

9th Annual Report 1997-98

MD	✓		BKC	✓
CS	NA		DPY	NA
RO	✓		DIV	NA
TRA	NA		AC	✓
AGM	✓	✓	SPI	✓
YE	✓	✓		



Certified True Copy.

For Mandasaur Ferro Alloys Ltd.

Director

MANDSAUR FERRO ALLOYS LIMITED

BOARD OF DIRECTORS

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

Notice is hereby given that the Ninth Annual General Meeting of the Shareholders of Mandsaur Ferro Alloys Limited will be held on Friday, the 18th September, 1998 at 11.30 a.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, 1998 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 N. D. Parekh, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a director in place of Shri V. K. Jain, 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 N. D. Parekh as the Joint Managing Director of the Company for a period of five years w.e.f. 01.08.1998 at a remuneration of Rs. 10,000/- per month.

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 N. D. Parekh 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.

Registered Office :

12-14, Industrial Estate,
Mhow-Neemuch Road,
MANDSAUR - 458 001. (M.P.)
Dated : 30th June, 1998.

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 Friday the 11th September, 1998 to Friday the 18th September, 1998 (both days inclusive).

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 N. D. Parekh as the Joint Managing Director of the Company is expiring on 31.07.1998. The Board of Directors of the Company have, in their meeting held on 30.06.98 reappointed Shri N. D. Parekh as the Joint Managing Director of the Company for a period of five years w.e.f. 01.08.1998 at a remuneration of Rs. 10,000/- 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 N. D. Parekh himself and Shri Sunil Parekh being his relative, 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, 1998.

By Order of the Board
For Mandsaur Ferro Alloys Ltd.

(S. L. Jain)

CHAIRMAN & MANAGING DIRECTOR



MANDSAUR FERRO ALLOYS LIMITED

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DIRECTORS' REPORT

Your Directors have the pleasure in presenting their Ninth Annual Report together with the Audited Accounts for the year ended 31st March, 1998.

FINANCIAL RESULTS :

	For the year ended 31.03.98 (Rs. in Lacs)	For the year ended 31.03.97 (Rs. in Lacs)
1. Sales & Other Income	71.49	488.87
2. Gross Profit before interest; Depreciation and Taxes	(-) 26.32	(-) 125.35
3. Interest	5.77	15.99
4. Depreciation	33.50	24.95
5. Net Profit before taxes	(-) 65.59	(-) 166.29
6. Net Profit after taxes (carried to Balance Sheet)	(-) 65.59	(-) 166.29

The Ferro.Chrome Plant of the Company remained closed during the year owing to hike in power tariff rates and erratic power supply. The Company's new division of manufacturing Ceramic Tiles had commenced operations w.e.f. 01.07.97, which had also to remain idle for about a quarter due to recessionary market trends.

DIVIDEND :

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

DIVERSIFICATION :

As reported last, the Company had diversified its activity by setting up Ceramic Division for manufacture of Ceramic Tiles, which came into operation as planned w.e.f. 01.07.97. Owing to unremunerative yield price and recession the plant had to remain idle from the last quarter of the year under review.

FUTURE OUTLOOK :

In face of the continuing market recession the Company is striving to come out of the crunch and your Directors are hopeful that the market conditions will improve soon.

DIRECTORS :

Shri N. D. Parekh and Shri V. K. Jain retire by rotation and are eligible for reappointment. Shri Pankaj Jain resigned from the Board w.e.f. 18.11.97. The Board records its sincere appreciation for the valuable services rendered by Shri Pankaj Jain as a director of the Company since its incorporation.

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, 1998

(S. L. JAIN)
CHAIRMAN & MANAGING DIRECTOR



HANDSFUR FERRO ALLOYS LIMITED

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ANNEXURE TO DIRECTORS REPORT FOR THE YEAR 1997-98 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 31.03.98	Previous year 31.03.97
1. Electricity		
(a) Purchased Units (in lacs)	Nil	73.12
Total Amount (Rs. in lacs)	Nil	289.05
Rate per Unit (Rs.)	Nil	3.95
(b) Own Generation :		
i) Through Diesel Generator Unit	1,90,000	Nil
Unit per ltr. of Diesel Oil	3	Nil
Cost per unit	3	Nil
ii) Through Steam turbine/generator units	Nil	Nil
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 : Ceramic Tiles

Electricity (Units per M. Ton)

Furnace Oil (Litre per M. Ton)

Coal

Other

335	Nil
242	Nil
Nil	Nil
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)



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4. Expenditure on R&D		
(a) Capital	Nil	Nil
(b) Recurring	Nil	Nil
(c) Total	Nil	Nil
(d) Total R&D Expenditure as a percentage of total turnover.	Nil	Nil

Technology Absorption, Adaptation and Innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation	Nil	Nil
2. Benefits derived as a result of the above efforts, e.g. product development import substitution etc.	Not applicable	Not applicable
3. In case of imported technology (Imported during the last 5 years reckoning from the financial year.) Following information may be furnished.	The Company has not imported any technology so far.	
(a) Technology imported	Not applicable	Not applicable
(b) Year of import	Not applicable	Not applicable
(c) Has technology been fully absorbed.	Not applicable	Not applicable
(d) If not fully absorbed areas where this has not taken place, reasons therefore and future plans of action	Not applicable	Not applicable

(C) FOREIGN EXCHANGE EARNING AND OUTGO

(a) Activities relating to exports initiatives taken to increase exports market for product services, and export plans.	Nil	Nil
(b) Total Foreign exchange used and earned.	Nil	Nil

For & on behalf of the Board of Directors

PLACE : MANDSAUR
DATED : 30th June, 1998

(S. L. JAIN)
CHAIRMAN & MANAGING DIRECTOR



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AUDITORS REPORT

TO,
THE MEMBERS OF MANDSAUR FERRO ALLOYS LIMITED

We have audited the attached balance sheet of Mandsaur Ferro Alloys Limited, as at 31st March 1998 and the annexed Profit and Loss Account for the year ended on that date and report that :

- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- (b) In our opinion proper books of account as required by law have been kept by the company so far as it appears from our examination of such books.
- (c) The Balance Sheet and Profit and Loss Account dealt-with in this report are in agreement with the books of account.
- (d) In our opinion and to the best of our information and according to the explanations given to us the said account read with the notes thereon and subject to;
 - 1) The non obtaining of confirmation of Balances from the creditors and debtors.
 - 2) Non provision for the Income Tax under dispute.
 - 3) Non provision of the Interest at the rate of 18% per annum on allotment money amounting to Rs. 25,000/-, not paid on the investment in share on due date i.e. 30.11.1996 gives the information required by the companies Act, 1956 in the manner so required and gives a true and fair view;
- (i) In the case of Balance Sheet of the state of affairs of the company as at 31st March, 1998 and
- (ii) In the case of Profit & Loss Account of the Loss for the year ended on that date.

Further as required by Manufacturing and Other Companies (Auditors Report) order, 1988 issued by the company law Board in terms of Section 22(4-A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate we further report that:

1. The Company has maintained proper records showing full particulars including Quantitative details and situation of Fixed Assets. We have been informed that the entries for the additions during the year and for last two years shall be incorporated after the Audit is over. As explained to us, all the assets except the Plant & Machinery have been physically verified by the management at reasonable intervals during the year and no material discrepancies were noticed on such verifications.
2. None of the Fixed Assets have been revalued during the year.
3. The Stock of Finished Goods, Raw Materials, components and Spare Parts have been physically verified during the year by the management. In our opinion having regard to the nature and location of the stock, the frequency of the verification is reasonable.
4. In our opinion and according to the information and explanations given to us the procedure of physical verification followed by the Management are reasonable and adequate in relation to the size of the company and nature of its business.
5. The discrepancies noticed on such physical verification of stock as compared to the book records were not material.
6. In our opinion the valuation of stock is fair and proper and in accordance with normal accepted accounting principles.
7. The Company has not taken loans from the Companies, Firms and other parties except from Share Holders and Directors, listed in the register maintained under section 301 of the Companies Act, 1956 and are not prima-facie prejudicial to the interest of the company.
8. The company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under section 301 or to the Companies under the same management under sub-section (1B) of section 370 of the Companies Act, 1956.
9. The Company has given interest free advances in the nature of loan in the normal course of business to employees who are repaying the principal amount as stipulated.
10. In our opinion and according to information and explanations given to us there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of Stores, Raw Materials including components, Plant and Machineries, Equipments and other assets and with regard to sale of goods.



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11. According to the information and explanations given to us, there are no transactions of Purchase and Sale of goods and materials made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 aggregating during the period to Rs. 50,000/- or more in respect of each party.
12. As informed to us the company has procedure for determination of unserviceable or damaged Stores, Raw materials and Finished goods. Adequate provision has been made in the accounts for the loss arising on items so determined.
13. The Company has not accepted deposits from the Public and as such, the provision of section 58-A of the Companies Act, 1956 and the rules framed there under have no application to this Company.
14. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of realisable scrap. The company did not have any realisable by-products.
15. In our opinion the Company has an internal control system commensurate with the size and nature of its business.
16. As informed to us the Central Government has not prescribed maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 in respect of the product of the company.
17. According to the records of the Company, the Company is regular in depositing Employees' State Insurance and provident fund dues with the appropriate authorities.
18. According to the information and explanations given to us no undisputed amounts payable in respect of Income tax, Sales tax, Custom duty and Excise duty as on 31st March 1998 for a period of more than six months from the date they became payable.
19. The Company has a policy of exercising reasonable checks and controls for the authorisation of various expenditure which intends to ensure that such expenses are authorised either on the basis of contractual obligations/terms of employment, or are in accordance with the generally accepted business practices having regard to the Company's needs and exigencies. In terms of these observations, we have not come across any expenses charged to revenue account, other than those under contractual obligations or in accordance with generally accepted business practice.
20. The Company is not a sick industrial company within the meaning of clause (i) of Sub-section (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

For C.H. PADLIYA & CO.
Chartered Accountants,

PLACE : MANDSAUR
DATE : 30th June, 1998

(C. H. PADLIYA)
Partner