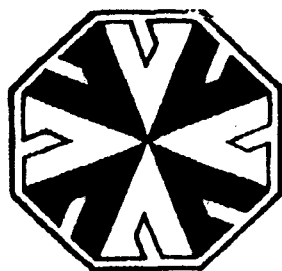




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VARUN
CEMENTS LTD.

18TH ANNUAL REPORT 2001-2002



VARUN CEMENTS LTD.

BOARD OF DIRECTORS

S.L. Thakur
S.S. Kutumbale
S.S. Saxena
D.G. Sutkar

(Nominee of MPSIDC)
(Nominee of IDBI)

18TH ANNUAL GENERAL MEETING

At 3.00 P.M.

On

Monday 30th Sept. 2002

At

Keshava Basement, Bandra Kurla Complex
Bandra (E)
Mumbai.

LEGAL ADVISER

Ashok Kutumbale
Advocate

REGISTERED OFFICE

"Keshava"
Bandra-Kurla Commercial Complex,
Bandra (East)
Mumbai - 400 051

BANKERS

Canara Bank
Central Bank of India

HEAD OFFICE

C-16, HIG Colony,
Indore - 452 008

AUDITORS

D. Nagori & Associates
Chartered Accountants

CORPORATE OFFICE

Mercury Building 11th Floor
Plot No.4, Sector VI
Airoli, Navi Mumbai

WORKS

Varun Cements Ltd. &
Naveen Unit, Amzera - 454 441
(Dist. Dhar) M.P.

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NOTICE

Notice is hereby given that the 18th Annual General Meeting 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 Monday, the 30th day of Sept., 2002 at 3.00 P.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, 2002 and the report of the Directors & Auditors thereon.
2. To appoint a director in place of Shri S.L. Thakur, who is liable to retire by rotation and being eligible offers himself for re-appointment.
3. To appoint the Auditors to hold the office of the Auditors of the Company from the conclusion of this meeting till the conclusion of the next Annual General Meeting and authorise to the Board to fix their remuneration.

SPECIAL BUSINESS :

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

"RESOLVED THAT consent of the Company pursuant to the provisions of clause (b) of sub section (1) of Section 314 and other applicable provisions if any of the Companies Act, 1956, be and is hereby accorded for the appointment of Mrs. Annu Thakur as the Corporate Manager of the Company for a period of three years w.e.f 1st July 2002, who is a relative of a Director of the Company on payment of monthly remuneration not exceeding Rs. 15000/- in the first year, Rs. 20000/- in the second year and in the third year p.m and also for the reimbursement of actual pocket expenses for attending the works/assignments of the Company.

5. To consider and, if thought fit, to pass with or without modification(s), following resolution as Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 17 read with section 146(2) and Section 192A and other applicable provisions, if any, of the Companies Act 1956 and subject to the confirmations of the Company Law Board/Tribunal the consent of the members of the Company be and is hereby accorded to shift the Registered Office of the Company from the State of Maharashtra to the state of Madhya Pradesh."

FURTHER RESOLVED THAT the Clause No.II of the Memorandum of Association of the Company be and is hereby substituted by the following :

- II. The Registered office of the Company will be situated in the State of Madhya Pradesh.

FURTHER RESOLVED THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute deem necessary or desirable for and on behalf of the Company.

BY ORDER OF THE BOARD
FOR **VARUN CEMENTS LIMITED**

INDORE

AUGUST 31, 2002

S.L. THAKUR
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. Register of Members and Share Transfer Books shall remain closed from 23.09.2002 to 28.09.2002 (both days inclusive)

3. Members desirous of obtaining any information concerning Accounts and operations of the Company are requested to address their questions 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.

ANNEXURE TO THE NOTICE – EXPLANATORY STATEMENT IN PURSUANT TO THE PROVISIONS OF SECTION 173 (2) OF THE COMPANIES ACT, 1956 IN RESPECT TO THE SPECIAL BUSINESS :

ITEM NO. 4

Smt. Anu Thakur, a qualified graduate in commerce, having about 6 years working experience has been appointed by the Board w.e.f. 1st July, 2002 as the Corporate Manager of the Company. Mrs. Anu Thakur is looking into all the Corporate Affairs of the Company at the Corporate Office. Mrs. Anu Thakur is a young and dynamic professional and having proper exposure to deal with the corporate matters. Her appointment was in the interest of the Company and your directors recommend to pass the resolution as set out in Item No. 5 of the notice.

Since Mrs. Anu Thakur, is a relative of the Managing Director Shri S.L. Thakur, for payment of salary/remuneration it is required to seek approval of the Members in the General Meeting by way of Special Resolution in terms of the provision of Section 14(1)(b) of the Companies Act, 1956.

None of the Directors of the Company is concerned or interested in Resolution except Shri S.L. Thakur who is the relatives of Mrs. Anu Thakur who is deemed to be interested.

ITEM NO. 5 :

The Board of directors at their meeting held on 31st August, 2002 has decided to shift the registered office of the Company from the state of Maharashtra to the state of Madhya Pradesh. In view of that the Company's plant is situated in the state of Madhya Pradesh at village Amzera, District Dhar and all the directors are locally based in Madhya Pradesh so that it will be helpful to carry on the business activities of the company more efficiently, economically and smoothly.

In view of that the Company is a Sick Company, it is required to devote full attention of the Management at the Plant as well as to discharge all its obligations and control the business activities which are mainly centralized in the State of Madhya Pradesh only. Therefore, as a whole it would be in the interest of the company, its members and general public to shift the Registered Office of the Company at Madhya Pradesh.

As per section 17 and 146(2) of the Companies Act, 1956 the registered office of the company may be shifted



outside the local limits of any city, town or village on the authority of the special resolution passed by the company and subject to the confirmation of the Company Law Board/Tribunal, therefore, it has become necessary to seek your consent by way special resolution to give effect to such provision.

Your Board recommend to pass the above said resolution through the postal ballot process as per provisions of the section 192A of the read with the Companies [Passing of resolution by Postal Ballot] Rules, 2001. The results of the Postal Ballots will be announced by the Company at the Annual General Meeting.

Draft amended copy of the Memorandum of Association has been placed at the Registered Office of the Company for inspection during the business hours till the close of the postal ballot process.

None of the Directors of the Company has any interest or concern in the resolution except as members of the company.

BY ORDERS OF THE BOARD
For VARUN CEMENTS LTD.

S.L. THAKUR
MANAGING DIRECTOR

INDORE
31.08.2002

DIRECTORS REPORT

Dear Members,

The Directors are placing herewith the 18th Annual Report together with Audited Statement of Accounts for the year ended 31st March, 2002.

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 2001-2002	31st March 2000-2001
Total Income from operations	674.07	381.28
Profit/(Loss) before Interest Dep. & Tax.	(17.29)	(28.89)
Less : Interest	482.73	435.99
Less : Depreciation	41.91	37.66
Profit/(Loss) before Taxes	(541.93)	(502.54)
Less : Taxes	-	-
Profit/(Loss) after Taxes	(541.93)	502.54
Balance brought forward		
from previous year	(2517.27)	(2014.73)
Previous Year's adjustment	12.98	-
Total Losses Carried to		
the Balance Sheet	(3072.18)	(2517.27)

OPERATING RESULTS

During the year, the Company achieved a turnover of Rs. 674.07 Lacs, as against Rs. 381.28 Lacs in the previous year, thus representing a Increase of 57%. The Net Loss during the year under review recorded was Rs. 541.93 Lacs as compared to the previous year's Net Loss of Rs. 502.54 Lacs.

As earlier reported the Net Worth of the Company had been wiped-out in the year 1998-1999, 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 directors are pleased to report that the Company has already submitted the revised Draft Rehabilitation Scheme (DRS) to operating agency (IDBI, Mumbai) on 09.05.2002 as it was directed by BIFR in its last hearing held on 23rd January, 2002. The OA has submitted their final DRS to the Hon'ble BIFR on 18th July, 2002.

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 operations has enabled the company to control the pollution and safeguard the environment.

DIRECTORS

In accordance with the requirement of Companies Act, 1956 and Articles of Association of the Company Shri S.L. Thakur, is liable to retire by rotation and being eligible offers himself for re-appointment.

MARKET

The Company is focusing its attention on continuing its market presence for speedy revival of the plant activities

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. 24,00,000 P.A. or Rs. 2,00,000 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 will retire at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. The Auditors have given their consent to be re-appointed for the current year. The members are requested to consider, re-appointment of the Auditors and authorise the Board to fix their remuneration.

In reference to the Auditors Report para No. 17 & 18, the Board submits that in view of the sickness of the Company, the management could not make necessary payment dues Rs. 25.74 Lacs for PF and Rs. 8.96 Lacs relating to Excise 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. The Board also submit its comments on the qualifications made by the Auditors in their reports as under :

Note No.XII to the Notes on Accounts; the Company is negotiating with the unsecured lenders for waiver/reductions in the rate of interest and reschedulement, therefore, looking into the uncertainty, the provision for interest due thereon has not been accounted for in the Books of Accounts of the Company.

Note No.XIV to the Notes on Accounts : As the rotary plant was not in operation during the year under review, it was considered that no depreciation should be provided for that plant till the operations of the said plant start.

Note No.XVI to the Notes on Accounts: The Company is negotiating to settle the matter with the lessor and the respective financier for reductions/waiver in the rate of interest, provisions for interest due thereon has not been accounted for in the Books of Accounts of the Company.

LISTING

Equity shares of the Company are listed with the M.P. Stock Exchange (Regional) and the Stock Exchange, Mumbai. Looking into the financial crisis, the company could not make timely payment of the annual listing fee to the Stock Exchanges. Now the Company has paid part amount of the arrears of the annual listing fee to the Stock Exchange, Mumbai to regularise the arrears for past years. In view of the financial crises, the company could not get connectivity from the Central Depository Services Ltd. (CDSL) and National Depository Services Ltd. (NSDL). Necessary steps being taken to provide facilities to all members and investors to hold the Company's shares in dematerialised form.

CORPORATE GOVERNANCE :

Corporate governance assumes a great deal of importance in the business life of the company. The driving forces of the corporate governance at company are its core values, belief in people, entrepreneurship, customers orientations and the Pursuit of Excellence. The company's goal is to find creative and productive ways of delighting its shareholders, investors, customers and associates, while fulfilling the role of a responsible corporate representative committed to the best practices.

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 are 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.