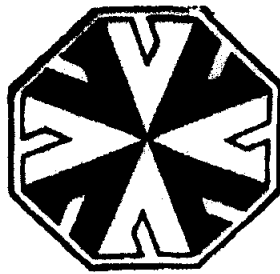


VARUN
CEMENTS LTD.

16TH ANNUAL REPORT 1999-2000



VARUN CEMENTS LTD.

BOARD OF DIRECTORS

S.L. Thakur
S.S. Kutumbale
S.S. Saxena
Umesh Jain

(Nominee of MPSIDC)
(Nominee of IDBI)

LEGAL ADVISER

Ashok Kutumbale
Advocate

BANKERS

Canara Bank
Central Bank of India

AUDITORS

D. Nagori & Associates
Chartered Accountants

16TH ANNUAL GENERAL MEETING

At 10.30 A.M.

On

Friday 8th June 2001

At

Keshava Basement

Bandra (E)

Mumbai.

REGISTERED OFFICE

"Keshava"

Bandra-Kurla Commercial complex,

Bandra (East)

Mumbai - 400 0 051

HEAD OFFICE

C-16, HIG Colony,

Indore - 452 008

WORKS

Varun Cements Ltd. &

Naveen Unit

Amzera - 454 441

(Dist. Dhar) M.P.

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NOTICE

Notice is hereby given that the adjourned 16th Annual General Meeting (originally called on 19th Sept., 2000) of the Members of the **VARUN CEMENTS LIMITED** will be held at the registered office of the Company at Keshava Basement Bandra Kurla-Commercial Complex, Bandra (East), Mumbai on Friday, 8th day of June, 2001 at 10.30 A.M. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet and Profit & Loss Account of the Company for the year ended 31st March, 2000 and the report of the Directors & Auditors thereon.

BY ORDER OF THE BOARD

FOR VARUN CEMENTS LIMITED

INDORE

S.L. THAKUR

MAY 5, 2001

MANAGING DIRECTOR

NOTE :

1. 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. Proxy in order to be effective must be received by the Company not less than 48 hours before the Meeting.
2. All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days, except Saturdays between 11.00 A.M. to 1.00 P.M.
3. Members desirous of obtaining any information concerning Accounts are requested to inform in writing to the Company at least 7 days before the date of the Meeting so that the information required may be made available at the Meeting.

DIRECTORS REPORT

Dear Members,

The Directors are placing herewith the 16th Annual Report together with Audited Statement of Accounts for the year ended 31st March, 2000.

FINANCIAL RESULTS

Financial Results of the Company for the year under review along with the figures for previous year are as follows :

(Rs. in Lacs)

	Year ended 1999-2000	31st March 1998-99
Total Income from operations	73.79	412.98
Profit/(Loss) before Interest Dep. & Tax.	(56.94)	(907.19)
Less : Interest	497.24	444.86
Less : Depreciation	59.79	61.83
Profit/(Loss) before Taxes	(613.97)	(1413.88)
Less : Taxes	-	-
Profit/(Loss) after Taxes	(613.97)	(1413.88)
Balance brought forward from previous year	(1400.93)	-
Previous Year's adjustment	0.17	(6.40)
Amount available for Appropriation	(2014.73)	(1420.28)
Appropriation :		
1. General Reserves	-	(19.34)
2. Balance Carried forward to Balance Sheet	(2014.73)	(1400.93)

OPERATING RESULTS

During the year, the Company achieved a turnover of Rs. 73.79 Lacs, as against Rs. 412.98 Lacs in the previous year, thus representing a decrease of 82%. This was mainly due to under utilisation of plant capacity and unprecedented recessionary trends in the Industry. The Net Losses during the year under review recorded Rs. 613.97 Lacs as compared to the previous year's Net Loss of Rs. 1413.88 Lacs. Your directors propose to carry over total accumulated losses to the Balance Sheet.

As Net Worth of the Company had been wiped-out in the previous year itself, your company made a reference to Board of Industrial Finance and Reconstruction (BIFR) under section 15(1) of Sick Industrial Companies (Special Provision) Act, 1985. Your Directors report that the BIFR has declared the company as a Sick Industrial Company in terms of Clause (0) of Section 3(1) of Sick Industrial Companies (Special Provision) Act, 1985 and has appointed Industrial Development Bank of India as Operating Agency (O.A.).

Your Company has already submitted the revised Rehabilitation Scheme as was directed by BIFR in its last hearing held on 12th October, 2000 and has already deposited a sum of Rs. 25 Lacs in 'No Lien A/c' with IDBI.

Your Directors are making all the efforts to run the plant on continuous basis and come out from the financial crisis which arose due to heavy losses to the Company.



ENVIRONMENT COMPLIANCE

Most upto dated Pollution Control Equipment installation in the Rotary operations have enabled the company to control the pollution and safeguard the environment.

DIRECTORS

Shri S.S. Kutumbale, who was appointed as an additional Director on 16.02.2000 in terms of Section 260 of the Companies Act, 1956 read with the Articles of the Company, holds office up to the date of forthcoming Annual General Meeting. The Company has appointed him as Director at the 16th Annual General Meeting held on 19th Sept. 2000.

Shri S.L. Thakur, has been re-appointed by the Board as its Managing Director w.e.f. 1st April, 2001 for a further period of 2 years.

MARKET

The Company is focusing its attention on speedy revival of the plant activities so as to continue its market presence.

PARTICULARS OF EMPLOYEES

Particulars of the employees as required under Section 217(2A) of the companies Act, 1956 read with the Companies (Particulars of the Employees) Rules 1975 are not applicable since, none of the employees of the company is drawing more than Rs. 12,00,000 P.A. or Rs. 1,00,000 per month for the part of the year, during the year under review.

AUDITORS & AUDITORS REPORT

M/s. D.Nagori & Associates, Chartered Accountants the Auditors of the Company has been appointed at the 16th Annual General Meeting held on 19th Sept., 2000 to hold office of the Auditors till the conclusion of the next Annual General Meeting.

In reference with the Auditors Report para No. 17 & 18, the Board submit that in view of the sickness of the Company, the management could not make necessary payment for the dues of Rs. 25.40 Lacs for PF and Rs. 46.28 Lacs relating to Excise, Sales Tax and Income tax. Since, the BIFR has appointed the IDBI as an Operating Agency for the Company, necessary action as may taken as per directions of the concerning authorities. Other part of the Auditors Report are self explanatory and needs no comments.

LISTING

Equity shares of the Company are listed with the M.P. Stock Exchange (Regional) and the Stock Exchange, Mumbai, the Company has also passed Special Resolutions for voluntary delisting of shares from the Stock Exchange Madras and Delhi.

FIXED DEPOSITS

The Company has received deposits from the Directors & other as defined u/s 58A of the Companies Act, 1956. Necessary procedural requirements in that matter being completed.

DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, your directors state that :

- In the preparation of accounts, the applicable accounting standards have been followed.
- Accounting policies selected were applied consistently. Reasonable and prudent judgments and estimates were made so as to give a true and fair view of the state of affairs of the company as at the end of March 31, 2000.
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities.
- The annual accounts of the company have been prepared on a going concern basis.

CONSERVATION OF ENERGY, TECHNOLOGICAL ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO :

The particulars as prescribed under 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 are given in Annexure A which forms part of the Directors Report.

ACKNOWLEDGEMENTS

The Company has been fortunate to have an excellent & dedicated team of workers, staff and managerial personnel, who have borne the burden of difficult situation.

The board places on record, its gratitude to them and also to the members for their support & confidence.

For and on behalf of the Board

Place : Indore
Date : 5.5.2001

S.L. Thakur
Managing director



ANNEXURE A : DIRECTORS ; REPORT

Information pursuant to the Companies (Disclosure of particulars of the Board of Directors) Rules 1988.

A Conservation of energy :

During the year under review, all possible efforts were made to ensure optimum conservation of electricity and fuel at the plants of the company.

Consumption	1999-2000	1998-1999
	Amount	Amount
	(Rs/Lacs)	(Rs/Lacs)
Electricity (D.G.)	17.39	205.95

B. Technology Absorption : Nothing significant to report

C. Foreign Exchange

Earnings and outgo

(including deemed exports

and sales through Export

House) : Nil

Outgo : Nil

D. Expenditure on Research : Nil

and Development

For and on behalf of the Board

Indore

(S.L. Thakur)

5-5-2001

Managing Director

AUDITORS REPORT

TO THE MEMBERS OF VARUN CEMENTS LIMITED

We have audited the attached Balance Sheet of VARUN CEMENTS LIMITED as at 31st March 2000 and also the Profit & Loss Account of the Company for the year ended on that date, annexed thereto and report that:

- 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 of the matters specified in paragraphs 4 and 5 of the said order. We also draw the attention of the members to Note Nos. XIV, XVI of the notes forming part of accounts of the Company.
- Further to our comments in the Annexure referred to in paragraph 1 above, we report that :

(a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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 such books ;

(c) the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account ;

(d) Subject to Note Nos. XI, XII, XIII, XV forming part of accounts, in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and Profit & Loss Account together with the Notes thereon and thereof, generally comply with the Accounting Standards referred to the Section 211(3C) of the Companies Act, 1956, give in the prescribed manner, the information required by the Companies Act 1956, and also give respectively, a true and fair view.

(i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2000 and

(ii) in the case of the Profit and Loss Account, of the Loss for the year ended on that date.

For D.NAGORI & ASSOCIATES

Chartered Accountants

D.K. NAGORI

(PROPRIETOR)

Place : Indore

Date : 5-5-2001