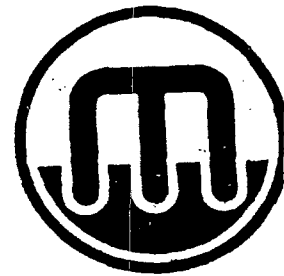


8th Annual Report 1996-97

MD	✓		BKG	✓
CS	✓		DPY	✓
RO			WVS	✓
TRA	✓		AC	✓
ACM	✓	✓	SH	✓
YE	✓	✓		



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MANDSAUR FERRO ALLOYS LIMITED

BOARD OF DIRECTORS

SHRI SHANTILAL JAIN (Chairman & Managing Director)
 SHRI NAVNITDAS PAREKH
 SHRI VINOD KUMAR JAIN
 SHRI PANKAJ JAIN
 SHRI SUNIL PAREKH

BANKERS

UNION BANK OF INDIA, Mandsaur (M.P.)
 PUNJAB NATIONAL BANK, Mandsaur (M.P.)
 DENA BANK, Mandsaur (M.P.)

AUDITORS

C. H. PADLIYA & CO.
 Chartered Accountants
 INDORE (M.P.)

REGISTERED & ADMINISTRATIVE OFFICE

12-14, Industrial Estate,
 Mhow-Neemuch Road,
 Mandsaur (M.P.)

PLANT

Village - Botalganj,
 Dist. Mandsaur (M.P.)

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MANDSAUR FERRO ALLOYS LIMITED

ANNUAL REPORT 1996-97

NOTICE

Notice is hereby given that the Eighth Annual General Meeting of the Shareholders of Mandsaur Ferro Alloys Limited will be held on Tuesday, the 30th September, 1997 at 4.30 p.m. at the Registered Office of the Company at 12-14, Industrial Estate, Mandsaur - 458 001 (M.P.) to transact the following business.

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1997 and the Profit and Loss Account for the year ended on that date and the reports of the Directors and Auditors thereon.
2. To appoint a director in place of Shri S. L. Jain, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a director in place of Shri Sunil Parekh, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

5. To consider and, if thought fit, to pass, with or without modification(s) the following Resolution as an ordinary Resolution :

RESOLVED THAT pursuant to the Provisions of Sections 198, 269, 309, 310 and 311 and other applicable Provisions, if any, of the Companies Act, 1956 (the said Act) read with Schedule XIII to the said Act (including any statutory modification or re-enactment thereof for the time being in force) and subject to the approval of the Central Government and/or any other approvals, if required, approval of the Company be and is, hereby, accorded to the re-appointment of Shri Shantilal Jain as the Managing Director of the Company for a period of five years w.e.f. 07.03.1997 on the terms including remuneration approved by the Board of Directors in their meeting held on 05.03.1997, as set out in the Explanatory Statement.

RESOLVED FURTHER THAT pursuant to the above mentioned Provisions of the said Act and subject to the approval of the Central Government, if required, the remuneration aforesaid be paid to Shri S. L. Jain as the minimum remuneration in the event of loss or inadequacy of Profits in any financial year, subject to such limits as may be prescribed in the Part II of the said Schedule XIII to the said Act from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is, hereby, authorised to take all such steps as may be necessary to give effect to this Resolution.

6. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an ordinary Resolution.

RESOLVED THAT subject to the Provisions of Sections 198, 269, 309, 310 and 311 and other applicable Provisions, if any, of the Companies Act, 1956 (the said Act) read with Schedule XIII to the said Act (including any statutory modification or re-enactment thereof for the time being in force) and subject to the approval of the Central Government and/or any other approvals, if required, approval of the company be and is, hereby, accorded to the re-appointment of Shri Pankaj Jain as a Wholtime Director of the Company for a period of five years w.e.f. 01.09.1997 on the terms including remuneration approved by the Board of Directors in their meeting held on 30.06.1997 as set out in the Explanatory Statement.

RESOLVED FURTHER THAT pursuant to the above mentioned provisions of the said Act and subject to approval of the Central Government, if required, the remuneration aforesaid be paid to Shri Pankaj Jain as the minimum remuneration in the event of loss or inadequacy of Profits in any financial year subject to such limits as may be prescribed in the Part-II of the said Schedule XIII to the said Act from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is, hereby, authorised to take all such steps as may be necessary to give effect to this Resolution.

7. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution .

*(1)



MANDSAUR FERRO ALLOYS LIMITED ANNUAL REPORT 1996-97

RESOLVED THAT subject to all applicable Provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force and as may be enacted from time to time) and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the company (the "Board"), consent of the company be and is, hereby, accorded to the Board to acquire and/or purchase/buy back any of its own fully paid up Shares on such terms and conditions and upto such limits as may be prescribed by Law from time to time, provided that acquisition and/or purchase/buy back of such fully paid equity shares of the company be not construed as reduction of equity share capital which is subject to controls as stipulated in sections 100 to 104 and section 402 of the Companies Act, 1956 for the time being in force and that the Board be and is hereby authorised to do all such acts, deeds and things as may be necessary or proper for implementation of this Resolution.

Registered Office :

12-14, Industrial Estate,
Mhow-Neemuch Road,
MANDSAUR - 458 001. (M.P.)
Dated : 30th June, 1997.

By Order of the Board
For Mandsaur Ferro Alloys Ltd.

(S. L. Jain)

CHAIRMAN & MANAGING DIRECTOR

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY PROXY FORMS IN ORDER TO BE VALID AND EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE AFORESAID MEETING.
2. The explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the items of special business is annexed hereto.
3. Members are requested to notify to the Company Changes, if any, in their registered address.
4. The Register of Member and Share Transfer Books of the Company shall remain closed from Thursday the 25th September, 1997 to Tuesday the 30th September, 1997 (both days inclusive).

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MANDSAUR FERRO ALLOYS LIMITED
ANNUAL REPORT 1996-97
ANNEXURE TO NOTICE
EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE
COMPANIES ACT, 1956 RELATING TO THE ITEMS OF SPECIAL BUSINESS
SET OUT IN THE NOTICE
ITEM NO. 5

The term of office of Shri S. L. Jain as the Managing Director of the Company has expired on 06.03.1997. The Board of Directors of the Company have, in their meeting held on 05.03.97 reappointed Shri S. L. Jain as the Managing Director of the Company for a period of five years w.e.f. 07.03.1997 at a remuneration of Rs. 11,000/- per month. the resolution proposed at item 5 of the Notice is intended to seek your approval in that regard.

None of the Directors except Shri S. L. Jain himself and Shri V. K. Jain and Shri Pankaj Jain being his relatives, is, in any way, concerned or interested in the resolution.

ITEM NO. 6

The term of Office of Shri Pankaj Jain as a Whole time Director of the Company expires on 31.08.1997. The Board of Directors of the Company have re-appointed Shri Pankaj Jain as a Whole time Director of the Company for a period of five years w.e.f. 01.09.97 at a remuneration of Rs. 9,000/- per month. The Resolution proposed at Item 6 of the Notice is intended to seek your approval in that regard.

None of the Directors except Shri Pankaj Jain himself and Shri S. L. Jain and Shri V. K. Jain being his relatives is, in any way, concerned or interested in the resolution.

ITEM NO. 7

The Companies Act, 1956, presently, restricts the purchase of its own shares by a company unless the same is done with a view to reduce its capital. Reduction of capital is subject to controls under Section 100 - 104 and Section 402 of the Companies Act, 1956. However, there are indications in the working Draft of Companies Bill, 1997 that such powers will be given to the Companies. Keeping in view such possibility and to avoid holding of Extra Ordinary General Meeting, your Directors propose the resolution as setout in Item 7 of the Notice for your approval.

It must be clearly understood that acquisition and/or purchase/buy back of its own shares by the Company as proposed at Item No. 7 of this Notice should not be construed as reduction of capital which is subject to controls under the Companies Act, 1956 for the time being in force.

None of the Directors of the Company is, in any way, concerned or interested in the resolution.

Registered Office :
 12-14, Industrial Estate,
 Mhow-Neemuch Road,
 MANDSAUR - 458 001. (M.P.)
 Dated : 30th June, 1997.

By Order of the Board
 For Mandsaur Ferro Alloys Ltd.

(S. L. Jain)
 CHAIRMAN & MANAGING DIRECTOR






MANDSAUR FERRO ALLOYS LIMITED
ANNUAL REPORT 1996-97
DIRECTORS' REPORT

Your Directors have the pleasure in presenting their Eighth Annual Report together with the Audited Accounts for the year ended 31st March, 1997.

FINANCIAL RESULTS :

	For the year ended 31.03.97 (Rs. in Lacs)	For the year ended 31.03.96 (Rs. in Lacs)
1. Sales & Other Income	488.87	1420.88
2. Gross Profit before interest, Depreciation and Taxes	(-) 101.00	196.27
3. Interest	15.99	25.73
4. Depreciation	24.95	16.89
5. Net Profit before taxes	(-) 141.94	153.65
6. Net Profit after taxes (carried to Balance Sheet)	(-) 141.94	110.65

The Company has suffered set back during the year. The plant remained closed for a period of about 3 months due to strike call by the Madhya Pradesh Ferro Chrome Manufacturers Association in protest against hike in power rates by the M. P. Electricity Board. The production was further affected due to irregular power supply and frequent power cuts imposed by the State Electricity Board.

DIVIDEND :

In view of losses suffered by the Company, your Directors are unable to recommend dividend for the year.

DIVERSIFICATION :

In view of the adverse conditions being faced by the Ferro Chrome Industry in the State your Directors had decided to diversify in other profitable activities. In this direction, your directors identified the activity of manufacturing of Ceramic Glazed Tiles and other Ceramic items and have set up a project for manufacturing Ceramic Glazed Tiles at the existing factory premises at Botalganj, near Mandsaur. This project has been completed within a record time and is going to commence production w.e.f. 01.07.1997.

FUTURE OUTLOOK :

Your directors are optimistic of getting desirable results from the new activity and are also looking for other profitable areas.

DIRECTORS :

Shri S. L. Jain and Shri Sunil Parekh retire by rotation and are eligible for reappointment.

PUBLIC DEPOSITS :

The Company has neither invited nor accepted any deposits from public during the year.

PERSONNEL :

Relations between the management and employees have remained cordial during the year. Your Directors place on record their appreciation for the contribution made by the employees at all levels of operations of the company during the year.

PARTICULARS OF EMPLOYEES :

Since no employee was in receipt of remuneration in aggregate of Rs. 3,00,000/- or above during the year while employed throughout the year or at the rate of not less than Rs. 25,000/- per month, if employed for part of the year, statement showing information Under Section 217 (2A) of the Companies Act, 1956 has not been furnished.

PARTICULARS U/S 217 (1) (e) OF THE COMPANIES ACT, 1956 :

The particulars to be disclosed as required U/s 217 (1) (e) of the Companies Act, 1956 read with (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are detailed in Annexure to this Report.

AUDITORS :

You are requested to appoint Auditors and fix their remuneration. The retiring Auditors M/s. C. H. Padliya & Co., are eligible for reappointment.

For & on behalf of the Board

PLACE : MANDSAUR
DATED : 30th June, 1997

(S. L. JAIN)
CHAIRMAN & MANAGING DIRECTOR



HANDSAUR FERRO ALLOYS LIMITED

ANNUAL REPORT 1996-97

ANNEXURE TO DIRECTORS REPORT FOR THE YEAR 1996-97 PARTICULARS U/s 217 (1) (e) OF THE COMPANIES ACT, 1956

(A) CONSERVATION OF ENERGY

(a) ENERGY CONSERVATION MEASURES TAKEN

The Company has been taking specific care in using better quality of Raw material thereby reducing the energy consumption.

(b) ADDITIONAL INVESTMENT AND PROPOSALS, IF ANY, BEING IMPLEMENTED FOR REDUCTION OF CONSUMPTION OF ENERGY.

The company does not have any proposals, to make additional investment in this regard.

(c) IMPACT OF MEASURES (a) AND (b) ABOVE FOR REDUCTION OF ENERGY CONSUMPTION AND CONSEQUENT IMPACT ON THE COST OF PRODUCTION OF GOODS.

The selection of better quality of Raw Material has helped marginally in reducing the cost of energy consumption per unit of production. The Company expects to further reduce energy consumption per unit of production in current year.

(d) TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION POWER AND FUEL CONSUMPTION.

	Current year 31.03.97	Previous year 31.03.96
1. Electricity		
(a) Purchased Units (in lacs)	73.12	190.95
Total Amount (Rs. in lacs)	289.05	496.18
Rate per Unit (Rs.)	3.95	2.60
(b) Own Generation :		
i) Through Diesel Generator Unit	Nil	Nil
Unit per ltr. of Diesel Oil	Nil	Nil
Cost per unit	Nil	Nil
ii) Through Steam turbine/generator units		
Units per ltr. of fuel oil/gas	Nil	Nil
Cost per Unit	Nil	Nil
2. Coal		
Quantity (Tonnes)	Nil	Nil
Total Cost	Nil	Nil
Average Rate	Nil	Nil
3. Furnace Oil		
Quantity (K. ltrs.)	Nil	Nil
Total Cost	Nil	Nil
Rate/Unit	Nil	Nil
4. Other Internal Generation		
Quantity	Nil	Nil
Rate/Unit	Nil	Nil

CONSUMPTION PER UNIT OF PRODUCTION

Product : Ferro Chrome/Silico Manganese

Electricity (Units per M. Ton) 3887 3540

Furnace Oil Nil Nil

Coal Nil Nil

Other Nil Nil

(B) TECHNOLOGY ABSORPTION

Research and Development (R&D)

1. Specific areas in which R&D carried out by the company.

The Company has not carried out R&D activity during the year.

2. Benefits derived as a result of the above R&D

Not applicable

3. Future plan of action.

The Company proposes to carry out R&D for Manufacturing of fertilisers from the slag. (Waste generated from production)