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SERREX DIGVIJAY CEMENT COMPANY LIMITED

Report  junction.com



53rd
ANNUAL REPORT
& ACCOUNTS
1997-98



Shree Digvijay Cement Co. Ltd.

BOARD OF DIRECTORS

SHRI S.K. BANGUR (*Chairman*)
SHRI K.K. BANGUR (*Vice-Chairman*)
SHRI P.D. CHITLANGIA
SHRI NALINKANT D. DALAL
SHRI N.S. PARULEKAR
SHRI B.N. REPORTER
SHRI H.N. TAPARIA
SHRI K.S. NANAVATI
SHRI M.T. PALRECHA (*IDBI — nominee*)
SHRI R.C. SHARMA (*GIC — nominee*)
SHRI R.S. NIRWAN (*Executive Director*)

SECRETARY

SHRI N.L. MANDHANA

AUDITORS

MESSRS BATLIBOI & PUROHIT
MESSRS VATSARAJ & COMPANY

COST AUDITORS

SHRI B.L. THOLIYA
B.Com., L.L.B., D.B.M., F.I.C.W.A., C.A.I.I.B.

BANKERS

STATE BANK OF SAURASHTRA

REGISTERED OFFICE AND WORKS

DIGVIJAYGRAM - 361140 (GUJARAT STATE)

MUMBAI OFFICE

SHREENIWAS HOUSE,
HAZARIMAL SOMANI MARG, FORT,
MUMBAI 400 001.



Shree Digvijay Cement Co. Ltd.

NOTICE

NOTICE is hereby given that the Fifty-third Annual General Meeting of the members of **SHREE DIGVIJAY CEMENT COMPANY LIMITED** will be held at the Registered Office of the Company at Digvijaygram, Gujarat-361140 on Monday, the 28th day of September, 1998 at 11:00 A.M. to transact with or without modifications as may be permissible the following business:

1. To consider and adopt Directors' Report and Profit & Loss Account for the year ended 31st March, 1998 and the Balance Sheet of the Company as at that date.
2. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.
3. To note that Shri N.S.Parulekar, a Director, who retires from the Office by rotation, has informed the Company that he would not like to be re-appointed as a Director of the Company and accordingly to pass the following resolution which will be proposed as an Ordinary Resolution:
 "RESOLVED pursuant to the provisions of Section 256, 258, 259 and other applicable provisions of the Companies Act, 1956, that Shri N.S. Parulekar, a director who is liable to retire by rotation and who does not seek re-election, is not accordingly re-appointed as a Director of the Company;
 RESOLVED FURTHER that this meeting hereby expressly resolves not to fill the vacancy so created as aforesaid."
4. To note that Shri H.N.Taparia, a Director, who retires from the Office by rotation, has informed the Company that he would not like to be re-appointed as a Director of the Company and accordingly to pass the following resolution which will be proposed as an Ordinary Resolution:
 "RESOLVED pursuant to the provisions of Section 256, 258, 259 and other applicable provisions of the Companies Act, 1956, that Shri H.N.Taparia, a director, who is liable to retire by rotation and who does not seek re-election, is not accordingly re-appointed as a Director of the Company;
 RESOLVED FURTHER that this meeting hereby expressly resolves not to fill the vacancy so created as aforesaid."
5. To note that Shri B.N.Reporter, a Director, who retires from the Office by rotation, has informed the Company that he would not like to be re-appointed as a Director of the Company and accordingly to pass the following resolution which will be proposed as an Ordinary Resolution:
 "RESOLVED pursuant to the provisions of Section 256, 258, 259 and other applicable provisions of the Companies Act, 1956, that Shri B.N. Reporter, a director, who is liable to retire by rotation and who does not seek re-election, is not accordingly re-appointed as a Director of the Company;
 RESOLVED FURTHER that this meeting hereby expressly resolves not to fill the vacancy so created as aforesaid."
6. To consider and if thought fit, to pass the following resolution which will be proposed as a Special Resolution:
 "RESOLVED THAT article 78 of the Articles of Association of the Company be amended by deleting the words "or Rupees Seventy Five Crores whichever is higher" appearing therein."
7. To consider and if thought fit, to pass the following resolution which will be proposed as an Ordinary Resolution:
 "RESOLVED THAT pursuant to the provisions of Section 293(1)(d) and all other applicable provisions, if any, of the Companies Act, 1956 and supplemental to the Ordinary Resolution passed at the Annual General Meeting of the Company held on 29th June 1987, the consent of the Company be and is hereby accorded to the Board of Directors of the Company borrowing such sum or sums of money in any manner, from time to time as may be required for the purposes of the business of the Company with or without security and upon such terms and conditions as they may think fit, notwithstanding that the moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that, the total amount so borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of Rs.1,50,00,00,000/- (Rupees One Hundred Fifty Crores Only).
8. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:
 "RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, and the provisions of other statutes as applicable and subject to such approvals, consents, provisions and sanctions as may be necessary from the appropriate authorities or bodies, the Articles of Association of the Company be and are hereby altered as follows:
 - (i) In Article 3 after the existing sub-clause (xv), the following new sub-clause shall be inserted viz.
 - (a) "Beneficial Owner" shall mean the beneficial owner as defined in clause (a) of Sub-Section (I) of Section 2 of the Depositories Act, 1996.
 - (b) "Depositories Act" means the Depositories Act, 1996 and includes any statutory modification(s) or re-enactment thereof for the time being in force.
 - (c) "Depository" shall mean a Depository as defined under Clause (e) of Sub-Section (I) of Section 2 of the Depositories Act, 1996.
 - (ii) After the existing article 13, the following new article 13A shall be inserted, viz.
Beneficial owner of shares will be absolute owner.
13A. Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears as the beneficial owner of the shares in the record of Depository as the absolute owner thereof as regards receipt of dividends or bonus or service of notices and all or any other matters connected with the Company and accordingly the Company shall not (except as ordered by a court of competent jurisdiction or as by law required) be bound to recognise any benami, trust or equity or equitable, contingent or other claim to or interest in such share(s) on the part of any other person(s), whether or not it shall have express or implied notice thereof.

Shree Digvijay Cement Co. Ltd.

- (iii) After the existing Article 30(A), the following new Article 30(B) shall be inserted, viz.

Dematerialisation of shares

30(B) Notwithstanding anything contained in these Articles, the Company shall be entitled in accordance with the provisions of the Depositories Act 1996, to dematerialise any or all of its shares, debentures and other marketable securities and to offer the same for subscription in a dematerialized form and on the same being done, the Company shall further be entitled to maintain a Register of Members with the details of Members holding shares both in material and dematerialized form in any media as permitted by law including any form of electronic media, either in respect of the existing shares or any future issue.

- (iv) The following shall be inserted as new Articles 63A and 63B, after the existing Article 63 viz :

Articles 60, 62, 63 and 68 not to apply in respect of those entered in the records of the depositories

63A Nothing contained in Articles 60, 62, 63 and 68 shall apply to the transfer of shares, debentures or other marketable securities effected by the transferor and the transferee both of whom are entered as beneficial owner in the records of the Depository.

Applicability of Depositories Act

63B In the case of transfer of shares, debentures or other marketable securities where the Company has not issued any certificate and where the shares and securities are being held in electronic and fungible form, the provisions of the Depositories Act shall apply.

Provided that in respect of shares, debentures and other marketable securities held by the depository on behalf of a beneficial owner as defined in Depositories Act, Sections 153, 153A, 153B, 187B, 187C & 372 of the Companies Act, 1956, shall not apply."

9. To consider and if thought fit, to pass the following Resolution which will be proposed as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby increased from Rs.27,00,00,000/- (Rupees Twenty Seven Crores) divided into 2,50,00,000 Equity Shares of Rs.10/- each and 2,00,000 Cumulative Preference Shares of Rs.100/- each, to Rs.50,00,00,000/- (Rupees Fifty Crores) divided into 2,50,00,000 Equity Shares of Rs.10/- each, 2,00,000 Cumulative Preference Shares of Rs.100/- each and 23,00,000 Unclassified Shares of Rs.100/- each by the creation and issue of 23,00,000 Unclassified Shares of Rs.100/- each and the respective capital clauses in the Memorandum and Articles of Association of the Company do stand altered accordingly and as also provided in the succeeding Resolutions to be proposed at this Meeting."

10. To consider and if thought fit, to pass the following Resolution which will be proposed as a Special Resolution:

"RESOLVED THAT upon the above Resolution at Item No.9 being duly passed and becoming effective, Clause V of the Memorandum of Association of the Company be deleted and substituted by the following:

V. "The Share Capital of the Company is Rs.50,00,00,000/- (Rupees Fifty Crores Only) divided into 2,50,00,000 Equity Shares of Rs.10/- each, 2,00,000 Cumulative Preference Shares of Rs.100/- each and 23,00,000 Unclassified Shares of Rs.100/- each".

11. To consider and if thought fit, to pass the following Resolution which will be proposed as a Special Resolution:

"RESOLVED THAT upon the Resolution at Item No.9 being duly passed and becoming effective, Article 5 of the Articles of Association of the Company be deleted and substituted by the following:

5. The Share Capital of the Company is Rs.50,00,00,000/- (Rupees Fifty Crores Only) divided into 2,50,00,000 Equity Shares of Rs.10/- each, 2,00,000 Cumulative Preference Shares of Rs.100/- each and 23,00,000 Unclassified Shares of Rs.100/- each, with power to increase or reduce the capital of the Company and to divide the shares in the capital of the Company for the time being into Equity Share Capital and Preference Share Capital and attach thereto respectively any preferential, qualified, or special rights, privileges or conditions as may be determined in accordance with these presents and to modify or abrogate any such rights, privileges and conditions in such a manner as may for the time being to be permitted by the said Act or provided by these presents."

12. To consider and if thought fit, to pass the following Resolution which will be proposed as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 149(2A) and other applicable provisions, if any, of the Companies Act, 1956 approval of the Company be and is hereby accorded to the Company commencing the businesses of dealing and/or trading in commodities and gainfully utilising the assets of the Company and other businesses as specified in sub-clauses 3,8,12 and 36 of clause III of the Memorandum of Association of the Company as and when deemed fit by the Board of Directors."

NOTES :

- (A) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
- (B) **THE INSTRUMENT APPOINTING A PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTYEIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
- (C) Members/Proxies should bring the attendance slip sent herewith duly filled in and signed and hand over the same at the entrance of the hall for attending the meeting.
- (D) The unclaimed dividend amounts on the Preference share capital for the year ended 30th June, 1994 and of earlier years declared by the Company have been transferred to the General Revenue account of the Central Government in terms of provisions of section 205-A of the Companies Act, 1956. Members who have not encashed the dividend warrants are requested to prefer their claim to the office of the Registrar of Companies, Gujarat, GHB Complex, Pragati Nagar, Ankur Char Rasta, Naranpura, Ahmedabad-382 013.
- (E) The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of items 3 to 12 is annexed hereto and forms part of the notice.

By Order of the Board

Mumbai
6th August, 1998

N.L. MANDHANA
Secretary

SHREE DIGVIJAY CEMENT COMPANY LIMITED

Registered Office :
Digvijaygram - 361 140, Via Jamnagar (Gujarat).

ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting Hall)

.....
Name of the Members (in Block Letters)

Ledger Folio Number	
No. of Shares held	

Name of Proxy (in Block Letters)
(To be filled in if the Proxy attends instead of the Member)

I hereby record my presence at the 53rd Annual General Meeting of the Company to be held on Monday, the 28th September, 1998 at 11.00 A.M. at Digvijaygram - 361 140, Via Jamnagar (Gujarat).

.....
Member's/Proxy's Signature

To be signed at the time of handing over this slip.

----- TEAR HERE -----

SHREE DIGVIJAY CEMENT COMPANY LIMITED

Registered Office :
Digvijaygram - 361 140, Via Jamnagar (Gujarat).

PROXY

I/We of

..... being a member of

Shree Digvijay Cement Company Limited, hereby appoint

of or failing him

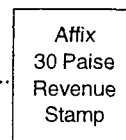
..... of

as my/our Proxy to attend and vote for me/us on my/our behalf at the 53rd Annual General Meeting of the Company to be held on Monday, the 28th September, 1998 and/or at any adjournment thereof.

Signed this day of 1998.

Ledger Folio Number	
No. of Shares held	

Signature



Note : The Proxy must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time of holding the aforesaid meeting.



Fifty-third Annual Report**EXPLANATORY STATEMENT**

(Pursuant to Section 173(2) of the Companies Act, 1956)

Re: Item Nos.3, 4 & 5:

Shri N.S. Parulekar, Shri H.N. Taparia and Shri B.N. Reporter retire by rotation at the forthcoming Annual General Meeting of the Company as per the provisions of Article 167 of the Articles of Association read with the provisions of Section 255 and 256 of the Companies Act, 1956. The Company has been informed by these three Directors that they do not desire to seek re-election at the forthcoming Annual General Meeting. Even after the retirement of these three Directors, the number of Directors on the Board will be 8 which is considered to be adequate for the Company's requirements for the time being. Accordingly, the Resolutions at Item Nos.3, 4 and 5 are proposed expressly resolving not to fill up the vacancies caused by their retirement and are commended for the acceptance of the members.

Re: Item Nos.6 & 7:

Under Section 293(1) (d) of the Companies Act, 1956, the Board of Directors cannot, except with the consent of the Company in general meeting, borrow moneys apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of the aggregate of the paid-up capital and free reserves of the Company, that is to say, reserves not set apart for any specific purpose.

As Members are aware, the Company is undertaking modernisation of its plant and machinery as also development of its Jetty for which the Company will require increasing finances. Besides, funds would also be needed for long term working capital and these requirements may well exceed the limit of Rs.75 crores presently conferred upon the Board of Directors at the Annual General Meeting of the Company held on the 29th June, 1987.

Hence, a fresh limit has to be fixed for the purpose to increase the limit to Rs.150 crores as mentioned in the Resolution set out in Item No.7 of the Notice. Consequential amendments are also proposed in Article 78 of the Articles of Association to delete reference to the borrowing limit specified therein as a maximum as mentioned in the resolution set out in item No.6 of the Notice. It is in these circumstances, that the resolutions mentioned in item Nos. 6 and 7 are proposed to be passed and are commended for the acceptance of the members.

Re: Item No.8:

Consequent upon the passing of the Depositories Act, 1996, certain provisions in Articles of Association of the Company pertaining to issue, holding, transfer and other dealings in shares and securities as also issue of certificate thereof which were framed on the basis of the relevant provisions of the Companies Act, 1956 are being amended so as to facilitate the functioning of the Depository system.

Consequently, addition of some Articles in the Articles of Association of the Company pertaining to issue, holding and dealing in scripless shares and securities is necessary so as to bring them in line with the relevant provisions of the Depositories Act and to give effect thereto.

A copy of the existing Memorandum and Articles of Association of the Company together with the proposed alterations are available for inspection at the Registered Office of the Company on all the working days upto the date of Annual General Meeting between the hours 3.00 P.M. to 5.00 P.M.

The Directors recommend the resolution for approval of the members.

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

Re: Item Nos.9, 10 and 11:

Presently, Authorised Share Capital of the Company is Rs.27 crores divided into 2,50,00,000 Equity Shares of Rs.10/- each and 2,00,000 Cumulative Preference Shares of Rs.100/- each. In order to enable the Company to strengthen its capital base by Issue of Equity Shares in the future to a level which would be adequate to meet the future requirements of the Company, it is thought desirable to increase the share capital of the Company by the creation of further 23,00,000 Unclassified Shares of Rs.100/- each thus, raising the same from the existing level of Rs.27,00,00,000/- to Rs.50,00,00,000/-. Accordingly, the Resolution mentioned in Item No. 9 is required to be passed.

As a result of the above, the relevant Capital Clauses in the Memorandum and Articles of Association of the Company will also require to be altered and this is sought to be brought about by passing the Special Resolutions mentioned in item Nos.10 and 11 of the Notice.

The Directors accordingly commend the resolutions mentioned in these items of the Notice for your approval.

A copy of the existing Memorandum and Articles of Association of the Company together with the proposed amendments will be available for inspection by any member at the Registered Office of the Company on all working days upto the date of the Annual General Meeting between 3 p.m. to 5 p.m.

Re: Item No.12:

Your Directors have been considering various proposals to diversify into new business areas. One of these proposals which is under consideration is importing, exporting, dealing in and trading in various bulk commodities. The Company has the necessary infrastructure including the full utilisation of its Jetty to carry out these activities.

The proposed activities are covered by the provisions of sub-clauses (3), (8), (12) and 36 of Object Clause III of the Memorandum of Association of the Company.

As per the provisions of Section 149(2A) of the Companies Act, 1956, the approval of the shareholders in General Meeting is required for the commencement of any business set out in the Objects Clause of the Memorandum of Association.

The approval of the shareholders is therefore, sought to enable the Directors at such time or times as they may consider appropriate and in the interests of the Company to commence and undertake the aforesaid activities. Your Directors accordingly commend the Resolution at item No.12 for your approval.

A copy of the Memorandum and Articles of Association of the Company will be available for inspection at the Registered Office of the Company on all working days upto the date of the Annual General Meeting between 3 p.m. to 5 p.m.

By Order of the Board

Mumbai
6th August, 1998

N.L. MANDHANA
Secretary

Shree Digvijay Cement Co. Ltd.

DIRECTORS' REPORT

To
THE MEMBERS

The Directors present Fifty-third Annual Report together with the audited statement of accounts of the Company for the year ended 31st March, 1998.

FINANCIAL RESULTS:

The financial results for the year ended 31st March, 1998 are as under:

	(Rs. in lacs)
Sales	<u>18234.57</u>
Gross operating profit	<u>52.39</u>
Less: Interest	<u>(-)1234.89</u>
Operating Loss (-)	(-)1182.50
Add: Depreciation	<u>478.35</u>
Net Loss (-)	(-)1660.85
Less : Balance brought forward from previous year	<u>2012.61</u>
	351.76
Less: Loss on hiving-off of Units	440.34
Provision for taxation	<u>80.00</u>
	520.34
LOSS CARRIED OVER	(-) 168.58

This has been another year of set back in performance; sales turnover came down both in terms of volume and value; input costs also went up, turning the margins substantially negative.

The Company has completed process of reorganization undertaken last year; consequential impact has been incorporated in the accounts.

PRODUCTION AND SALE:

Production and sale of clinker and cement during the year under report are as under:

	(Tonnes in lacs)	
	<u>1997-98</u>	<u>1996-97</u>
Production:		
Clinker	10.54	11.64
Cement	8.26	9.08
Sales:		
Clinker	1.54	2.71
Cement	8.30	9.11

Cement market was in a depressed scenario both in terms of inland and overseas sales. Price line had been under pressure and the liftings poor. Marginal realisations from the distant markets were not to meet the variable costs; as a result,

production had to suffer. Adversities were accentuated with the rise in cost of raw materials, salaries/wages and it was more specifically and steeply pronounced in power; there had been savings through imported coal, but were just inadequate to set off hefty incremental cost burdens.

Situation seems to be persisting during the current year as well. However, with the increased outlays on infrastructure and consequent spur envisaged for the economy, cement also looks for a better future.

CEMENT & CLINKER EXPORTS:

The Company exported directly and through third party 2.63 lac tonnes (3.05 lac tonnes last year) of clinker and cement of the value of Rs.3918.37 lacs (Rs.4426.69 lacs last year) during the year. Export efforts received a set back due to crisis in south-east economies. The Company, however, continues to be a recognised Export House under Export-Import policy of the Central Government.

OTHER DIVISIONS:

With the completion of reorganization exercise undertaken by the Company, four divisions of the Company viz. (1) Ahmedabad Cement Mill, (2) Fibre Products, (3) Rilaxon, and (4) Shreeram Silk Division stand transferred to and vested in Gujarat Composite Ltd. (GCL) under a Scheme of Arrangement under Section 391/394 of the Companies Act, 1956, effective from 1st July, 1994. GCL has allotted equity shares in GCL capital in the ratio of 1 : 3 to the members of the Company as per the Scheme.

DISINVESTMENT:

In terms of general body approval for disinvestment, the Company has transferred the investments held in shares in other bodies corporate aggregating to Rs.653.18 lacs to Digvijay Finance Ltd. (DFL) at cost effective from 31st March, 1997. In consideration, DFL has allotted equity shares in DFL capital in the ratio of 1 : 2 to the members of the Company. Consequently, Laxmi Asbestos Products Ltd., Indian Textile Agency Ltd., and Shree Rubcoir Mattresses (P) Ltd. have ceased to be the subsidiaries of the Company and their accounts have not been attached to the accounts of the Company.

ACQUISITION OF SHARES BY GRASIM:

Grasim Industries Ltd. (Grasim) intimated having acquired 9.99% of the Company's equity and the Company, in turn, notified the same to the Stock Exchanges. Grasim has agreed to acquire further equity from the Company's promoters at the rate of Rs.142.30 per share and in terms of SEBI Guidelines under Take Over Regulations, has made an announcement of public offer to acquire 20% of the Company's equity at the same rate from public.