



ANJANI
PORTLAND CEMENT LIMITED



ANJANI
CEMENT

17th Annual Report
2000-2001

Anjani Portland Cement Limited**BOARD OF DIRECTORS**

Sri. K.V. Vishnu Raju	--	Managing Director
Sri. P.V.R.L. Narasimha Raju	--	Whole Time Director
Sri. R. Kunjithapatham		
Mrs. Vanitha Datla	--	Whole Time Director
Sri. P. Jagan Mohan Reddy (APIDC Nominee)		
Sri. V.V. Rama Raju		

MANAGEMENT TEAM

Sri. R.A. Rama Raju	Vice-President (Operations)
Sri. Ch. Gandhi Raju	Chief General Manager (Marketing)
Sri. P.R. Raju	General Manager (Finance)
Sri. S.N. Raju	Chief General Manager (Works)
Sri. P. Sitharama Raju	General Manager (Mechanical)

AUDITORS

M/s. M. Anandam & Co.,
Chartered Accountants,
6549, R.P. Road,
Secunderabad - 500 003

REGISTERED OFFICE

"Sitha Nilayam",
153, Dwarakapuri Colony,
Panjagutta,
Hyderabad - 500 082

BANKERS

State Bank of India
Punjab National Bank
The Vysya Bank Ltd.,
State Bank of Hyderabad

FACTORY

Chintalapalem (Village),
Mellacheruvu (Mandalam),
Nalgonda (District)
Andhra Pradesh

Anjani Portland Cement Limited

NOTICE

Notice is hereby given that the Seventeenth Annual General Meeting of the Members of Anjani Portland Cement Limited will be held on Wednesday, the 12th September, 2001 at 11.00 A.M. at Bhaskara Auditorium, B.M. Birla Science Centre, Adarsh Nagar, Hyderabad to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2001 and the Profit and Loss Account for the year ended on that date, Directors' and the Auditors' Reports thereon.
2. To appoint a Director in place of Sri. R. Kunjithapatham, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Statutory Auditors to hold office till the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.
M/s. M. Anandam & Company, Chartered Accountants, Secunderabad, are the retiring Auditors of the Company, being eligible have offered themselves for re-appointment.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification the following Resolution as an ordinary resolution.
"RESOLVED THAT Sri. V.V. Rama Raju, who was appointed as an Additional Director in the meeting of the Board of Directors of the Company held on 26.4.2001, be and is hereby appointed as a Director of the Company, liable to retire by rotation.
5. To consider and if thought fit, to pass the following resolution with or without modifications as a Special Resoluiton:
"RESOLVED THAT, pursuant to the provisions of Sections 198, 269, 309, read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Share holders in the ensuing Annual General Meeting of the Company, Shri. P.V.R.L. Narasimha Raju be and is hereby appointed as Whole Time Director of the Company with effect from 01.4.2001 for a period of five years on the following terms and conditions:

I. SALARY:

Basic Pay : Rs. 20,000/- (Rupees Twenty thousand only) per month

II. PERQUISITES:

Category - A:

- 1) Reimbursement of House Rent upto a maximum of Rs. 9,500/- per month.
- 2) Reimbursement of Medical expenditure for self and his family subject to a ceiling of 50% of one month Basic salary per annum.
- 3) Leave Travel Concession for self and his family once in a year subject to a maximum of 50% of one month Basic salary.
- 4) Monthly subscription fees of Rs. 500/- for one club.
- 5) Personal Accident Insurance and/or such other Medical/Health Care insurance(s) at a premium not exceeding Rs.2,000/- per annum.
- 6) Reimbursement of expenses on Gas, Electricity and Water at residence as per actuals upto a maximum of Rs.3,000/- p.m.
- 7) Reimbursement of maintenance expenses upto Rs.700/- p.m.

Explanation: For the purpose of Category-A, "Family" means spouse, dependent children, dependent parents.

He shall also be eligible to the following perquisites which shall not be included in the computation of ceiling on remuneration:

**Category - B:**

- i) Contribution to Provident Fund as per Company rules.
- ii) Gratuity payable at a rate not exceeding half a month's salary for each Completed year of service, and
- iii) Encashment of leave at the end of the tenure.

Category - C:

- a) Free use of Company's car with driver for Company's business.
- b) Free Cell phone and telephone facility at residence subject to a ceiling limit of Rs.5000/- p.m. but personal long distance calls will be billed by the Company to him.
- c) Reimbursement of entertainment expenses actually and properly incurred for the purpose of the business of the Company.

"RESOLVED FURTHER THAT in pursuance of the provisions of Section 198(4) of the Companies Act, 1956, Sri. P.V.R.L. Narasimha Raju, Whole Time Director be paid the above remuneration including benefits and amenities as a minimum remuneration in the event of absence or inadequacy of net profits in any financial year, in accordance with the provisions of Section II of Part-II of Schedule XIII to the Companies Act, 1956".

6. To consider and if thought fit, to pass the following resolution with or without modifications as a Special Resolution: "RESOLVED THAT, pursuant to the provisions of Sections 198, 269, 309, read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Share holders in the ensuing Annual General Meeting of the Company Mrs. Vanitha Datla be and is hereby appointed as a Whole Time Director of the Company with effect from 01.4.2001 for a period of five years on the following terms and conditions:

I. SALARY:

Basic Pay	:	Rs. 20,000/-
House Rent Allowance	:	Rs. 9,500/-
Total		Rs. 29,500/- (Rupees Twenty Nine thousand five hundred only) p.m

II. PERQUISITES:**Category - A:**

- 1) Reimbursement of Medical expenditure for self and her family subject to a ceiling of 50% of one month Basic salary per year.
- 2) Leave Travel Concession for self and her family once in a year subject to a maximum of 50% of one month Basic salary.
- 3) Monthly subscription fees of Rs. 500/- for one club.
- 4) Personal Accident Insurance and/or such other Medical/Health Care insurance(s) at a premium not exceeding Rs.2,000/- per annum.
- 5) Reimbursement of expenses on Gas, Electricity and Water at residence as per actuals upto a maximum of Rs.3,000/- p.m.
- 6) Reimbursement of maintenance expenses upto Rs.700/- p.m.

Explanation: For the purpose of Category-A, "Family" means spouse, dependent children, dependent parents. She shall also be eligible to the following perquisites which shall not be included in the computation of ceiling on remuneration:

Category - B:

- i) Contribution to Provident Fund as per Company rules.
- ii) Gratuity payable at a rate not exceeding half a month's salary for each Completed year of service, and
- iii) Encashment of leave at the end of the tenure.

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Category - C:

- a) Free use of Company's car with driver for Company's business.
- b) Free Cell phone and telephone facility at residence subject to a ceiling limit of Rs.2000/- p.m. but personal long distance calls will be billed by the Company to her.
- c) Reimbursement of entertainment expenses actually and properly incurred for the purpose of the business of the Company.

"RESOLVED FURTHER THAT in pursuance of the provisions of Section 198(4) of the Companies Act, 1956, Mrs. Vanitha Datla, Whole Time Director be paid the above remuneration including benefits and amenities as a minimum remuneration in the event of absence or inadequacy of net profits in any financial year, in accordance with the provisions of Section II of Part-II of Schedule XIII to the Companies Act, 1956".

7. To consider and if thought fit, to pass the following resolution with or without modifications as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, and subject to the consent of all concerned authorities and subject to such conditions and modifications as may be prescribed the consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot on one or more tranches out of the Authorised Capital of the Company, such number of equity shares not exceeding 55,69,463 (Fifty five lakhs Sixty nine thousand Four hundred sixty three only) ranking pari passu with the existing Equity Shares of the Company on private placement basis to person(s) belonging to the promoters, their relatives and associates, at a price of Rs.10/- each upon conversion of unsecured loans brought into the Company by the Promoters, their relatives and associates and on such terms and conditions as the Board may deem fit and beneficial in the interest of the Company.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion, deem necessary in connection with the issue and allotment of the shares to give effect to this resolution".

By order of the Board
Sd/-

Place : Hyderabad
Date : 12.7.2001

(K.V. VISHNU RAJU)
MANAGING DIRECTOR

NOTES :

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 such proxy need not be a member of the Company.
2. The proxy form duly completed and signed should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. Members are requested to notify immediately any change in their address to the company's Registered Office.
4. The Register of Members and share transfer will remain closed from Wednesday the 5th September, 2001 to Wednesday the 12th September, 2001 (both days inclusive).



EXPLANATORY STATEMENT

(PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956)

ITEM NO: 4

Pursuant to Section 260 of the Companies Act, 1956 Sri. V.V. Rama Raju will be holding his office as Director upto the Annual General Meeting. The Company has received notice under section 257 of the Companies Act, 1956 from a share holder of the Company proposing the appointment of Sri. V.V. Rama Raju as a Director of the Company.

Except Sri. V.V. Rama Raju, none of the other directors are interested in the above said resolution.

Your Directors recommend the resolution for approval.

ITEM NO: 5

The Company's operations have been substantially improved and to assist the Managing Director for close day to day monitoring of Commercial operations of the Company, it is proposed to appoint Sri. P.V.R.L. Narasimha Raju, as a "Whole Time Director" for a period of Five years with effect from 01.4.2001. Sri. P.V.R.L. Narasimha Raju is one of the Promoter Director on the Board.

Except Sri. P.V.R.L. Narasimha Raju, none of the other Directors are interested or concerned, whether directly or indirectly in the said resolution.

Your directors recommend the resolution for approval.

ITEM NO: 6

The Company's operations have been substantially improved and to assist the Managing Director for close day to day monitoring of financial and statutory functions, it is proposed to appoint Mrs. Vanitha Datla as a "Whole Time Director" for a period of Five years with effect from 01.4.2001. Mrs. Vanitha Datla is one of the Promoter Director on the Board.

Except Mrs. Vanitha Datla, and Sri. K.V. Vishnu Raju, Managing Director, a brother none of the other Directors are interested or concerned, whether directly or indirectly in the said resolution.

Your Directors recommend the resolution for approval.

ITEM NO.7 :

Your Company's paid-up capital as on 31.3.2001 is Rs.12,82,01,340/- (Rupees Twelve Crores Eighty two Lakhs One Thousand Three hundred forty only) and outstanding borrowing as on 31.3.2001 is Rs. 2686.83 Lakhs. The consortium lead Bank, in accordance with the wishes of the constituents of the consortium has advised the Company to bring the Debt-Equity ratio by converting the part of unsecured loans brought in by promoters into Equity.

In case if the Company goes for additional borrowings, to meet the working capital requirements it will result in wider gap in Debt Equity ratio and also financial burden by way of interest commitment on the borrowings. In view of this the promoters, their relatives and associates of the Company have brought in Rs. 1072.58 Lakhs as Unsecured Loans and Rs.110.00 Lakhs as share application money to meet working Capital requirements. They have come forward to convert the part amount of loan i.e. Rs. 5,56,94,630/- into equity in which case the Company will be saved from interest commitment on Unsecured Loans and thus it will be benefited.

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The above process is possible only by allotment of shares on private placement under Section 81 (1A) of the Companies Act, 1956. SEBI's Guidelines permits allotment of shares on private placement basis to any person whether he is a member or not u/s. 81(1A) of the Act provided the shares are allotted to an identified group and subject to fulfillment of certain conditions regarding pricing of shares. Since the unsecured loans were brought in by Promoters, who represent core promoters, shares can be allotted to them on private placement.

It is therefore proposed to allot 55,69,463 Equity Shares of Rs.10/- each at a price of Rs.10/- per share aggregating to Rs.5,56,94,630/- (Rupees Five Crore Fifty six lakhs Ninty four thousand six hundred thirty only) to Promoters, their relatives and associates on private placement basis by converting part of unsecured loans and share application money received.

The price of Rs.10/- per share at which the shares are offered to Promoters has been arrived as per the norms prescribed under SEBI's regulations.

The Board resolutions approving the proposed private placement basis of allotment of shares has been notified to the Hyderabad Stock Exchange and Mumbai Stock Exchange as contemplated under SEBI's Takeover code.

The shareholding pattern of the Company before and after issue will be as following:

Sl. Name No.	Before Issue		After Issue	
	No. of Shares	%	No.of Shares	%
1. Financial Institutions	24,07,450	18.78	24,07,450	13.09
2. Promoters	57,18,900	44.61	1,12,88,363	61.39
3. Public	46,93,784	36.61	46,93,784	25.52
TOTAL	1,28,20,134	100.00	1,83,89,597	100.00

The above allotment will not result in any change in the composition of the Board or control over the Company.

The shares will be allotted within three months from the date of resolution approved by the share holders.

The Certificate of Statutory Auditors of the Company certifying that the proposed private placement issue is in accordance with the guidelines issued by SEBI will be available for inspection by members of the company.

Section 81 of the companies Act, 1956 provides interalia, that when it is proposed to increase the issued capital by allotment of further shares, the same shall be offered to the existing share holders of the Company by a Special Resolution in General Body Meeting unless the members of the Company decide otherwise. Under the proposed special resolution consent of the shareholders is being sought pursuant to provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 to allot the proposed issue of shares on private placement as aforesaid.

Your Directors recommend the resolution for approval.



DIRECTORS' REPORT

Your Directors have pleasure in presenting the Seventeenth Annual Report together with the audited accounts and Cash Flow statement for the year ended 31st March, 2001.

Financial Results:

The Financial results for the year ended 31st March, 2001 are summarised below:

	2000 - 2001	1999-2000
	Rs. in Lakhs	Rs. in Lakhs
Sales and other Income	3111.27	279.99
Profit before Interest, Depreciation and differed Revenue expenditure	679.89	31.40
Less : Interest	426.62	65.01
Profit before depreciation & differed Revenue expenditure	253.27	(33.61)
Less : Depreciation & Differed Revenue expenditure	241.78	49.80
Net Profit/(Loss)	11.49	(83.41)

Review of operations and outlook:

The overall performance of your company for the year was good since it could achieve break-even performance in the first year itself. During the year under review the cement production was 1,19,300 Mts and sales were 1,17,019 Mts. This being the first full year of operations, the initial period of three months was a period of stabilisation and from July, 2000 onwards the plant has stabilised its operations. In the first two quarters of the year, cement prices were under pressure, resulting in lower sales realisation. During the second half of the year prices picked up substantially, resulting in increased realisation, coupled with the improved plant production the operations during the year have reached a break-even. Even though cement industry is under pressure due to over capacity, your company is able to market the product whatever produced. The future outlook is quite encouraging due to commencement of large infrastructural projects like roads, bridges, etc. Continuous thrust is being given to increase the production levels and reduce the cost of production which facilitates your company to improve its profitability.

A significant development has been, the taking over of Vennar Ceramics Limited (a gas based power plant) as a 100% subsidiary of your company. Vennar Ceramics Limited is a gas based power project which will generate power to cater to 60% of the total power requirement of your company and hence it is beneficial. The cost of production shall come down substantially and improve the profitability in the coming years.

DIRECTORS' :

Sri. K. Narayana Rao, the Director of the Company has resigned from the Board due to his pre-occupations on 02.2.2001.

Pursuant to the provisions of Section 255 and 257 of the Companies Act, 1956, Sri. R. Kunjithapatham, Director retire by rotation and is eligible for re-appointment.

Sri. V.V. Rama Raju, was appointed as additional Director on 26.4.2001 also retire at this Annual General Meeting. Pursuant to the provisions of Section 260 and 257 of the Companies Act, 1956 Sri. V.V. Rama Raju is eligible for re-appointment.

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AUDITORS :

M/s. M. Anandam & Co., Chartered Accountants, Secunderabad the Statutory Auditors of the company are retiring at the conclusion of the Annual General Meeting and being eligible offer themselves for re-appointment.

FIXED DEPOSITS :

The aggregate amount of deposits accepted by the Company stood at Rs. 39.50 Lakhs and matured and unclaimed deposits as on 31st March, 2001 were NIL.

INSURANCE:

The properties of the Company including its buildings, plant and machinery and stocks wherever necessary and to the extent required have been adequately insured.

PARTICULARS OF EMPLOYEES :

There are no employees whose particulars are required to be furnished pursuant to the provisions of Section 217 (2A) of the company act 1956 read with the relevant rules there under.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE:

Additional information on conservation of energy, Technology absorption, Foreign Exchange earnings and outgo as required to be disclosed in terms of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto in Forms A, B & C which are part of this report.

INDUSTRIAL RELATIONS:

During the period, Industrial relations continued to be cordial. Your Directors take this opportunity to thank all the employees for their dedicated and sincere services towards harmonious relationship and the progress of the company.

ACKNOWLEDGEMENT :

Your Directors place on record their appreciation of the continued support and cooperation from various departments of the State and Central Governments and Bankers viz., State Bank of India, Punjab National Bank, The Vysya Bank Ltd., State Bank of Hyderabad, Dealers, Stockiests. Customers, Suppliers and Share holders of the Company.

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For and on behalf of the Board of Directors

Place : Hyderabad
Date : 12.7.2001

(K.V. VISHNU RAJU)
MANAGING DIRECTOR



ANNEXURE FORMING PART OF DIRECTORS' REPORT

FORM - "A"

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. POWER AND FUEL CONSUMPTION:

	CURRENT YEAR 2000 - 2001	PREVIOUS YEAR 1999 - 2000
01. ELECTRICITY:		
a. Purchases:		
Units (in Lacs)	185.92	18.95
Total Amount (Rs. in Lacs)	838.39	92.30
Rate/Unit (in Rs.)	4.51	4.87
b. Own Generation		
Through DG - Units (in Lacs)	0.55	3.85
Units/Ltr of Diesel	1.75	0.32
Cost/Unit (in Rs.)	8.34	4.26
02. COAL:		
Quantity (MT)	33348	3481.270
Total Cost (Rs. in Lacs)	527.04	63.42
Average Rate (Rs. per tonne)	1580	1821.75

B. CONSUMPTION PER UNIT OF PRODUCTION

Product-OPC (in MT)		
Electricit (Units)	152.07	203
Coal (in MT)	25.72	0.373

FORM - "B"

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION, RESEARCH AND DEVELOPMENT (R & D)

No R & D carried out and no expenses were incurred on R & D.

FORM - "C"

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION - NOT APPLICABLE

FORM - "D"

FOREIGN EXCHANGE EARNING & OUTGO

The Company has not earned any foreign exchange during the year. During the year, there was an amount of US\$ 4,000 purchased and paid to Mr. E.H. Larsen, towards consultancy fees.