

ANNUAL REPORT

1998 - 99

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SHIVA CEMENT LIMITED

**P/25, CIVIL TOWNSHIP
ROURKELA - 769004**

SHIVA CEMENT LIMITED**BOARD OF DIRECTORS**

Sri R.P. Gupta
Managing Director

Sri Akash Gupta
Executive Director

Smt. Sudha Gupta
Director

Sri V.P. Taneja
Professional Director

Sri B.N.R. Patnaik
Nominee-IPICOL

Sri P.K. Swain
Nominee-OSFC

BANKERS

State Bank of India

AUDITORS

Tibrewal Chand & Co.
KK-5, Civil Township
Rourkela-769 004.

REGISTERED OFFICE

P/25, Civil Township
Rourkela-769 004.

PLANT SITE

Unit-I
Kalunga Indl. Estate
Kalunga-770 031
Sundargarh

Unit-II
Vill. : Telighana
PO: Biringhatoli
Kutra, Sundargarh

MINES

Vill : Khatkurbahal
Dist. Sundargarh (Orissa)

MARKETING OFFICE

11, Cossipore Road
1st floor,
Calcutta-700 002.

Room no.19,2nd floor
Falcon House
22A, Cuttack-Puri Road
Bhubaneswar.

SHIVA CEMENT LIMITED**NOTICE**

NOTICE is hereby given that the **FOURTEENTH ANNUAL GENERAL MEETING** of the Members of **SHIVA CEMENT LIMITED** will be held at its Registered Office at P/25, Civil Township, Rourkela - 4 on Wednesday, the 15th December, 1999 at 11.00 A.M to transact the following business :-

Ordinary Business

- (1) To consider and adopt the Balance Sheet as at 30th June 1999, Profit & 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 Sri V.P. Taneja who retires by rotation and, being eligible, offers himself for re-appointment.
- (3) To appoint Tibrewal Chand & Co, Chartered Accountants as auditors, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

By order of the Board
for **SHIVA CEMENT LIMITED**

Registered Office
P/25, Civil Township
Rourkela - 769 004
Dt. 19/11/99

AKASH GUPTA
Executive Director

Notes :

1. Members/Proxies should bring the Attendance slip duly filled in for attending the meeting.
2. Shareholders seeking any information with regard to Accounts are requested to write to the Company atleast seven days before the date of the meeting so as to enable the management to keep the information ready.
3. A 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 of the Company. A proxy in order to be valid must be received at least 48 hours before the meeting.
4. Members are requested to inform immediately changes in their addresses to the registered office of the Company.
5. Register of members shall remain closed from 09/12/99 to 15/12/99 (both the days inclusive).
6. The instruments of Share Transfers complete in all respects should reach the company prior to closure of the register of members as stated above.

SHIVA CEMENT LIMITED**DIRECTORS REPORT**

Dear Members,

Your directors have pleasure in presenting the 14th Annual Report alongwith audited statement of account for the year ended 30th June 1999. Your company has gone through a sea change during the last financial year. Despite sluggish market condition the company ended with increase in operating profit to 205% and increase in cash profit to 157.62%.

Working Results	(Rs. in Lakhs)	
	<u>30/06/99</u>	<u>30/06/98</u>
Turnover & Other Income	2160.90	1222.71
Operating Profit	421.91	205.54
Less: Interest	252.77	98.23
Cash profit	169.14	107.31
Less: Depreciation & Amortization	153.05	75.02
Profit before Taxation	16.09	32.29
Less: Income Tax	5.23	—
Tax on Dividend (earlier year)	—	1.43
Surplus carried to Balance sheet	10.86	30.86

Despite lower capacity utilisation in the first full year of operation of Unit-II, the company had to absorb higher interest and depreciation and hence, the profit before taxation was decreased. With the improvement in capacity utilisation in subsequent years, this shall improve.

INDUSTRY SCENARIO

During the year under review the country's GDP growth was below 6% and much lesser than the projection by Govt. Hence, the growth in consumption of the cement was hardly 6.5%. The over supply situation in the cement industry continued throughout the year due to excess capacity creation in the previous years. However, the existing surplus capacity should bottom out by the end of next fiscal year. The industry witnessed upsurge in prices in the early part of the year. But the prices could not be maintained due to continuous pressure of supplies.

An upsurge in volume was noticed from April'99 to a unprecedented level of above 20%. Which if continued the surplus capacity shall bottom out by 2000 December. However, it all depends upon the agricultural growth as well as Govt. spending in future.

SHIVA CEMENT LIMITED



BONUS SHARES

The Board of Directors have recommended for bonus issue of shares in the ratio of 1:2 (i.e. one equity share for every two equity shares held). The shareholders at their Extra-ordinary General meeting held on 13/10/99 has approved the same. The Board of Directors have fixed the record date 15/12/99 for the purpose of issue of Bonus shares.

DIVIDEND

In view of the lower profits and further requirement of working capital funds, your directors do not recommend any dividend for the year under review.

FINANCE

Your company is thankful to the existing state level institutions i.e. OSFC, IPICOL who have reposed their faith due to past performance of the company. The company is also thankful to its present banker, SBI for consideration of enhancement of working capital limits. Company is also thankful to the financial institutions like IDBI, IFCI, ICICI, BOI, AB, BOB who have extended their support and have restructured their debt portfolio.

FIXED DEPOSIT SCHEME

Company has obtained credit rating from CARE for mobilisation of fixed deposits as CARE A- (FD) and the review of credit rating is also under process.

LISTING OF SHARES

The company's shares are already listed & traded in the Calcutta Stock Exchange. With a view to provide larger liquidity to share-holders, the company is in the process of listing its shares with Bombay Stock Exchange.

FUTURE OUTLOOK

Central Government has given emphasis on development of Housing sector which may boost the demand of cement. Since there is no substantial capacity addition in pipe line, the gap in demand and supply is narrowing down. The volumes are on the rising trend from April'99 onwards, but the prices are yet to improve.

Due to surplus clinker capacity in the new unit, the company proposes to take up expansion plans after stabilising its present operation, with the additions of balancing equipment.

Since both the units are located in eastern zone which is at present having deficit of 40.0 lacs tons, we expect to have long term advantages. The captive mines acquired alongwith Unit-II has increased the fundamental strength of the company.

SHIVA CEMENT LIMITED**ENVIRONMENTAL & SOCIAL OBLIGATION**

In view of meeting the social obligations it has given the employment to few land displaced persons while acquiring the mines and the new unit. The location of Unit is in tribal belt. 90% workers are local tribals. The company is committed to all social welfare activities in the surrounding villages.

PERSONNEL

The Directors wish to place on record of their appreciation for sincerity and dedicated service of all its employees in stabilising the company's operation and fighting the odd.

DIRECTORS

Sri V.P. Taneja, Director of your Company retire from the Board by rotation and being eligible offer himself for re- appointment. The Directors have placed on record the appreciation for valuable services extended by the Nominee Directors of Financial Institutions to the Company.

AUDITORS

The term of M/s.Tibrewal Chand & Co., as Auditors expires at the conclusion of this Annual General Meeting and they are eligible for reappointment. The auditors have given a certificate to the effect that the re-appointment, if made will be within the prescribed limits specified under Section 224(1B) of the Companies Act, 1956.

PARTICULARS OF EMPLOYEES

The particulars of employees as required u/s 217(2A) of the Companies Act, 1956 are not applicable to the company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

A statement containing necessary information, as required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto in Annexure "A".

Y2K COMPLIANCE

Your company has identified all software programmes that are likely to be affected by the millennium bug. The company has only Data processing facilities in computers and all financial and other data processing systems are operating on Y2K compliant systems. The management has ensured that there will be no material impact caused by Y2K issue on the financial statements of the company nor will it have any impact on the going concern status of the company.

By order of the Board

Rourkela-769 004
Dated : 19.11.1999

R.P. GUPTA
Managing Director

SHIVA CEMENT LIMITED**ANNEXURE - A TO THE DIRECTORS REPORT**

FORM - A
[See Rule - 2]

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

		AS AT 30/06/99	AS AT 30/06/98
A. POWER AND FUEL CONSUMPTION			
1. ELECTRICITY			
a) Purchased :			
Units (in Thousand)	9267.30	3785.31	
Total Amount (in thousand)	31426.15	12617.08	
Rate/Unit	3.39	3.33	
b) Own Generation			
i) Through diesel Generator			
Units (in thousand)	86.55	41.98	
Unit per Ltr. of Diesel oil	2.55	2.17	
Cost/Unit (Rs.)	4.04	5.29	
ii) Through Steam turbines/Generator			
Units			
Unit per ltr. for Fuel oil Gas			
Cost/Unit.	N.A	N.A	
2. COAL			
Steam Coal			
Quantity (M.T)	11521.57	5253.53	
Total Cost. (Rs. in Thousand)	9129.62	3389.16	
Average Rate (Rs.)	792.39	645.12	
3. FURNACE OIL			
(Quantity (K. Ltr)			
Total Amount			
Average Rate	N.A	N.A	
4. Others/Internal Generation			
Quantity			
Total Cost			
Rate / Unit	N.A	N.A	
B. CONSUMPTION PER UNIT OF PRODUCTION	Standards if any	Current year	Previous year
Production			
Cement M/T		78788.15	47464.40
Electricity			
Purchased Rs./PMT		402.59	268.77
Own Rs./PMT		479.05	426.89
Furnace Oil		N.A	N.A
Coal (Specify quantity)		—	—
Others (Specify)		—	—

Reasons for variation in consumption of Power & fuel from previous year :

- Increase in cost of Electricity purchased due to increase in Electricity Tariff resulted in increase in Cost of per Tonne of Cement produced from Electricity purchased.
- Increase in cost of HSD resulted in increase in cost per tonne of cement produced from own D.G. Set.

SHIVA CEMENT LIMITED**ANNEXURE " A " TO DIRECTORS REPORT (CONTD....)**

FORM - B
[SEE RULE 2]

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION RESEARCH AND DEVELOPMENT (R & D) FOR THE YEAR ENDED 30/06/99

A. RESEARCH AND DEVELOPMENT (R & D)

- | | | | |
|----|---|---|--|
| 1. | Specific areas in which R & D carried out by the Company | : | Optimisation of dose of slag in Cement. |
| 2. | Benefits derived as a result of the above R & D | : | Better acceptability in Market and reduction in production cost. |
| 3. | Future plan of action | : | Efforts for further improvement will continue. |
| 4. | Expenditure on R & D | | |
| | (a) Capital | | |
| | (b) . Recurring | | No Specific Expenditure |
| | (c) Total | | incurred on R & D. |
| | (d) Total R & D expenditure as a percentage of total turnover | | |
| | Technology absorption, adaptation and innovation. | | |

B. Technology Absorption, Adaptation and Innovation.

- | | | | |
|----|---|---|---|
| 1. | Efforts, in brief, made towards technology absorption adaptation and innovation. | : | The company has made all efforts to increase the percentage of slag addition. |
| 2. | Benefits derived as a result of the above efforts, e.g. product improvement, cost, reduction, product development, import substitution, etc. | : | Quality of Product improvement and Cost reduction. |
| 3. | In case of imported Technology (imported during the last 5 years reckoned from the beginning of the financial year, following information may be furnished. | : | Not Applicable |
| | (a) Technology imported | | |
| | (b) Year of import | | |
| | (c) Has technology been fully absorbed. | | |
| | (d) If not fully absorbed, areas where this has not taken place reasons therefore and future plans of action. | | |

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|----|---------------------------------|---|-----|
| C. | Foreign Exchange Earnings outgo | : | Nil |
|----|---------------------------------|---|-----|