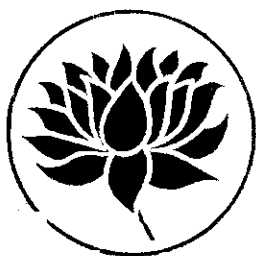


SHREE DIGVIJAY CEMENT COMPANY LIMITED



**55th
ANNUAL REPORT
& ACCOUNTS
1999-2000**

 **ReportJunction.com**

Shree Digvijay Cement Co. Ltd.

BOARD OF DIRECTORS

SHRI M.C. BAGRODIA	} Chairman
SHRI S.G. SUBRAHMANYAN	
SHRI K.D. AGRAWAL	
SHRI SAURABH MISRA	

Directors

MANAGER AND COMPANY SECRETARY

SHRI S.N. MALPANI

EXECUTIVES

SHRI N.R. JAIN	Jt. President & CEO
SHRI P.A. NAIR	Vice President (Tech.)
SHRI K. JAISALMERIA	Vice President (Comm.)
SHRI T.C. JAIN	Vice President (Mktg.)
SHRI J.P. BANG	Vice President (Fin.)
SHRI CHAIN SINGH JASOL	Vice President (CE, C & L)

AUDITORS

M/S.LODHA & CO.
Chartered Accountants
12, Bhagatsingh Marg
New Delhi - 110 001

COST AUDITORS

M/S.THOLIYA & ASSOCIATES
Cost Accountants,
Bombay Mutual Building
Room No.76, 1st Floor
Sir P.M.Road, Fort,
Mumbai - 400 001

REGISTERED OFFICE AND WORKS

Digvijaygram - 361 140
Via. Jamnagar (Gujarat)

MUMBAI OFFICE

Shreeniwas House,
Hazarimal Somani Marg, Fort,
Mumbai - 400 001.

Fifty-fifth Annual Report

NOTICE

NOTICE is hereby given that fifty-fifth Annual General Meeting of the Members of SHREE DIGVIJAY CEMENT CO. LTD. will be held at the Registered Office of the Company at DIGVIJAYGRAM - 361 140, Via Jamnagar, Gujarat on Friday, the 30th March, 2001 at 11.30 A.M (S.T) to transact, with or without modifications as may be permissible, the following business:

1. To receive, consider and adopt the Directors' Report, Auditors' Report, Audited Balance Sheet and Profit & Loss Account for the year ended 30th September, 2000.
2. To appoint a Director in place of Shri K.D. Agrawal, who was appointed by the Board of Directors under Section 262 of the Companies Act, 1956 and Article 149 of the Articles of Association of the Company as Director to fill in the casual vacancy caused by the resignation of Shri S.K. Bangur and who holds office under the provisions of the said Article and the Section up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing along with a deposit of Rs.500/- under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose Shri K.D. Agrawal as a candidate for the office of Director and in that behalf to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"**RESOLVED THAT** pursuant to the relevant provisions of the Articles of Association of the Company and of the Companies Act, 1956, Shri K.D. Agrawal, be and is hereby elected and appointed as a Director of the Company, liable to retire by rotation."

3. To appoint Shri Saurabh Misra, who was appointed as an Additional Director by the Board of Directors of the Company pursuant to Article 149 of the Company's Articles of Association and who holds office under the said Article and Section 260 of the Companies Act, 1956 only up to the date of this Annual General Meeting, and in respect of whom, the Company has received a notice in writing along with a deposit of Rs.500/- under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose him as a candidate for the office of Director of the Company and in that behalf to consider and, if thought fit, to pass the following resolution which will be proposed as an Ordinary Resolution:

"**RESOLVED THAT** pursuant to provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Shri Saurabh Misra be and is hereby elected and appointed a Director of the Company liable to retire by rotation."

4. 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.
5. To consider and, if thought fit, to pass the following Resolution as a Special Resolution:

"**RESOLVED THAT** pursuant to the provisions of Section 31 and all the applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company, be and are hereby altered in the following manner:

- (i) After the existing Article 72, the following may be inserted as new Article 72A:

Nomination for shares and Debentures:

72A "Notwithstanding anything contained in Articles 70, 71 and 72, every holder(s) of shares in or holder(s) of debentures of the Company, holding either singly or jointly, may, at any time, nominate a person in the prescribed manner to whom the shares and / or the interest of the member in the shares or debentures of the Company shall vest in the event of his / her death. Such member may revoke or vary his / her nomination, at any time, by notifying the same to the Company to that effect. Such nomination shall be governed by the provisions of Section 109A and 109B of the Act or such other regulations governing the matter from time to time".

- (ii) After the existing Article 143, the following may be inserted as new Article 143A:

Passing of Resolution by Postal Ballot:

143A "Notwithstanding anything contained elsewhere in these Articles, the Company may, and in the case of a resolution relating to such business as may be notified under Section 192A of the Act to be conducted by means of a postal ballot, including voting by electronic mode, shall get any resolution passed by means of a postal ballot, instead of transacting the business in a General Meeting of the Company. In respect of such postal ballot, the Company shall duly comply with the relevant provisions of the said Section 192A of the Act in that behalf".

- (iii) After Clause (2)(d) of the existing Article 242, the following may be inserted as Clauses (e) (f) and (g)

(e) whether in his opinion, the Profit and Loss Account and the Balance Sheet comply with the accounting standards referred to in Sub-Section 3(c) of Section 211 of the Act.

(f) in thick type or in italics the observations or comments of the Auditors which have any adverse effect on the functioning of the Company.

(g) whether any Director is disqualified from being appointed as Director under Clause (g) of sub-section(1) of Section 274.

- (iv) After Clause (f) of the existing Article 155, the following clause may be inserted:

(g) such person is already a Director of a Public Company which

(A) has not filed the annual accounts and annual returns for any continuous three financial years commencing on and after 1st April 1999

or

(B) has failed to repay its deposit or interest thereon on the due date or redeem its debentures on the due date or pay dividend and such failure continues for one year or more.

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

"**RESOLVED THAT** in partial modification of the Resolution passed by the members of the Company at the Extra Ordinary General Meeting held on 15th March, 1999 and pursuant to the provisions of Sections 198, 269 and 310 read with Schedule XIII and other applicable provisions, if any of the Companies Act, 1956 and subject to such other approvals, if and as may be required, approval be and is hereby accorded to the revision made by the Directors in the monthly salary of Shri J.K. Maru, Manager of the Company, from Rs.75,000/- per month to Rs.97,400/- per month w.e.f. 1st April 2000 till his retirement as the Manager, on 30th September, 2000, the other terms of the remuneration including perquisites remaining the same as were approved at the Extra Ordinary General Meeting of the Company held on 15th March 1999."

Shree Digvijay Cement Co. Ltd.

7. To consider and if though fit, to pass the following resolution, which will be proposed as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 387 and other applicable provisions if any, of the Companies Act, 1956, read with Schedule XIII of the said Act and subject to such approvals or permissions of any authorities, as may be necessary, the Company hereby accords its approval to Shri SN Malpani occupying the position as Manager of the Company as defined under Section 2(24) of the Companies Act, 1956 in addition to his present duties as full-time Company Secretary for a period of two years with effect from 1st October, 2000 terminable by either party giving 3 months notice of such intention in writing to the other party, on the following remuneration all inclusive as set out hereunder with further liberty to the Directors from time to time to alter and vary the said terms in such manner as may be agreed upon between the Directors and Shri Malpani in the best interest of the Company, but subject, however, to the provisions contained in Schedule XIII to the Companies Act, 1956 or any relevant guidelines as amended from time to time.

Salary

Basic Salary of Rs. 18000/- per month plus other fringe benefits with power to the Board of Directors to sanction such increments in salary from time to time as it may deem appropriate.

Perquisites

(i) Housing

- Accommodation shall be provided in a Company owned house with deduction of fair rent from the monthly salary as may be determined by the Board.
- Expenses pertaining to gas, electricity and water will be borne by the Company.
- The Company shall provide suitable furniture and furnishing as may be approved by the Board.

ii) Contribution to Provident Fund & Superannuation Fund:

The Company's contribution to Provident Fund and Superannuation fund as per the Rules of the Company, applicable to senior executives.

iii) Medical reimbursement, Leave Travel Concession and Personal Accident Insurance:

As per Rules of the Company.

iv) Club Fees:

Reimbursement of membership fee for up to one club in India including admission fee but excluding life membership fee.

v) Gratuity:

As per Rules of the Company applicable to senior executives.

vi) Leave

Leave with pay and allowances as per Rules of the Company.

Amenities

Conveyance, Telephone, Telefax and other communication facilities:

The Company shall provide suitable conveyance facilities, Telephone, Telefax and other communication facilities at the residence of the Manager for use on Company's business.

Other perquisites

The Manager may be given any other allowances, benefits and perquisites as the Board of Directors may from time to time decide.

The aforesaid perquisites shall be evaluated as per the Income Tax Rules, 1961 wherever applicable and in the absence of any such Rules, perquisites shall be evaluated at cost.

FURTHER RESOLVED that in the event of absence or inadequacy of profit in any financial year during the tenure of his office, the minimum remuneration to the Manager during that year will be subject to the relevant restrictions in that behalf contained in schedule XIII to the Companies Act, 1956.

By Order of the Board

S.N. MALPANI
Secretary

Mumbai
20th February, 2001

NOTES :

- 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.**
- The instrument appointing a proxy should however, be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
- An explanatory statement pursuant to Section 173 of the Companies Act, 1956, in respect of items 2, 3, 5, 6 and 7 of the Notice set out above, is annexed hereto.
- Members holding shares in identical order of names in more than one folio are requested to write to the Company enclosing their share certificates to enable the Company to consolidate their holdings in one folio.

EXPLANATORY STATEMENT

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

Item No. 2

Shri KD Agrawal was appointed as a Director by the Board of Directors at their meeting held on 19th November, 1999 to fill the casual vacancy caused by the resignation of Shri SK Bangur. Pursuant to Section 262 of the Companies Act, 1956 and Article 149 of the Articles of Association of the Company Shri KD Agrawal would have held office only up to the date of the ensuing Annual General Meeting had he not resigned. Notice has been received from a Member under Section 257 of the Companies Act, 1956 along with a deposit of Rs.500/- proposing the candidature of Shri KD Agrawal for the office of Director of the Company. In view of the wide and varied experience of Shri K.D Agrawal as Ex-Chairman and Managing Director of IFCL, in corporate finance, it is considered desirable that the Company avails of the benefit of his experience. His appointment as a Director is therefore recommended. Except Shri KD Agrawal, none of the Directors is, in any way, concerned and / or interested in the Resolution.

Item No. 3

Shri Saurabh Misra was appointed as an Additional Director of the Company by the Board of Directors at their meeting held on 25th March 2000 pursuant to the provisions contained in Article 149 of the Articles of Association of the Company and section 260 of the Companies Act, 1956. According to the provisions of the said Article and Section 260 of the Companies Act, 1956, he holds office up to the date of this Annual General Meeting. As required under Section 257 of the Companies Act, 1956, notice has been received from a Member along with a deposit of Rs.500/- proposing the candidature of Shri Saurabh Misra for the office of Director of the Company. Shri Saurabh Misra has held top executive positions in the Corporate sector and accordingly has vast experience in Corporate Management. In view of his long outstanding experience, it is desirable that the Company should continue to avail of his services as a member of the Board. The Directors, therefore, recommended his re-appointment as a Director. Except Shri Saurabh Misra, none of the other Directors is, in any way, concerned and / or interested in the Resolution.

Item No. 5

The Companies (Amendment) Act, 1999 has introduced new Sections 109A and 109B providing for the nomination facility to shareholders and debenture holders in respect of the shares and debentures of the Company held by them. The Companies (Amendment) Act, 2000 has also introduced new Section 192A providing for passing of Resolutions by Postal Ballot. The provisions of Section 227 dealing with the Auditors Report as also of Section 274 dealing with disqualification of Directors have undergone a change. In order to bring the existing provisions of the relevant Articles in line with the amended provisions of the Act, Articles 72A, 143A, 242 and 155 of the Articles of Association are sought to be suitably revised as mentioned in this item of the Notice. The Directors accordingly recommend the relevant resolution for your acceptance.

Item No. 6

The members of the Company in their meeting held on 15th March, 1999 had approved the payment of salary and other perquisites of Shri JK Maru, Ex- Manager of the Company, authorizing the Board of Directors to sanction such annual increments from time to time as they may deem appropriate within the limitations in that behalf as mentioned in Schedule XIII to the Companies Act, 1956.

The Govt. of India, Department of Company Affairs vide Notification No. GSR 215 (E) dated 2nd March 2000 has amended Schedule XIII to the Companies Act, 1956 revising the monthly remuneration payable to managerial personnel of Companies having no profits or inadequate profits. Keeping this in view the Board of Directors sanctioned a monthly increment of Rs.22,400/- in the salary of Shri JK Maru w.e.f. 01.04.2000. Shri Maru retired as Manager with effect from 30.09.2000. Since the total remuneration payable to Shri Maru after the said increment is within the limit prescribed under Schedule XIII, approval of Central Government is not required. The Directors accordingly recommend the resolution for acceptance. None of the Directors of the Company is interested in the Resolution. The details set out in the resolution may be treated as an abstract as required by Section 302 of the Companies Act, 1956. A copy of the resolution passed at the Extra-Ordinary General Meeting of the Company held on 15th March, 1999 is available for inspection of the Members at the Registered office of the Company during normal business hours on any working day till the date of the ensuing Annual General Meeting.

Item No. 7

In the vacancy caused by retirement of Shri JK Maru, the Board of Directors had placed Shri SN Malpani as Manager of the Company u/s 2(24) of the Companies Act, 1956. The appointment is for a period of two years with effect from 1st October, 2000 subject to the approval of the Members and other required approvals, if any.

Shri SN Malpani will also continue to work as the full time Company secretary in addition to his function as the Manager of the Company. He is qualified as B Com, LL B, FCS and has long association with the Company. He has, therefore, the requisite experience and qualifications and is quite competent to shoulder the responsibilities of his office.

The remuneration and other terms and conditions of his appointment are set out in the resolution and should also be considered as the relevant abstract required to be circulated to the members under Section 302 of the Companies Act, 1956.

Copy of the letter dated 30th September, 2000 addressed to Shri SN Malpani informing him as to occupying the position of Manager is available for inspection by the Members at the Registered Office of the Company during business hours on any working day up to the date of the ensuing Annual General Meeting. The Directors accordingly recommend the Resolution for the approval of the members. None of the Directors of the Company is interested in the Resolution.

By Order of the Board

S.N. MALPANI
Secretary

Mumbai
20th February, 2001

Shree Digvijay Cement Co. Ltd.

DIRECTORS' REPORT

To

The Members

The Directors present the Fifty-fifth Annual Report together with the audited statements of accounts of the Company for the year ended 30th September, 2000.

FINANCIAL RESULTS :

	Current year Ended 30.9.2000 (12 months)	Annualised (Rs in lacs)	Previous period Ended 30.9.1999 (18 months)
Turnover	17556	14225	21338
Gross Operating Profit/ Loss (-) (PBDIT)	1031	(-) 1889	(-) 2834
Add/Less : Interest	3193	1862	2794
Cash Profit/Loss (-)	(-) 2162	(-) 3751	(-) 5628
Add : Depreciation	755	510	765
Net Loss(-) from operation	(-) 2917	(-) 4261	(-) 6393
Less :			
Write back of interest on royalty	650		—
Add :			
i) Balance brought forward from previous period	(-) 10306		(-) 168
ii) Set off against General Reserve	—		463
iii) Investment Allowance Reserve (utilised) no longer required	—		732
Add :			
Sales Tax for earlier years as settled with the Government of Gujarat	—		(-) 4940
LOSS CARRIED OVER	(-) 12573		(-) 10306

The operating profit (PBDIT) of the Company at a positive Rs.1031 lacs for the year ended 30.9.2000 represent a significant improvement over the annualised loss of Rs.1889 lacs for the previous year. This improvement is mainly due to reduction in energy costs and productivity gains. During the year, the Company commissioned its captive power plant, installed balancing equipment in its process lines and also upgraded its jetty.

The recovery in the Company's operations was adversely impacted by the unilateral decision of the Gujarat Maritime Board to withdraw the existing permission to handle bulk commercial cargo from its captive jetty at Sikka.

As reported earlier, a reference was made to the Board for Industrial and financial Reconstruction (BIFR) under Section 15 of the said Act as the Company had become a Sick Industrial Company, within the meaning of Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985. The BIFR through their order dated 13.9.2000 have inter-alia declared the Company a Sick Industrial Company and appointed ICICI Limited as the Operating Agency. As per the BIFR directives, the Company has submitted its Revival Package to ICICI and is confident of achieving a turn around with the help of various stake holders including the State Government and the banks/financial institutions.

PERFORMANCE:

Production and sale of clinker and cement during the period under review is given below :

	Current year Ended 30.9.2000 (12 months)	Annualised	(MT in lacs) Previous period Ended 30.9.1999 (18 months)
Production			
Clinker	9.56	7.34	11.01
Cement	8.91	8.16	12.25
Sales			
Clinker	0.28	0.10	0.16
Cement	8.96	8.15	12.23

The Company's sales volume has grown by 9% over the previous year, on an annualised basis, despite negative volume growth in the key market of Gujarat. There was a marginal improvement in realisation per tonne compared to the previous year. Some of these benefits were eroded by the sharp increase in petroleum products, with consequent impact on energy and freight costs. The increase in royalty on raw material has also been increased by 25%.

The Company is also a leading manufacturer of Oil Well cement, accredited by the American Petroleum Institute (API) for exclusive use in oil exploration; and plans to expand volume in this lucrative segment.

The Company's division, Shree Digvijay International Marketing Corporation (SDIMC) handled 11.14 lac tonnes of coal, compared to 5.75 lac tonnes in the previous year.

EXPORTS:

The Company has outstanding Export Obligations of 2.17 lac tonnes of Clinker and Cement as on 30.09.2000 against duty free imports of coal and packing materials; and has sought the approval of the Central Government to extend the validity period for fulfilling these export obligations.

MODERNISATION:

Modernisation of cement mill is in progress, and the upgraded mill is expected to stabilise during the current financial year. This will contribute to substantial power savings.

DEPOSITORY SYSTEM:

In addition to its existing arrangements with the National Securities Depository Ltd. (NSDL), the Company has also signed an agreement with Central Depository Services (India) Ltd (CDSL) for de-materialisation of its equity shares in accordance with the provisions of The Depositories Act, 1996.

With effect from 26th June 2000, Equity Shares of the Company are being compulsorily traded in de-materialised form, as mandated by the Securities & Exchange Board of India (SEBI).

CORPORATE GOVERNANCE:

The Company has initiated steps to strengthen management through the formation of an Audit Committee of the Board and a shareholder grievance Committee.

Fifty-fifth Annual Report

DIRECTORS:

Consequent to repayment of term loans, General Insurance Corporation of India (GIC) and its subsidiaries have withdrawn the nomination of their nominee Shri R.C. Sharma from the Board. The Board placed on record their appreciation of matured advice and guidance of Shri RC Sharma during his association with the Company.

Shri Saurabh Misra was appointed as Additional Director of the Company at the Board of Directors meeting held on 25th March 2000. He holds the office upto the date of forthcoming Annual General Meeting and is eligible for re-appointment.

Shri K.D. Agrawal, who retires by rotation under Article 167 of the Articles of Association of the Company being eligible offer himself for re-appointment.

AUDITORS:

M/s Lodha & Co., Chartered Accountants, New Delhi – the Auditors of the Company – will retire at the ensuing Annual General Meeting and are available for a fresh term. Members are requested to re-appoint them and fix-up their remuneration.

AUDITORS' REPORT:

The observations made in the Auditors' report are self explanatory and therefore do not call any further comments u/s 217 (3) of the Companies Act, 1956.

PARTICULARS REGARDING EMPLOYEES:

Information required to be given pursuant to Section 217 (2)(a) of the Companies Act, 1956 is annexed and form part of the Report.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION ETC:

Particulars as required under the Companies (disclosure of particulars in the Report of Board of Directors) Rules 1988 are annexed and form part of the Report.

RESPONSIBILITY STATEMENT:

The Directors report that

- a) applicable accounting standards had been followed in preparation of accounts under report.
- b) reasonable and prudent accounting policies had been selected and applied which gives a true and fair view of the state of affairs of the company and of the Profit & Loss account of the Company for the year under report.
- c) proper and sufficient care had been taken for maintaining of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company.
- d) accounts are prepared on a going concern basis.

HUMAN RESOURCE DEVELOPMENT:

A fresh long term wage settlement was concluded by the Company during the financial year, with provision for improvements in productivity, redeployment and rationalisation.

ACKNOWLEDGEMENT:

The Company and its Directors express sense of gratitude to State and Central Government, Financial Institutions, Commercial Banks and All other concerns for their continued support and assistance.

By Order of the Board

Mumbai

29th December, 2000

M.C. BAGRODIA
CHAIRMAN