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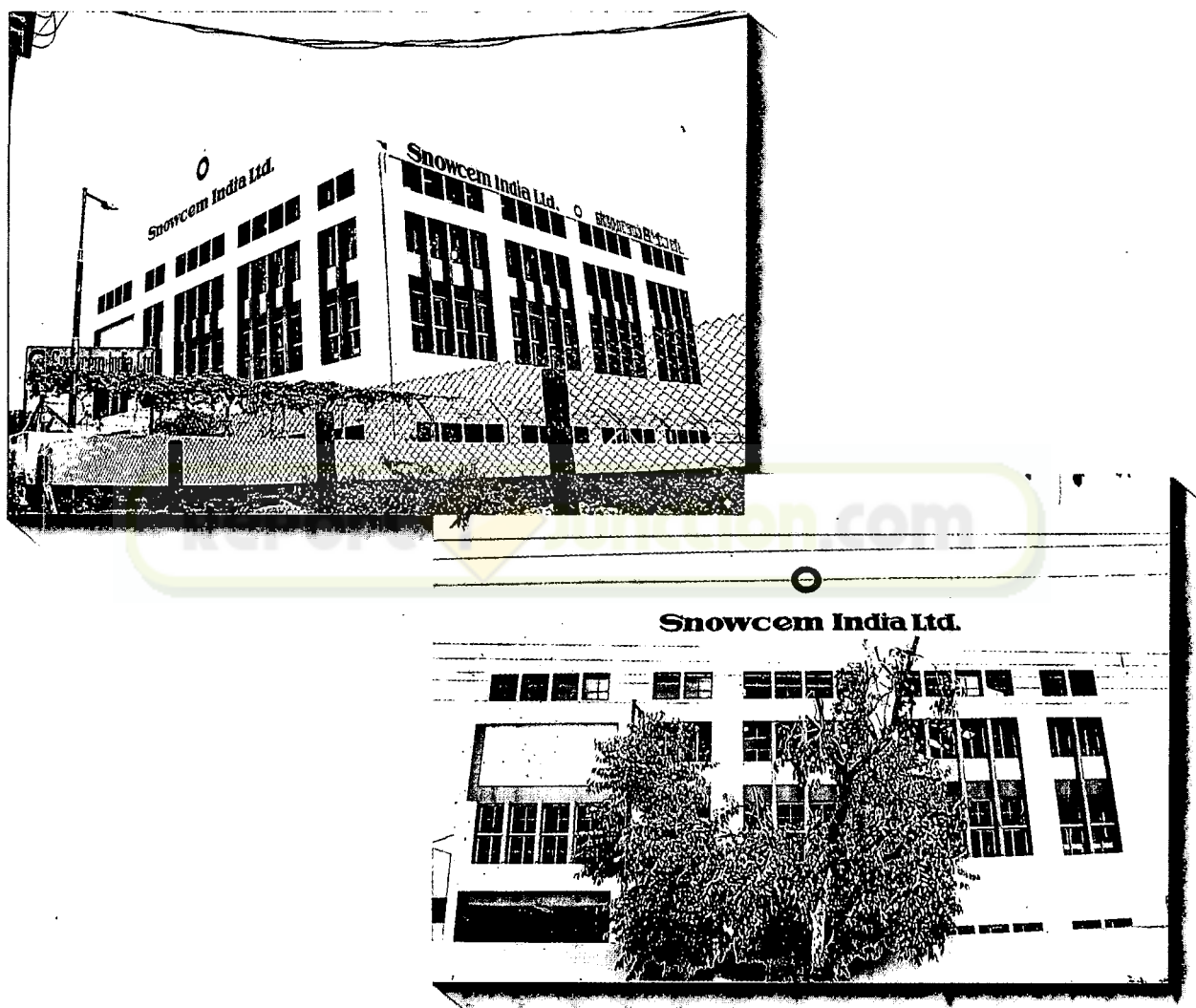
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1997 - 98

 **Snowcem India Ltd.**



View of the Gummidipundi Plant after expansion



Snowcem India Limited

DIRECTORS

B.R. Ruia	<i>Chairman & Managing Director</i>
P.J. Cook	
Michael D. Simmons	
S.N. Talwar	<i>(Alternate)</i>
Dr. A.K. Bhattacharya	<i>(Alternate)</i>
P.C.D. Nambiar	
Field Marshal Sam Manekshaw	
D.T. Ruia	
A.V. Kale	<i>Executive Director</i>

BANKERS

Allahabad Bank
State Bank of Hyderabad
The Federal Bank Limited

AUDITORS

R.S. Shah & Associates

ADVOCATES & SOLICITORS

Messrs. Crawford Bayley & Co.
Messrs. Malvi Ranchoddas & Co.

REGISTERED OFFICE

Killick House, Killick Estate,
Baji Pasalkar Marg,
Chandivli,
Mumbai 400 072

NOTICE

NOTICE is hereby given that the Fortieth Annual General Meeting of the Members of SNOWCEM INDIA LIMITED will be held at the **Registered Office of the Company at Killick House, Killick Estate, Baji Pasalkar Marg, Chandivli, Mumbai 400 072 on Tuesday, September 29, 1998 at 11.30 A.M** to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet and Profit & Loss Account for the year ended March 31, 1998 and the reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr.D.T.Ruia who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr.A.V.Kale who retires by rotation and is eligible for re-appointment.

5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass with or without modification as an Ordinary Resolution the following :
 "RESOLVED that the Company hereby accords its approval to the payment of Rs.16,57,000/- as medical expenses to Mr. B. R. Ruia, Managing Director."

By order of the Board,
SNOWCEM INDIA LIMITED.

B.M.JHAVERI,
SECRETARY

Registered Office :

Killick House,
Killick Estate, Baji Pasalkar Marg,
Chandivli, MUMBAI 400 072.
August 20, 1998.

NOTES:

1. Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 14-09-1998 to 29-09-1998, both days inclusive.
3. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business set out under item No.6 is annexed hereto.
4. The Dividend as recommended by the Board, if sanctioned at the meeting shall be paid within the prescribed time to those members whose names appear on the Register of Members of the Company as on September 29, 1998.
5. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to write to the Company at least one week before the date of the meeting so that the information required may be made available at the meeting.
6. Members are requested to notify any change in their address immediately to the Registrars, viz. Messrs. S. M. Consultancy Services, SM Bhavan, Plot No.B-7 & B-10, Road No.15, Wagle Industrial Estate, Thane 400 604 specifying full address in block capitals with Pin Code Number of the Post Office.
7. Members are requested to bring their copy of Annual Report for the meeting.



Snowcem India Ltd.

EXPLANATORY STATEMENT

The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business under item No. 6 of the accompanying Notice dated August 20, 1998 is as under:

The Board had appointed Mr. B. R. Ruia, Chairman of the Company at its meeting held on November 20, 1996 as its Managing Director for a period of five years with effect from November 20, 1996. By resolution of the members dated September 23, 1997, appointment and remuneration of Mr. B. R. Ruia were approved as per the Agreement dated November 20, 1996 entered into between the Company and Mr. B.R.Ruia. In the said agreement no provision was made for the reimbursement of medical expenses. Unfortunately Mr.B.R.Ruia fell ill during the month of May 1998 and the Doctors in India advised that he had to undergo Bilateral Cartoid Endartrectomy in U.S.A. He left India on May 29, 1998 and after the detailed examination by the eminent doctors in U.S.A., Mr. B. R. Ruia had been advised not to undergo Bilateral Cartoid Endartrectomy and therefore, Mr. B.R. Ruia returned to India on June 15, 1998.

In order to meet the medical expenses, the Board in their meeting held on May 29, 1998 had sanctioned a sum of Rs.16,57,000/- to Mr.B.R.Ruia, subject to the approval of the members in a General Meeting.

This Resolution seeks the approval of the members for the payment of Rs.16,57,000/- made by the Company to Mr. B. R. Ruia.

Except Mr. B.R. Ruia and Mr. D. T. Ruia grand-son of Mr. B. R. Ruia, none of the other Directors is interested in the same.

By Order of the Board,
SNOWCEM INDIA LIMITED.

B.M.JHAVERI,
SECRETARY

Registered Office :

Killick House,
Killick Estate, Baji Pasalkar Marg,
Chandivli, MUMBAI 400 072.
August 20, 1998.

DIRECTORS' REPORT

The Directors submit the Fortieth Annual Report together with the Audited Statement of Accounts for the year ended March 31, 1998.

The Profit for the year ended 31st March, 1998 before providing for interest, depreciation and taxation amounts to

Deducting therefrom -

Interest

Provision for Depreciation

Provision for taxation

The Net Profit for the year amounts to

Less: Provision for Taxation (Prior Year)

Add: Balance brought forward from previous year

The amount available for appropriation is

Appropriation to General Reserve

Proposed Dividend

Tax on Dividend

Leaving a balance to be carried forward to next year

	Rupees	Rupees	Previous year Rupees
		111,532,032	95,822,906
	36,093,952		19,383,820
	12,260,093		7,157,689
	6,700,000		15,000,000
		55,054,045	41,541,509
		56,477,987	54,281,397
		—	3,000,000
		58,760,541	56,376,419
		115,238,528	107,657,816
	27,431,000		20,000,000
	26,270,250		26,270,250
	2,627,025		2,627,025
		56,328,275	48,897,275
		58,910,253	58,760,541

REVIEW OF OPERATIONS :

During the year under review, the country passed through challenging times. Political and economic uncertainties coupled with acute liquidity problem in the economy contributed to the slow down in the business. However, the Company's pre-eminent position in the market particularly in the upper segment of the Exterior Cement Paint has enabled it to maintain its performance in a difficult year marked by subdued market conditions and the liquidity crunch faced by the Distributors and Dealers. The growth of the Company's turnover for the year ended March 31, 1998 to Rs. 77.55 crores against Rs. 64.99 crores in the previous year showing an increase of 20%, though

lower by 22.4% of the projected turnover, would be commendable despite the above adverse condition and it reflects the Company's inherent strength.

Pursuant to the Agreement with the recognised Union, the Company offered Voluntary Retirement Scheme (VRS) to the workmen of its Mumbai Plant. Majority of the workmen have been paid their dues as per the agreement aggregating to Rs.367.71 lacs and consequently Mumbai Plant has become non-operational effective February 2, 1998. The Company has decided to amortise the expenditure of Rs.367.71 lacs under Voluntary Retirement Scheme over a period of 48 months.

The Company's new plant at Sinnar, Nashik District



Snowcem India Ltd.

commissioned in March 1997 is fully operational.

The Company's Wind Mills installed in Muppandal and Metrathi Village in Coimbatore District, Tamil Nadu are operating and generating electric power satisfactorily. The Company now intend to install Wind Mills in Maharashtra and necessary plot of land has been acquired at Chalkewadi, Satara District.

3. DIVIDEND :

The Directors recommend the payment of a dividend at the rate of 25 per cent for the year ended March 31, 1998 (free of tax in the hands of the members). The dividend, if approved, would absorb Rs.2.89 crores inclusive of tax on dividend amounting to Rs.26.27 lacs and will be paid to those members whose names appear on the Register of Members as on the date of the ensuing Annual General Meeting.

4. PERFORMANCE OF THE COMPANY:

Comparison of actual performance for the year ended March 31, 1998 with projected financial performance in the Prospectus dated June 01, 1995, as well as Letter of Offer is as follows

Rs. in Lacs		
PROJECTION AS PER	PROSPECTUS	ACTUAL
Sales and Other Income	10,755.00	8,103.18
Profit before tax	2,412.00	631.78
Profit after tax	1,377.00	564.78

Sluggishness in the economy in general and construction industry in particular have been responsible for the actuals not matching with the projections.

5. PUBLIC DEPOSITS:

The Company has been accepting deposits from public and shareholders. Total amount of such Fixed Deposits as on date is Rs.712.03 lacs. There are 13 deposits amounting to Rs.67.38 lacs lying unclaimed with the Company, of which 3 deposits amounting to Rs.67.00 lacs have since been repaid.

6. INSURANCE :

All the insurable interests of the Company including inventories, buildings, plant and machinery and liabilities under legislative enactments are adequately insured.

7. COLLABORATORS :

The Company's collaborators George Lillington & Co. Ltd., U.K. continue to extend their valuable assistance and guidance.

8. DIRECTORATE :

Mr.S.N. Talwar ceased to hold office on January 30, 1998 on the arrival of Mr.Peter J. Cook in the State of Maharashtra. Mr.Talwar was re-appointed as an Alternate Director to Mr.Peter J. Cook with effect from February 02, 1998.

Mr.D.T.Ruia and Mr.A.V.Kale, Directors retire by rotation at the ensuing Annual General Meeting and are eligible, for re-appointment.

9. PARTICULARS OF EMPLOYEES :

As required by the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, the names and other particulars of the Employees are set out in the Annexure forming part of the Report.

10. INDUSTRIAL RELATIONS :

Industrial relations continued to be cordial throughout the year.

11. AUDITORS :

Messrs. R.S.Shah & Associates, Chartered Accountants, the Auditors of the Company also retire and are eligible for re-appointment. Messrs. R.S.Shah & Associates under Section 224(1) of the Companies Act, 1956 have furnished a certificate of their eligibility for re-appointment. The Members are requested to appoint Auditors for the current year and authorise the Board of Directors to fix their remuneration.

12. ADDITIONAL INFORMATION :

In terms of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given hereinbelow.

A. Conservation of Energy :

Energy conservation continued to be given priority attention at our Plants. Additional Power Factor correction capacitors on supply line have been provided in the plants.

thereby reducing the line losses.

B. Technology Absorption :

The Company's Collaborators George Lillington & Co. Ltd., U.K. continued to provide technologies and formulations for the manufacture and introduction of new products of international standards. The Company has launched new products namely SNOWCRYL XT, an Acrylic Exterior Paint and IMPERMO (LIQUID) an Integral Cement Waterproofing Compound. These products have been well received within short time of their introduction in the market. Research and Development activities continue for introduction of new products in the coming years.

C. Foreign Exchange Earnings and Outgo :

(i) Activities relating to exports:

Initiative taken to increase exports, development of new export markets for products and services and export plans.

Concerted and sustained efforts are continuing to develop Export Markets as the Company's plant at Sinnar, Nasik District is fully operational.

(ii) Foreign Exchange earnings and used:

a) Used	1997-98 Rs.	1996-97 Rs.
C.I.F. value of imports	37,959,604	372,314,848
Travelling	114,060	372,129
Amount remitted during the year in foreign currency on account of dividend (net of tax)	NIL	6,048,000
Number of non-resident shareholders	1	1
Number of shares held by them on which the dividend was due	3,024,000	3,024,000
b) Earned		
Export of Goods F.O.B.basis	NIL	625,504

13. ACKNOWLEDGEMENT :

The Company is grateful to the Consortium of Banks and Financial Institutions for their continued co-operation and support.

REGISTERED OFFICE:

Killick House, Killick Estate,
Baji Pasalkar Marg,
Chandivli, MUMBAI 400072.
Dated: August 20, 1998.

For and on behalf of the
Board of Directors

B.R.RUIA
CHAIRMAN & MANAGING DIRECTOR



Snowcem India Ltd.

AUDITORS REPORT

To
The Members of
SNOWCEM INDIA LIMITED

We have audited the attached Balance Sheet of SNOWCEM INDIA LIMITED as at 31st March, 1998 and also the Profit and Loss Account of the Company for the year ended on that date, annexed thereto, and report that :

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraph 4 & 5 of the said order.
2. Further to our comments in the annexure referred to in paragraph (1) above:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) in our opinion, proper books of account as required by Law have been kept by the Company, so far as appears from our examination of the books;
 - c) the Balance Sheet and Profit and Loss Account dealt with by this Report are in agreement with the books of account of the Company.
 - d) in our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give 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 and Loss Account, of the profit for the year ended on that date.

For R.S. SHAH & ASSOCIATES
Chartered Accountants

PLACE: MUMBAI
DATED: August 20, 1998

(R.S.SHAH)
PARTNER

**ANNEXURE REFERRED TO IN PARAGRAPH 1 OF
THE AUDITORS' REPORT TO THE MEMBERS OF
SNOWCEM INDIA LIMITED ON THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH, 1998**

1. The Company has maintained proper records showing full particulars including quantitative details and situation of the fixed assets. We are informed that, all the fixed assets have been physically verified by the management at the end of the year and no discrepancies were noticed on such verification.
2. None of the Fixed Assets have been revalued during the year.
3. The stocks of finished goods, stores and spare parts, and raw materials have been physically verified by the management at the end of the year, except stock of Finished goods lying with certain C & F Agents in respect of which Certified Stock Statements have been received.
4. The procedures of physical verification of stocks, followed by the management, were reasonable in relation to the size of the Company and nature of its business.
5. The discrepancies noticed on such verification between the physical stock and stock as per book records were insignificant. The same have been properly dealt with in the books of account.
6. In our opinion, the valuation of stock is fair and proper in accordance with normally accepted accounting principles and is on the same basis as in the previous years.
7. The Company has not taken unsecured loans from Companies listed in the register maintained under Section 301 of the Companies Act, 1956 and/or from the Companies under the same management as defined under Section 370 (1B) of the Companies Act, 1956.
8. The Company has not granted any loan to Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and/or to the Companies under the same management as defined under Section 370 (1B) of the Companies Act, 1956.
9. The Company has given loans and advances in the nature of loans without any stipulation as regards repayment. However, the interest is being recovered thereon in most of the cases.
10. In our opinion and according to the 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 for the purchase of stores, raw materials including components, plant and machineries, equipments and other assets.
11. In our opinion and according to the information and explanations given to us, the transaction of purchase of goods and materials and sale of goods, materials and services received in pursuance of contracts or arrangements entered in the register under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs.50,000/- or more in respect of each party have been made at a price which are reasonable having regard to the prevailing market price and for sale of goods which are at declared price list.
12. As explained to us, the Company has regular procedure for the determination of unserviceable or damaged raw materials. Adequate provision has been made in the accounts for the loss arising on the items so determined.
13. According to the information and explanations given to us, the Company has complied with the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
14. As explained to us, the Company's operations do not generate any by-products and the sale of scrap is not significant.
15. The Company has an Internal Audit System which in our opinion is commensurate with the size of the Company and nature of its business.
16. We have broadly reviewed the books of account and other records maintained by the Company in respect of resin where, pursuant to the rule made by the Central Government, the maintenance of cost records have been prescribed under Section 209(I)(d) of the Companies Act,