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43rd
Annual Report
2000-2001



Snowcem India Ltd.



B.R. Ruia

1st Oct. 1928 - 24th Dec. 2000

Mr. B.R. Ruia's thirst for new challenges in business was instrumental in his joining the Board of Directors of Killick Nixon Limited and Snowcem India Ltd. He was later appointed as Managing Director and Chairman of Snowcem India Ltd. in the year 1996.

Mr. B.R. Ruia was the brain behind Snowcem India's expansion plans. Under his able guidance a large manufacturing unit with modern manufacturing technique was set up in Gotan in Rajasthan.

A modern manufacturing unit with double the capacity of Mumbai plant has been set up at Sinnar, Nashik, which commenced production in May 1997 for entire range of Snowcem products.

An environmentalist himself, Mr. Ruia set up Wind Mills at Muppandal, Coimbatore and at Satara for generating electricity for captive consumption and also for sale of excess generation to concerned Electricity Boards.

A philanthropist by nature, Mr. B.R. Ruia was involved with several charitable institutions and was Trustee of Laxminarayan Mandir Trust, Vile Parle, Mumbai, Ramgarh Vikas Trust, Ramgarh, Rajasthan, where a Referral Hospital is being constructed at a cost of Rs. 2 crore. Mr. B.R. Ruia was also connected with Ramgopal Ganpatrai Charity Trust, Mumbai, Ramgarh Dispensary and Pathshala of Ganpatrai Ruai, Mumbai, Bhakti Vedant Hospital, Mira Road, near Mumbai, and Janaki Jeevan Trust at Ayodhya, by giving regular donations in cash and kind for the benefit of the poor and needy persons.

The void created by his untimely death cannot be filled. However, his business philosophy will always guide us to achieve the goals he had set for the organization.

DIRECTORS

B.R. RUIA

Chairman & Managing Director (till 24th December 2000)

S.N. TALWAR

Chairman

(Alternate to Mr. P.J. Cook)

T.B. RUIA

Managing Director

P.J. COOK

MICHAEL D. SIMMONS

P.C.D. NAMBIAR

FIELD MARSHAL SAM MANEKSHAW

DR. A.K. BHATTACHARYA

(Alternate to Mr. Michael D. Simmons)

D.T. RUIA

PAVAN G. MORARKA

DR. MANFRED KRAUTH

A.V. KALE

Executive Director

BANKERS

Allahabad Bank

State Bank of Hyderabad

The Federal Bank Limited

Abu Dhabi Commercial Bank Limited

AUDITORS

R.S. Shah & Associates

ADVOCATES & SOLICITORS

Messrs Crawford Bayley & Co.

Messrs Malvi Ranchoddas & Co.

REGISTERED OFFICE

Killick Estate,

Baji Pasalkar Marg,

Chandivli,

MUMBAI 400 072.

NOTICE

NOTICE is hereby given that the Forty-third Annual General Meeting of the Members of the Company will be held at the **Registered Office of the Company at Killick Estate, Baji Pasalkar Marg, Chandivli, Mumbai 400 072 on Tuesday, November 27, 2001 at 2.30 P.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, 2001 and the reports of the Directors and Auditors thereon.
2. To declare a dividend for the year 2000-2001.
3. To appoint a Director in place of Mr. P.C.D. Nambiar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Field Marshal Sam Manekshaw who retires by rotation and being eligible, offers himself 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 pursuant to the provisions of Sections 269, 309 and 311 and in terms of Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the approval of the Company be and it is hereby accorded to the appointment of Mr. T.B. Ruia as Managing Director of the Company for a period of five years with effect from January 23, 2001 on terms and conditions including remuneration as set out in the agreement dated January 23, 2001 entered into between the Company and him."

7. To appoint Mr. Pavan G. Morarka as a Director of the Company.
8. To appoint Dr. Manfred Krauth as a Director of the Company.
9. To consider, and if thought fit, to pass with or without modifications, as a Special Resolution the following :

"RESOLVED that pursuant to Article 107 of the Articles of Association of the Company read with Section 309(4) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and it is hereby accorded to payment to the Directors of the Company (other than Managing/Whole-time Directors) of Indian Nationality, whether resident or non-resident in India, of commission at the rate of one per cent on the net profits of the Company as computed in the manner laid down in Section 349,

350 and 351 of the Companies Act, 1956, for a further period of five years commencing from April 01, 2001."

10. To consider, and if thought fit, to pass with or without modifications, as a Special Resolution the following :

"RESOLVED that pursuant to and in accordance with the applicable provisions of the Foreign Exchange Management Act, 1999 (FEMA) and the regulations framed thereunder, the Companies Act, 1956 and all other applicable rules, regulations, guidelines and laws (including any statutory modification or re-enactment thereof for the time being in force) and subject to all applicable approvals, permissions, sanctions, conditions of the concerned authorities, as agreed to by the Board of Directors of the Company and/or a duly authorised Committee thereof for the time being exercising the powers conferred by the Board of Directors (each hereinafter referred to as "the Board"), the consent of the Company be and it is hereby accorded for investments by Foreign Institutional Investors including their sub-accounts (hereinafter referred to as the "FIIs"), in the shares of the Company, by purchase or acquisition from the market as per the Portfolio Investment Scheme set out under FEMA and the regulations framed thereunder, subject to the condition that the total investment by all FIIs put together shall not exceed 49 per cent of the paid up equity share capital of the Company or such other maximum limit as may be prescribed from time to time."

"RESOLVED FURTHER that the Board be and it is hereby authorised to do all such acts, deeds, matters and things and execute all documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for matters connected therein or incidental thereto".

By order of the Board,
FOR SNOWCEM INDIA LIMITED,

B.M. JHAVERI,
SECRETARY.

Registered Office :

Killick Estate,
Baji Pasalkar Marg,
Chandivli,
MUMBAI 400 072.
October 24, 2001.

NOTES

1. A Member entitled to attend and vote on a poll 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 24-11-2001 to 27-11-2001 both days inclusive.
3. The relevant explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Business set out in the Notice is annexed herewith.
4. The Dividend as recommended by the Board, if sanctioned at the meeting, shall be paid within the prescribed time to those members and beneficial owners whose names appear on the Register of Members of the Company as on November 27, 2001.
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/Proxies are requested to bring the Attendance slip sent with the Annual Report duly filled-in for attending the Meeting. Members who hold shares in the dematerialised form are requested to indicate their DP ID and Client ID Numbers in the Attendance Slip.
7. Members are requested to address all communication regarding transfer of shares, change of address etc. directly to the Registrars, viz. Bigshare Services Pvt. Ltd, E-2 Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Mumbai 400 072 and in case their shares are held in the dematerialised form, this information should be passed on to their respective Depository Participants without any delay.
8. Members are requested to bring their copy of Annual Report for the meeting.
9. Members who have not encashed their dividend warrants pertaining to the earlier years may approach the Company for obtaining duplicate warrants.
10. Members desirous of availing nomination facility may send their nomination in the prescribed form. Nomination forms can be obtained from the Registrars/Company.
11. On dematerialisation of shares, the nomination registered by the Company automatically stands cancelled. In the case of shares held in electronic (dematerialised) form, the Members are given an option of nomination at the time of opening a demat account. If no nomination is made at the time of opening the demat account, they should approach their respective Depository Participant.



EXPLANATORY STATEMENT

Pursuant to Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out all the material facts relating to the Special Business under Item No. 6 to 10 mentioned in the accompanying Notice dated October 24, 2001.

ITEM No. 6

Mr. T.B. Ruia was appointed as a Director of the Company by the Board of Directors at its meeting held on January 23, 2001 with effect from the said date to fill in the vacancy caused by the sad demise of Mr. B.R. Ruia. The Board also at the aforesaid meeting appointed him as Managing Director of the Company, effective January 23, 2001, for a period of five years, subject to the approval of the members in the General Meeting.

The Agreement dated January 23, 2001 entered into between the Company and Mr. T.B. Ruia in respect of his appointment as Managing Director of the Company, inter alia, contain the following terms and conditions :

- (1) The Managing Director, shall subject to the supervision and control of the Board of Directors of the Company, manage the business and affairs of the Company.
- (2) Period of Agreement : Five years with effect from January 23, 2001.
- (3) Remuneration payable :
 - a. Basic Salary : Rs. 3,50,000 per month with effect from January 23, 2001.
 - b. House Rent Allowance : Rs. 2,50,000/- per month with effect from January 23, 2001 or alternatively be provided a rent free residential accommodation.
 - c. Annual Increment : Rs. 50,000/- effective 1st January every year.
 - d. Medical Reimbursement : Expenses incurred for Mr.T.B. Ruia and his family.
 - e. Leave Travel Assistance : For the Managing Director and his family once in a year incurred in accordance with rules specified by the Company.
 - f. Club Fees : Fees of Clubs subject to a maximum of two clubs. This will not include admission and Life Membership fees.

- g. Personal Accident Insurance : Personal Accident Insurance of an amount the annual premium of which does not exceed Rs. 2,500/-.
- h. Earned or Privilege Leave : On full pay and allowances, as per rules of the Company but not exceeding one month's leave for every eleven months of service.
- i. Encashment of leave not availed by Mr.T.B. Ruia, as per the Company's rules.
- j. Company's contribution to the Provident Fund, Superannuation Fund and Gratuity/Contribution to Gratuity Fund as per the rules of the Company. Contribution to the Provident Fund and Superannuation will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-tax Act.
- k. Provision of use of a car on the Company's business and telephone at residence which will not be considered perquisites. Personal long distance calls and use of car for private purpose shall be billed by the Company to Mr.T.B. Ruia.
- l. Mr. T.B. Ruia shall be entitled to reimbursement of entertainment expenses, actually and properly incurred by him in the normal course of business of the Company in accordance with the rules of the Company in force from time to time or as may be approved by the Board of Directors.
- m. Mr. T.B. Ruia will be entitled to the reimbursement of travelling, hotel and other expenses incurred by him in India and abroad exclusively on the business of the Company in accordance with the rules and regulations of the Company in force from time to time or as approved by the Board of Directors.
- n. As long as Mr. T.B. Ruia functions as Managing Director of the Company, he shall not be paid any sitting fee for attending the meetings of the Board or Committee of Directors.
- o. If during the currency or tenure of Mr. T.B. Ruia as Managing Director, the Company has no profit or its profits are inadequate in any financial year, Mr. T.B. Ruia shall be entitled to the remuneration by way of salary and perquisites not exceeding the limits as laid down by Schedule XIII of the Companies Act, 1956.

- p. Mr. T.B. Ruia shall not during the continuance of his employment hereunder become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of any Company in future without the approval of the Board of Directors.
- q. Mr. T. B. Ruia shall during the continuance of his employment maintain secrecy and confidentiality.
- r. *The Agreement can be terminated by the Company on the happening of certain events such as ill-health or an accident causing disability in performing his duties, insolvency or making any composition or arrangement with his creditors or if Mr. T.B. Ruia is found to be guilty of lack of attendance at Board meetings and negligence in the conduct of the business or death.*
- s. Either party shall be entitled to terminate the Agreement by giving the other 180 days notice in writing.

Pursuant to the provisions of Section 302 of the Companies Act, 1956, Members have already been informed vide circular dated January 23, 2001 of the Board's decision in regard to the appointment of remuneration to Mr. T.B. Ruia.

The Directors recommend the adoption of Resolution No.6 of the Notice. Except Mr. D.T. Ruia, son of Mr. T.B. Ruia, no Director is, in any way, concerned or interested in the Resolution of item No. 6 of the Notice.

The Agreement dated January 23, 2001 entered into by the Company with Mr. T.B. Ruia is available for inspection by the Members of the Company at the Registered Office of the Company on all its working days except Saturdays, Sundays and holidays between 11.00 A.M. to 1.00 P.M. up to the date of the Annual General Meeting.

ITEM No. 7

Mr. Pavan G. Morarka was appointed as Additional Director of the Company with effect from January 23, 2001 by the Board of Directors. Mr Pavan G. Morarka holds office only up to the date of this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 read with Article 105 of the Articles of the Association of the Company.

The Company has received Notice and deposit of Rs.500/- pursuant to Section 257 of the Companies Act, 1956 from one of the members signifying his intention to propose Mr. Pavan G. Morarka as Director. The Board considers that it would be in the interest of the Company to continue to avail the benefit of the services of Mr. Pavan G. Morarka as Director.

The Notice received under Section 257 of the Companies Act, 1956 as referred to above is open for inspection by the members at the Registered Office of the Company on all its working days except Saturdays, Sundays and holidays between 11.00 A.M to 1.00 P.M. up to the date of the Annual General Meeting.

The Directors recommend the adoption of Resolution No.7 of the Notice. Except Mr. Pavan G. Morarka, no Director is, in any way, concerned or interested in the Resolution of item No.7 of the Notice.

ITEM No. 8

Dr. Manfred Krauth was appointed as Additional Director of the Company with effect from January 31, 2001 by the Board of Directors. Dr. Manfred Krauth holds office only up to the date of this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 read with Article 105 of the Articles of the Association of the Company.

The Company has received Notice and deposit of Rs. 500/- pursuant to Section 257 of the Companies Act, 1956 from one of the Members signifying his intention to propose Dr. Manfred Krauth as Director. The Board considers that it would be in the interest of the Company to continue to avail the benefit of the services of Dr. Manfred Krauth as Director.

The Notice received under Section 257 of the Companies Act, 1956 as referred to above is open for inspection by the Members at the Registered Office of the Company on all its working days except Saturdays, Sundays and holidays between 11.00 A.M to 1.00 P.M. up to the date of the Annual General Meeting.

The Directors recommend the adoption of Resolution No. 8 of the Notice. Except Dr. Manfred Krauth, no Director is, in any way, concerned or interested in the Resolution of item No. 8 of the Notice..

ITEM No. 9

By a Special Resolution passed at the General Meeting held on September 24, 1996, the Directors of Indian Nationality whether resident or non-resident were authorised to receive a commission of three per cent on the net profits of the Company for five financial years commencing from April 01, 1996.

Pursuant to Section 309(7) of the Companies Act, 1956, this Special Resolution was in force till the financial year commencing from April 01, 2000.

In view of Section 309(4) of the Companies Act, 1956 and the greater involvement of the Directors in the affairs of the company, it is considered desirable and necessary that the Directors (other than Managing/Whole-time Directors) of Indian Nationality whether resident or non-resident in



India should receive the commission of one per cent on the net profits of the Company for a further period of five financial years commencing from April 01, 2001.

The Special Resolution seeks to obtain renewal of authority of the payment of commission to the Directors of Indian Nationality whether resident or non-resident in India under Section 309(4) read with Section 309(7) of the Companies Act, 1956.

Except Mr. P. J. Cook, Mr. Michael D. Simmons and Dr. Manfred Krauth, Mr. T. B. Ruia and Mr. A.V. Kale, all the other Directors are interested in the Resolution to the extent of commission which may be paid to them in accordance with the proposed Special Resolution.

ITEM No.10

Pursuant to proposals mooted by the Union Budget for the fiscal 2001-2002, the Reserve Bank of India by amending the Foreign Exchange Management (Transfer or issue of Security by a Person Resident Outside India) Regulations, 2000, has raised the permitted limit of Investment by Foreign Institutional Investors (FIIs), up to 49% of the paid up equity capital of Indian Companies, subject to the approval of the Board of Directors and approval of members of the Company by way of a special resolution.

The increase in the FIIs investment limit to 49% will result in increased weight-age of the Company's share in benchmarking international stock

market indices. Large number of FIIs direct their investment on the basis of these benchmark indices and accordingly, the increase in FIIs limit will be beneficial to the Company.

The resolution set out at item No.10 of this Notice will enable the FIIs, who are considered to be prudent investors, to acquire shares of the Company through authorized dealers within the revised ceiling under the Portfolio Scheme of Reserve Bank of India.

The Directors recommend the adoption of Resolution No.10 of the Notice. None of the Directors of the Company is, in any way, interested or concerned in the Resolution.

By order of the Board,
FOR SNOWCEM INDIA LIMITED,

B.M. JHAVERI,
SECRETARY.

Registered Office :

Killick Estate,
Baji Pasalkar Marg,
Chandivli,
MUMBAI 400 072.

October 24, 2001.

DIRECTORS' REPORT

The Directors submit the Forty-third Annual Report together with the Audited Statement of Accounts for the year ended March 31, 2001.

	Rupees	Rupees	Rupees	Previous year Rupees
The Profit for the year ended March 31, 2001 before providing for interest, depreciation and taxation amounts to		244,874,357		229,732,688
Deducting therefrom -				
Interest	42,808,587		60,045,644	
Provision for Depreciation	18,438,858		15,839,269	
Provision for taxation	3,000,000		4,500,000	
		64,247,445		80,384,913
The Net Profit for the year amounts to		180,626,912		149,347,775
Less : Provision for Taxation (prior year)		5,061,896		1,561,896
Add : Balance brought forward from previous year		193,763,265		99,437,032
The amount available for appropriation is		369,328,281		247,222,911
Appropriation to General Reserve	18,000,000		15,000,000	
Proposed Dividend	31,524,300		31,524,300	
Tax on Dividend	3,215,479		6,935,346	
		52,739,779		53,459,646
Leaving a balance to be carried forward to next year		316,588,502		193,763,265

The Report of the Auditors contains reference to certain notes on the Accounts. The Directors consider that the notes are self-explanatory and do not require any further comments.

2. REVIEW OF OPERATIONS :

During the year under report, the Company's sales turnover increased from Rs.152.89 crores to Rs 209.97 crores reflecting a growth of 37.3 per cent. However, due to widespread drought in the western region of the country and also due to devastating earthquake in the state of Gujarat in the last quarter coupled with overall economic slowdown and sluggishness in business conditions, the domestic sales declined by about 3 per cent i.e. Rs.92.85 crores as against Rs.96.00 crores in the previous year. The export sales soared from Rs.56.87 to Rs.117.12 crores. The Net Profit after tax at Rs.18.06 crores recorded a growth of 21% over previous year. The increase in the Net Worth of the Company from Rs.72.66 to Rs.86.40 crores clocked a growth of 19%.

The Company has installed one more Wind Mill of 500 KW. at Chalkewadi, district Satara, Maharashtra in March 2001, taking the total number of Wind Mills installed by the Company to ten and the capacity of 2550 KW.

The Company has been awarded ISO 9002 certification for its Plant at Gummidipundi, Tamil Nadu. Thus the Company's all three plants have been recognized by the ISO certification body.

3. OVERSEAS PROJECTS :

The Company has entered into a joint venture agreement with Snowcem Products (Lanka) Pvt. Ltd. Colombo, Sri Lanka acquiring 50% of their Share Capital. This unit has been in existence for over 30 years.

In its pursuit of exploring the development of export markets in Bangladesh, Nepal and Vietnam, the Company had sent seeding consignment to these countries. The representatives of the Company had also visited them. However, these efforts did not achieve the desired results. The Company is relentlessly taking follow up measures and expects to make a break-through in the near future.

The Company is also exploring possibilities of exports through its Sri Lankan Joint venture unit to other SAARC countries where they have preferential treatment.

4. NEW PROJECTS :

The Company in 1999 invested in 1000900 shares of Sashak Noble Metals Limited, a company situated in Pithampur Industrial Area, near Indore, Madhya Pradesh.

Thereafter the Board of Directors pursuant to their Board Meeting held on November 22, 2000 decided to acquire an existing Precious Metal Fabrication and Atomization Plant for the manufacture of precious metal products in Mumbai itself.

In view of the proposed acquisition of Precious Metal Fabrication and Atomization Plant, which is fully operational, at Mumbai, the Company decided not to pursue the project undertaken by Sashak Noble Metals

Limited. Accordingly, the Company disposed of 1000900 shares of Sashak Noble Metals Limited and Sashak Noble Metals Limited ceased to be a Subsidiary of the Company.

However, formalities relating to the acquisition of the precious metal fabrication and atomization plant, are yet to be completed.

5. EXPORTS :

During the year, the Company exported speciality chemicals to the extent of Rs. 114.72 crores with the help of our collaborators in U.K.

6. MARKETING :

Though the Company has been maintaining its growth in sales and profit in spite of very stiff competition from large scale paint companies and other small units, need has been felt to adopt both innovative and aggressive marketing policies. With this objective in view, the Company has recently entered into a strategic marketing alliance with Jenson & Nicholson (India) Limited, Kolkata, a leader in interior paints business. This alliance will help the companies to achieve synergies in the marketing operations, formulate comprehensive and unified policy for marketing of complimentary products, establish presence in markets where both of them or either do not have presence and cutting down market costs. This will help both the companies to improve their market share and broad base their bottom-line and will also result in enhancing of shareholders value in the case of both the companies.

7. DIVIDEND :

The Directors recommend the payment of a dividend at the rate of 30 per cent for the year ended March 31, 2001 (free of tax in the hands of the members). The dividend, if approved, would absorb Rs.347.40 lacs inclusive of tax on dividend amounting to Rs.32.15 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.

8. PUBLIC DEPOSITS :

The Company has been accepting deposits from public and shareholders. Total amount of such Fixed Deposits as on date is Rs. 2,382.86 lacs. There were 248 deposits amounting to Rs. 32.48 lacs lying unclaimed with the Company, of which 206 deposits amounting to Rs. 22.71 lacs have since been repaid.

9. INSURANCE :

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

10. SALES TAX DEFERMENT BENEFIT :

The Company had been granted an eligibility certificate to avail the sales tax deferment benefit for Rs. 891.54 lacs under the 1993 Package