

**namanga cement**  
COMPANY LIMITED

**namanga**

**namanga**

21st Annual Report  
1998 - 99

**BOARD OF DIRECTORS**

A. M. Naik *Chairman*  
M. Karnani  
J. P. Nayak  
Y. M. Deosthalee  
S. S. Marathe  
Sudhir Mankad  
Dr. K. N. Shelat

**FINANCIAL CONTROLLER CUM  
COMPANY SECRETARY**

V. B. Aras

**SOLICITORS**

Messrs Crawford Bayley & Co.,  
Solicitors & Advocates, Mumbai.

**BANKERS**

ICICI Banking Corporation Limited  
Dresdner Bank AG  
The United Western Bank Limited

**AUDITORS**

Messrs Haribhakti & Co.  
Chartered Accountants, Mumbai.

**REGISTRARS AND SHARE TRANSFER AGENT**

Messrs. I.I.T. Corporate Services Limited  
Off. M. Vasanji Road,  
Opp. Vazir Glass, Near J. B. Nagar,  
Andheri (East), Mumbai 400 059.

**REGD. OFFICE**

2-C, Phoenix Mills Compound,  
462, Senapati Bapat Marg, Lower Parel,  
Mumbai 400 013.

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## NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWENTY FIRST ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF NARMADA CEMENT COMPANY LIMITED WILL BE HELD ON THURSDAY, 23RD SEPTEMBER, 1999, AT 4.00 P.M. AT SIR SITARAM & LADY SHANTABAI PATKAR CONVOCATION HALL, 1, NATHIBAI THACKERSEY ROAD, QUEEN'S ROAD, FORT, MUMBAI 400 020, TO TRANSACT THE FOLLOWING BUSINESS.

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1999, the Profit and Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. S. S. Marathe, who retires by rotation, and being eligible, offers himself for reappointment.
3. To appoint M/s. Haribhakti & Co., Chartered Accountants, retiring Auditors as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration as may be fixed by the Directors.

### SPECIAL BUSINESS :

4. To appoint a Director in place of Mr. A. M. Naik, who was appointed as an additional Director by the Board of Directors and holds office upto the date of the ensuing Annual General Meeting of the Company, and is eligible for re-appointment and in respect of whom the Company has received a notice in writing from a member under the provisions of Section 257 of the Companies Act, 1956 proposing his candidature for the office of a Director.
5. To appoint a Director in place of Mr. M. Karnani, who was appointed as an additional Director by the Board of Directors and holds office upto the date of the ensuing Annual General Meeting of the Company, and is eligible for re-appointment and in respect of whom the Company has received a notice in writing from a member under the provisions of Section 257 of the Companies Act, 1956 proposing his candidature for the office of a Director.
6. To appoint a Director in place of Mr. J. P. Nayak, who was appointed as an additional Director by the Board of Directors and holds office upto the date of the ensuing Annual General Meeting of the Company, and is eligible for re-appointment and in respect of whom the Company has received a notice in writing from a member under the provisions of Section 257 of the Companies Act, 1956 proposing his candidature for the office of a Director.
7. To appoint a Director in place of Mr. Y. M. Deosthalee, who was appointed as an additional Director by the Board of Directors and holds office upto the date of the ensuing Annual General Meeting of the Company, and is eligible for re-appointment and in respect of whom the Company has received a notice in writing from a member under the provisions of Section 257 of the Companies Act, 1956 proposing his candidature for the office of a Director.
8. To consider and, if thought fit, to pass with or without modification the following resolution as an ORDINARY RESOLUTION:

**"RESOLVED THAT** pursuant to the provisions of Section 198, 269, 387 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the appointment of Mr. V. M. Muralidharan as the Manager of the Company for a period of 5 years from 27th May, 1999 on the terms and conditions including remuneration as are set out in the Draft Agreement to be entered into by the Company

with him, submitted to the meeting, which Agreement is hereby specifically sanctioned with liberty to the Directors to alter and vary the terms and conditions of the said appointment and/or Agreement, so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto as may be agreed to between the Directors and Mr. V. M. Muralidharan."

9. To consider and, if thought fit, to pass with or without modification the following resolution as a SPECIAL RESOLUTION:

**"RESOLVED THAT** pursuant to the approval of the Board of Directors and approval of the Central Govt. under Section 198(4), 309(3), 310 and any other applicable provisions of the Companies Act, 1956, the remuneration paid to Mr. Ashok V. Chowgule, the erstwhile Managing Director of the Company during the financial year ended 31st March, 1999 in accordance with the terms of his employment agreement with the Company dated 25th November, 1996 notwithstanding the limits set out under Schedule XIII of the Companies Act, 1956 in the event of absence or inadequacy of profits, be and are hereby approved."

By Order of the Board of Directors  
for **NARMADA CEMENT COMPANY LIMITED**

**V. B. ARAS**  
Financial Controller cum Company Secretary

Place : Mumbai.  
Dated : 28th July 1999.

**Registered Office:**  
2-C, Phoenix Mills Compound,  
462, Senapati Bapat Marg,  
Lower Parel, Mumbai 400 013.

### NOTES :

1. The Explanatory Statements pursuant to Section 173 of the Companies Act, 1956, in respect of business under Item Nos. 4 to 9 set out above are annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. A proxy to be valid should be lodged at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
4. Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 14th September, 1999 to Thursday, 23rd September, 1999, (both days inclusive), for the purpose of holding Annual General Meeting.

### EXPLANATORY STATEMENT :

As required by Section 173 (2) of the Companies Act, 1956, the following Explanatory Statements set out material facts relating to the business under Item Nos. 4 to 9 of the accompanying Notice dated 28th July, 1999.

**Items No.4 to 7:**

Pursuant to acquisition of majority shareholding in the Company by M/s. Larsen & Toubro Ltd., Mr. A. M. Naik, Mr. M. Karnani, Mr. J. P. Nayak and Mr. Y. M. Deosthalee were appointed on 24.4.1999 as Additional Directors by the Board of Directors. Pursuant to section 260 of the Companies Act, 1956, they hold office upto the ensuing Annual General Meeting of the Company. The Company has received the notice from the members under Section 257 of the Companies Act, 1956, proposing the candidature of Mr. A. M. Naik, Mr. M. Karnani, Mr. J. P. Nayak and Mr. Y. M. Deosthalee for the office of Director.

Mr. A. M. Naik, Mr. M. Karnani, Mr. J. P. Nayak and Mr. Y. M. Deosthalee are interested in their respective resolutions to consider their appointment as Directors.

**Item No.8:**

The Board of Directors of the Company at its meeting held on 27th May, 1999 appointed Mr. V. M. Muralidharan as the Manager of the Company for a period of 5 years with effect from 27th May, 1999 subject to the approval of the Company in General Meeting. The terms and conditions including remuneration payable to him are set out in the draft agreement to be entered into by the Company with Mr. V. M. Muralidharan.

The draft of the agreement to be entered into by the Company with Mr. V. M. Muralidharan in respect of his appointment as the Manager of the Company, inter alia, contains the following terms and conditions:

1. The Manager shall subject to the superintendence, control and direction of the Board of Directors of the Company, manage the business and affairs of the Company and exercise all the powers vested in the Directors except those which are specifically required by the Companies Act, 1956 to be exercised only at the meeting of the Board subject to any limitation or conditions which may be prescribed by the Act or the Board or by the Company in General Meeting.

**2. Period of Agreement:**

5 years with effect from 27th May, 1999.

**3. Remuneration payable:**

Mr. V. M. Muralidharan is an employee of Larsen & Toubro Limited (L&T), and during the period of his deputation as "Manager", the Company will reimburse L&T upto Rs.87,500/- per month, exclusive of contribution to Provident Fund, Superannuation Fund, gratuity etc., the maximum permissible remuneration payable to him under Schedule XIII to the Companies Act, 1956, as may be amended from time to time, or the actual remuneration paid to him by L&T, whichever is lower.

Apart from the above terms and conditions, the aforesaid agreement contains the provision for the earlier determination of the appointment by either party by giving six months' notice in writing to the other party.

The Directors recommend the resolution for approval of shareholders.

The draft agreement to be entered into by the Company with Mr. V. M. Muralidharan is available for inspection of members of the Company on all its working days except Saturdays between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.

None of the Directors of the Company is interested in this resolution.

**Item No.9:**

The Board of Directors at its meeting held on 23.3.1996 had reappointed Mr. Ashok V. Chowgule as Managing Director for a period of 5 years from 14.3.96. Pursuant to the provisions of Section 269, 309, 311 and other applicable provisions of the Companies Act, 1956, read with Schedule

XIII to the Companies Act, 1956, the Company in a general meeting held on 2.9.1996 had approved the appointment of Mr. Ashok V. Chowgule as Managing Director of the Company for a period of 5 years from 14.3.1996 to 13.3.2001 on the terms and conditions set out in the agreement entered into between the Company and Mr. Ashok V. Chowgule which included the remuneration and perquisites as also the remuneration to be paid in the event of loss or inadequacy of profit in any financial year in the aforesaid period.

During the financial year 1998-99, Cement Industry was reeling under the pressure due to depressed market conditions and unremunerative selling prices for cement product. The Board of Directors of the Company at their meeting held on 22.5.1998 discussed and agreed that there would be a loss/inadequacy of profit during the financial year 1998-99 and due to the above reasons which were beyond the control of management, it would not be fair to restrict Mr. Chowgule's remuneration in the situation of such loss/inadequacy of profits to the terms stipulated in the agreement dated 25th November, 1996 with the Company, draft of which was approved by the Shareholders at their meeting held on 2.9.1996 read with Schedule XIII to the Companies Act, 1956, which would otherwise limit the Managing Director's remuneration to Rs.10,50,000/- per annum in situation of absence or inadequacy of profits during the financial year 1998-99.

The Board, therefore, decided that an application should be made under the provisions of Companies Act, 1956 to the Central Government for paying remuneration to Mr. Ashok V. Chowgule, Managing Director, as provided in his employment agreement with the Company notwithstanding the limit of Rs.10,50,000/- per annum stipulated under Schedule XIII to the Companies Act, 1956 in case of absence or inadequacy of profit made by the Company during the financial year 1998-99. Consequently an application under the provisions of the Companies Act, 1956, was made to the Central Govt. seeking approval to pay Mr. Ashok V. Chowgule, Managing Director, a remuneration in case of loss/inadequacy of profit during the year 1998-99 in excess of the limits laid down in Part II of Schedule XIII to the Companies Act, 1956 in such a situation..

The Central Govt. vide their letter No.1/196/98-CL VII dated 15.10.98 accorded their approval to pay Mr. Ashok V. Chowgule, Managing Director, remuneration in terms of his employment agreement dated 25th November, 1996 with the Company notwithstanding the limits set out in Part II of Schedule XIII to the Companies Act, 1956 which comes to a salary of Rs.10,22,903/- per annum for the financial year 1.4.98 to 31.3.99 and perquisites of Rs.8,53,315/- as approved by the Board of Directors at their meeting held on 22.5.1998 relating to the salary as approved above.

Above is a variation to the terms and conditions set out for appointment and remuneration of Mr. Ashok V. Chowgule which were approved by SPECIAL RESOLUTION at the general meeting of the Company held on 2.9.1996. Hence, the above proposal is required to be approved by a Special Resolution of the Shareholders.

Necessary Special Resolution is put up for the approval of the Shareholders.

None of the Directors of the Company are concerned or interested in the said resolution.

By Order of the Board of Directors  
for **NARMADA CEMENT COMPANY LIMITED**

**V. B. ARAS**  
Financial Controller cum Company Secretary

Place : Mumbai.  
Dated : 28th July 1999.



**narmada cement**

COMPANY LIMITED

**DIRECTORS' REPORT**

To the Members:

Your Directors have pleasure in presenting their Twenty First Annual Report, together with the audited accounts for the year ended on 31st March, 1999.

**FINANCIAL RESULTS**

	Current Year (Rs. In Crores)	Previous Year (Rs. in Crores)
Total Sales	150.58	196.09
Other Income	1.17	1.96
Total Income	151.75	198.05
Gross Profit	(10.58)	3.99
Interest	13.08	3.17
Depreciation	8.98	6.66
	22.06	9.83
Profit/(loss) before tax	(32.64)	(5.84)
Provision for Taxation	0.00	0.00
Profit/(loss) after Tax	(32.64)	(5.84)
Balance brought forward from previous year.	15.86	21.70
	(16.78)	15.86
Appropriations:		
Transfer to Reserves	0.00	0.00
Proposed Dividend	0.00	0.00
Balance carried forward	(16.78)	15.86
	(16.78)	15.86

**OPERATIONS****Production**

During the year the production was as follows:  
(Figures in MT)

	1998-99	1997-98
Clinker	8,23,450	10,58,910
Cement:		
Jafrabad	2,12,993	20,447
Magdalla	2,49,905	4,35,320
Ratnagiri	2,96,300	3,28,815
	7,59,198	7,84,582

**DEVELOPMENTS**

During the year under review :

- (a) At Jafrabad, the Company has gone in for augmenting captive generation of power. During the year, two Diesel Generating sets of 4 MW capacity were installed and commissioned. Both the Diesel Generating sets were operative for part of the year. The generation of captive power from these Diesel Generating sets is expected to give considerable reduction in cost of power and will go a long way in meeting its major requirement of power in future.
- (b) At Ratnagiri, manufacturing facilities have been set up for production of portland slag cement.

(c) The Company has been sanctioned sales tax incentives under the Incentive Schemes of the Govt. of Gujarat and Maharashtra in respect of cement grinding unit at Jafrabad and close circuiting and slag cement facilities set up at Ratnagiri respectively.

(d) The Company had to curtail its production of clinker and cement during the year in view of imbalance in supply/demand situation and non-remunerative prices in domestic and export markets.

**MARKETING**

Cement despatches during the year were as under:

	1998-99	1997-98
Jafrabad	213,094	16,053
Magdalla	236,761	434,145
Ratnagiri	295,241	326,313
Total:	745,096	776,511
Clinker Exports/Local Sales	66,823	334,702
Total:	811,919	1,111,213

**EXPORT OF CLINKER**

Due to unremunerative selling prices for clinker caused mainly by the South East Asian crisis, the Company has exported only 64,718 MT of clinker (previous year 324,834 MT). The exports enable the Company to import coal and some spares without attracting customs duty.

**OVERALL RESULTS**

The operations of the Company have resulted in a loss before tax of Rs.32.64 Crores (previous year of Rs.5.84 Crores). In view of the losses the Company was not required to make any provision for Income Tax (Previous Year NIL), hence the net loss after tax for the year is the same at Rs.32.64 Crores (Previous Year Rs.5.84 Crores).

The domestic prices of cement and export price of clinker were significantly lower as compared to earlier year. During 1998-99, average price realisation of cement reduced by Rs.108/MT in view of supply/demand imbalance. Average export realisation on clinker also reduced by Rs.181/MT.

**DIVIDEND**

Due to loss during the year, your Directors have been unable to recommend any dividend.

**FULLY CONVERTIBLE DEBENTURES**

The Company had issued 17,50,000 fully convertible debentures of Rs.100/- each to be converted into equity shares at par on such date as may be decided by the Board of Directors but not earlier than two years from 28.3.95.

The Board of Directors would consider converting the fully convertible debentures at an appropriate time in future on the same terms and conditions.

**PUBLIC DEPOSITS**

The Company has not invited/renewed deposits from the public/shareholders in accordance with Section 58A of the Companies Act,