shri O.P. Gupta Chairman  
 Shri K.K. Mudgil  
 Shri T.S. Vishwanath  
 Shri N.G. Khaitan  
 Shri K.C. Jain Managing Director

## 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 Jain Pramod Jain & Co.  
 Chartered Accountants

## BANKERS

State Bank of India  
 State Bank of Bikaner & Jaipur  
 The Bank of Rajasthan Ltd.  
 HDFC Bank Ltd.  
 AXIS Bank Ltd.

## REGISTRAR & SHARE TRANSFER AGENT

M/s. MAS Services Ltd.  
 AB-4, Safdarjung Enclave.  
 New Delhi-110 029.  
 Tel. No. - 26104142





## NOTICE

NOTICE is hereby given that the 32<sup>nd</sup> Annual General Meeting of the Members of Mangalam Cement Ltd. will be held on Tuesday, the 15<sup>th</sup> July, 2008 at 11.30 A.M. at the Club Hall of Mangalam Cement Ltd, Basant Vihar, Adityanagar 326520, Morak, Dist. Kota (Rajasthan) to transact, with or without modification(s), the following business:

1. To receive, consider and adopt the Audited Accounts for the year ended 31<sup>st</sup> March, 2008 and the Reports of the Directors and Auditors thereon.
2. To declare dividend on Equity Shares for the year ended 31<sup>st</sup> March, 2008.
3. To appoint a Director in place of Shri K.K.Mudgil who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint auditors and to fix their remuneration and in that connection to pass with or without modification(s), the following Resolution to be moved as an Ordinary Resolution.

"RESOLVED THAT M/s. Jain Pramod Jain & Co., Chartered Accountants, New Delhi, be and are hereby appointed as Auditors of the Company from the conclusion of this meeting until 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 the Auditors."



Shareholders holding shares in physical form and desirous of availing ECS facility, should provide the bank details and 9 digits code number in ECS Mandate Proforma. Shareholders who have already given their Bank details to avail the ECS facility should furnish the same only if there is any change.

The ECS Mandate Proforma can be obtained from the Company's Share Transfer Agents, M/s.MAS Services Ltd at the address mentioned hereinbelow in Note 7.

7. In terms of provisions of Section 109A of the Companies Act, 1956, nomination facility is available to individual shareholders. The shareholders who are holding shares in physical form and are desirous of availing this facility may kindly write to the Company's Share Transfer Agents, M/s.MAS Services Ltd, AB-4, Safdarjung Enclave, New Delhi 110029 for nomination form quoting their folio number. Shareholders holding shares in dematerialized form, should write to their Depository Participant for the purpose.
8. Members who are holding shares in identical order of names in more than one folio, are requested to write to the Company's Share Transfer Agents at the address mentioned hereinabove in Note 7 to consolidate their holding in one folio.
9. Members who are holding shares in physical form are requested to notify change in address, if any, to the Company's Share Transfer Agents at the address mentioned hereinabove in Note 7 quoting their folio number. Shareholders holding shares in dematerialized form, should intimate change of their address, if any, to the Depository participant.

### 10. Re-appointment of Director

As per Clause 49 of the Listing Agreement with the Stock Exchanges, the Company is required to provide a brief resume, experience and names of the companies in which the proposed Directors hold Directorship and Membership of the Committees of the Board and accordingly, the said information is given herein below in respect of Shri K.K.Mudgil.

Shri K.K.Mudgil, aged 70 years, is B.A. (Hon) in Economics with advanced course on Organization, Management and Financing of Small Scale Village Industries. He rose to the position of Chief General Manager of Reserve Bank of India (RBI) and retired on 30<sup>th</sup> November, 1997 as Executive Director (on deputation from RBI) of National Housing Bank. Since January, 1998, he is holding the position of Secretary General, Council of State Industrial Development and Investment Corporations of India, New Delhi. He is neither a Director nor Chairman/Member of the Committees of the Board in any other Company.

Shri Mudgil does not hold any share in the Company. He is on the Board of the Company since 27<sup>th</sup> December, 2000.

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

### Item No.5

At the Extra-ordinary General Meeting held on 15<sup>th</sup> July, 2005, the shareholders of the Company approved re-appointment of Shri K.K. Jain as Managing Director of the Company for a period of 3 years effective from 1<sup>st</sup> May, 2005. His term of

None of the Directors except Shri K.C.Jain being Managing Director himself, is concerned or interested in the Resolution. The information given above in respect of Shri K.C.Jain is also to be treated as details as required under Clause 49 of the Listing Agreement.

The abstracts of terms of contract for re-appointment of Managing Director as required U/s 302 of the Companies Act, 1956, form part of Notice calling the General Meeting and the Memorandum of nature of concern and interest U/s 302 of the Companies Act, 1956 and form part of Explanatory Statement hereof.

Copies of the documents referred to above are available for inspection by members of the Company at its Registered Office between 10 am and 12.30 pm on any working day of the Company.

#### Item No.6

Section 309 (4) of the Companies Act, 1956 provides that in the case of a Director who is neither Managing Director nor in the wholetime employment of the Company, may by a Special Resolution authorize payment of commission in addition to the fee for attending the meetings of the Board where the Directors are rendering specific useful services to the Company. As the shareholders are aware, the entire management of the Company except for the powers vested in the Managing Director, rest of the management of the company vests in the Board of Directors which acts through a number of committees on which the Directors are represented. In view of greater involvement of the Directors in the affairs of the company, it is desirable that they should be paid commission @1% of the net profit of the company not exceeding Rs.10 lacs in any financial year to be divided equally amongst them, except the Managing Director. The proposed Resolution, therefore, seeks authority for such payment to the Directors.

All the Directors of the Company, except Shri K.C.Jain, are interested in the Resolution to the extent the commission is payable to them in accordance with the proposed Resolution.

Registered Office:  
P.O.Adityanagar - 326520  
Morak  
Dist.Kota (Raj)

By Order of the Board

R.C.GUPTA  
Company Secretary

Dated, 26<sup>th</sup> day of April, 2008.

**REPORT OF THE DIRECTORS**

FOR THE YEAR ENDED 31st MARCH, 2008.

Dear Shareholders,

We have the pleasure in presenting the 32nd Annual Report of the Company with audited statements of accounts for the year ended 31st March, 2008. The summarized Financial Results are given below:

**1. FINANCIAL RESULTS**

	Current year ended 31 <sup>st</sup> March, 2008 (April-07 to March-08) (Rs. In Lacs)	Previous year ended 31 <sup>st</sup> March, 2007 (Oct.-06 to March-07) (Rs. In Lacs)
Gross Sales	59587.12	26126.61
Less: Excise Duty	8599.23	3327.19
Net Sales	<u>50987.89</u>	<u>22799.42</u>
Operating Profit before Interest and Financial Charges, Depreciation and Tax	16049.80	6959.30
Less: Interest and Financial Charges	<u>294.64</u>	<u>64.50</u>
Gross Profit before Depreciation and Tax	15755.16	6894.80
Less: Depreciation (net of transfer from Revaluation Reserve)	<u>1770.25</u>	<u>608.26</u>
Net Profit before Tax	13984.91	6286.54
<b>Less : Provisions for Tax</b>		
a. Income Tax/MAT	2600.00	698.00
b. Deferred Tax	-	769.00
c. Fringe Benefit Tax	29.94	15.70
d. Prior period adjustment:		
(i) Reversal of MAT Credit entitlement	-	627.00
(ii) Deduct: Provision for taxation no longer required written back	-	<u>16.03</u>
Net Profit after tax	<u>11354.97</u>	<u>4192.87</u>
Profit brought forward from previous year	6190.27	3158.35
Profit available for appropriation	<u>17545.24</u>	<u>7351.22</u>
<b>APPROPRIATIONS</b>		
a) Transfer to General Reserve	1150.00	500.00
b) Proposed Dividend on Equity Shares	1412.33	564.94
c) Corporate Dividend Tax	240.03	96.01
d) Balance carried forward to next year	14742.88	6190.27
<b>TOTAL</b>	<u>17545.24</u>	<u>7351.22</u>

## 2. DIVIDEND

We recommend a dividend of Rs.5.00 per Equity Share of Rs.10 each for the year ended 31<sup>st</sup> March 2008. Total Dividend outgo will be Rs.1652.36 lacs including dividend tax.

## 3. DEFERRED TAX

During the year under review, the Hon'ble Rajasthan High Court vide its order dt.30<sup>th</sup> November, 2007, has allowed the company to use the Securities Premium Account under the head Reserves and Surplus towards meeting the liability of 'Deferred Tax' required to be provided as per the Accounting Standard on 'Accounting for Taxes on Income' (AS-22) prescribed by the Institute of Chartered Accountants of India. Accordingly, the Company has utilized Rs.2197.00 Lacs from the Securities Premium Account towards making provision for 'Deferred Tax' for the current year under review.

## 4. OVERALL PERFORMANCE

Performance of the Company has been comprehensively covered in the Management Discussions and Analysis Report which forms part of Directors' Report.

## 5. WIND MILLS

4 wind mills of 0.6 MW capacity each and 3 wind mills of 1.25 MW capacity each were commissioned during the period September, 2007 to January, 2008 in the District of Jaisalmer and generated 15.79 lacs Kwh. The Company has entered wheeling and Banking Agreement with Jaipur Vidyut Vitran Nigam Ltd. for the captive use of power. The power generated from the wind mills will also meet the requirement of Renewable energy (RE) obligation as stipulated by the Government of Rajasthan vide its notification dated 23<sup>rd</sup> March, 07.

## 6. CAPTIVE POWER PLANT

Captive Thermal Power Plant of 17.5 MW capacity has been commissioned and started commercial production w.e.f. 1<sup>st</sup> October, 2007. It has generated 618.24 lacs Kwh during the period of 6 months i.e. October, 2007 to March, 2008. The Company will meet appx 70% of its power requirement through captive power generation.

## 7. REVIVAL OF THE COMPANY

As per the order dated 24<sup>th</sup> May, 2007 of the Hon'ble Board for Industrial and Financial Reconstruction (BIFR), your Company ceases to be a sick industrial company within the meaning of Section 3(1)(o) of SICA, 1985 and the Company has been discharged from the purview of SICA, 1985.

## 8. CAPACITY EXPANSION AND UPGRADATION

The progress of upgradation of capacity is as under:

- The process of integration with the existing production facilities has been started for increase in clinker capacity by 250 TPD in Unit-II and is expected to be commissioned by May, 2008.
- Increase in grinding capacity in Unit-I by 5 lacs TPA, the work is in full swing and is expected to be commissioned by June, 2008.
- Increase in clinker capacity by 500 TPD in Unit-I is expected to be materialized by second Quarter of the current financial year.

## 9. NEW PROJECTS

The Company is examining the economic and financial viability of setting up a new cement plant at the existing site. The Company did not receive any favourable response from the Government of Rajasthan to the applications made for grant of mining lease at other places in the state of Rajasthan for setting up a greenfield cement manufacturing plant. The Company has applied for a Prospecting License (PL) for the limestone bearing mining area in the District of Murena of Madhya Pradesh and MoU has been signed with the Government of M.P. for setting up a cement manufacturing plant. However, setting up of a plant will depend on the grant of Prospecting License and availability of limestone reserves proved after prospecting.

## 10. FLY ASH

The Company has made investment at Kota Super Thermal Power Station (KSTPS), Kota for dedicated facilities to source exclusive and long term supply of fly ash.

## **11. ERP IMPLEMENTATION**

The Company is implementing Coromandel Infotech's ERP Solution inDice across various functions. inDice is a web based solution with Oracle 10g and Java.

## **12. IS/ISO 14001 : 2004 AND IS 18001 : 2007 CERTIFICATION**

Your Company is committed to provide a safe and healthy work environment to all its employees and contractors. Safety awareness and behavioral safety training programmes and workshops are organized regularly to educate and encourage employees to take adequate precautions to avoid unsafe practices and minimize risks.

The Company has been granted IS/ISO 14001:2004 certification for Environmental Management System and IS 18001:2007 certification for Occupational Health and Safety Management System from the Bureau of Indian Standards (BIS) vide their letters dt.10<sup>th</sup> April, 2008.

## **13. FINANCES**

The Company has paid Rs.19.69 Cr to the State Bank of India (SBI) towards the instalments of term loan availed by it for Captive Power Plant. SBI has further sanctioned a term loan of Rs.50 Cr for part financing of wind mills and the ongoing modernization of the existing units.

During the year Company has availed 14.57 Cr. Interest free deferred Sales Tax loan. The Company has availed its entire eligible entitlement of aforesaid loan by 31st March, 2008.

## **14. INSURANCE**

Adequate insurance cover has been taken for the properties of the Company including buildings, plant and machinery and stocks.

## **15. DIRECTORS**

As the Company was discharged from the purview of SICA, 1985, Smt.Aruna Makhan who was earlier appointed as Special Director by the Hon'ble Board for Industrial and Financial Reconstruction (BIFR), on the Board of Directors of the Company, ceased to be a Director with effect from the date of order of BIFR i.e. 24th May, 2007.

Your Directors place on-record, their appreciation of her support and contribution to the Company during her tenure.

The current tenure of appointment of Shri K.C.Jain as Managing Director expires on 30<sup>th</sup> April, 2008 and your Directors have considered his re-appointment for a further period of 3 years w.e.f. 1<sup>st</sup> May, 2008 on the terms and conditions set out in the Notice of Shareholders for the ensuing Annual General Meeting.

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

Resumes of Shri K.K.Mudgil and Shri K.C.Jain are given in the Notice of Annual General Meeting.

## **16. AUDITORS' REPORT**

Auditors' Report to the Shareholders does not contain any qualification, reservation or adverse remark.

## **17. STATUTORY AUDITORS**

M/s. Jain Pramod Jain & Co., Chartered Accountants, auditors of the Company will retire at the ensuing Annual General Meeting and are eligible for re-appointment and they have confirmed that their re-appointment, if made, shall be within the limits of Section 224 (1B) of the Companies Act, 1956. The Board recommends their re-appointment.

## **18. COST AUDIT**

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 31<sup>st</sup> March, 2008.

## **19. DIRECTORS' RESPONSIBILITY STATEMENT**

In terms of provisions of Section 217(2AA) of the Companies Act, 1956, your Directors declare that :

- (i) in preparation of Annual Accounts, applicable accounting standards have been followed and that no material departure has been made from the same;



- (ii) they 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 for Financial Year ended 31st March, 2008 and of the profit of the company for that year;
- (iii) they have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) they have prepared the annual accounts on a going concern basis.

## 20. 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.

## 21. 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.

## 22. CORPORATE GOVERNANCE

A separate report on Corporate Governance is enclosed as part of this Annual Report. Certificate from the Auditors of the Company regarding compliance with the Corporate Governance norms stipulated in Clause 49 of the Listing Agreement is annexed to the Report on Corporate Governance.

## 23. 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. As such no amount of principal or interest was outstanding on the date of the Balance Sheet.

## 24. CASH FLOW ANALYSIS

In conformity with the provisions of Clause 32 of the Listing Agreement(s), cash flow statement for the financial year ended 31st March, 2008 is annexed hereto.

## 25. AWARDS AND RECOGNITION

Our mines continued to be adjudged among the best mines in their respective regions by the Director General of Mines Safety in recognition of our efforts in pollution control safety, waste dump management, water harvesting, reclamation, rehabilitation of land etc.

Your Company is the first organization to make e-payment to Commercial Taxes Deptt by using e-services launched by the Government of Rajasthan in February, 2008.

## 26. ACKNOWLEDGEMENTS

Your Directors place on record, their deep appreciation of the devoted services rendered by the employees of the Company who have contributed towards an excellent performance of the Company. Their grateful thanks are due to the State Government of Rajasthan, investors, Bankers and the District level authorities for their support extended to the Company from time to time. Shareholders' appreciation of the Management's efforts expressed at the General Meetings of the Company are a great fillip to strive for better performance.

Yours faithfully,

New Delhi  
The 26th day of April, 2008

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



**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 31<sup>ST</sup> MARCH, 2008.**

**1. CONSERVATION OF ENERGY:**

**A) ENERGY CONSERVATION MEASURES TAKEN**

**Unit-I**

- a. Installation of Beblec lighting energy saver in Mines street lighting circuit.
- b. Retrofitting/ Replacement of 600 nos, 40 watt conventional tube lights by T5, 28 watts tube lights.
- c. Installation of 4 Nos. VFDs in plant dust collector fans.
- d. To limit the maximum demand of JVVNL below 16.5 MW by auto tripping of LC-1 breaker through Thermal Power plant PLC at the time of TPH tripping.

**Unit-II**

- a. Energy saving by shifting the load of lightly loaded transformer on other transformer and switching it off.
- b. Auto Control of Blending silo draft by using VFD in dust collector fan and measuring silo draught.
- c. Modification in lighting system in mines area.
- d. Installation of 3 Nos. power Boss in 222BC5 belt and 922BE1 & BE2 elevators.
- e. Improvement in voltage level in NSC MCC-10, by installation of capacitor.
- f. Improvement in voltage level in Reclaimer, by installation of capacitor.
- g. Installation of 5 Nos. VFDs in plant dust collector fans.

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

**1) Projects to be implemented:**

**i) Unit - I**

- a. Upgradation of the cement mill capacity from 70 TPH to 140 TPH by installing a pre-grinder system.
- b. Upgradation of Kiln capacity from 1200 TPD to 1700 TPD by incorporating modification/replacement in Raw mill, Preheater, Cooler, GCT, ESP, Coal mill, Coal firing, Clinker handling equipments etc.

**ii) Unit - II**

- a. Upgradation of Kiln from 3200 TPD to 3450 TPD by incorporating modifications in VCM, VRM and preheater section.

**2. Other energy conservation measures to be taken:**

- a. Replacement of Identified bag filter fans with new high efficiency fan in Unit-I & Unit-II
- b. Replacement of old Coal mill vent fan with new high efficiency fan in Unit-II.
- c. Replacement of old cooler vent fan with new fan of higher efficiency in Unit-II.

**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 the efforts mentioned in (A) (i) (a), (b) and (c) saving achieved in electrical energy is app. 2.10 Lac Kwh/ annum and by (A)(i)(d) saving achieved per month is Rs. 4.95 Lacs app.

By the efforts mentioned in (A)(ii) saving achieved in electrical energy is app. 4.49 Lacs Kwh/ annum.

By the efforts mentioned in (B)(1)(i) expected saving in electrical energy will be 5 Kwh per ton of Cement and expected saving in thermal energy will be 75 Kcal/Kg of clinker.

By the efforts mentioned in (B)(1)(ii) expected saving in electrical energy will be 0.5 Kwh per ton of Cement.

By the efforts mentioned in (B)(2) expected saving in electrical energy will be app. 8.7 Lacs Kwh/ annum.