

19th Annual Report 2002-2003



ANJANI
PORTLAND CEMENT LIMITED

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		
Smt. 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	Chief General Manager (F & A)
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

BANKERS

State Bank of India
Punjab National Bank
ING Vysya Bank
State Bank of Hyderabad

REGISTERED OFFICE

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

FACTORY

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

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NOTICE

Notice is hereby given that the Nineteenth Annual General Meeting of the Members of Anjani Portland Cement Limited will be held on Thursday, the 7th August, 2003, at 11.30 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 Profit and Loss Account for the year ended 31st March, 2003, and the Audited Balance Sheet and the Cash Flow as at that date and 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.

By Order of the Board

Place : Hyderabad
Date : 14.6.2003

(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 Demat Registrar & Share Transfer Agents of the Company.
4. The members may note that share transfers, otherwise than through stock exchanges, in physical mode, will have to be sent to the company's Registrar & Share Transfer Agents M/s. Sathguru Management Consultants (Pvt) Limited directly for processing. The members may contact the Registrar & Share Transfer Agents of the Company (Ph: 23356507, 23356975) for any further clarification in this regard.
5. The shares of the Company are listed with Hyderabad and Mumbai Stock Exchanges. The Listing Fee for the year 2003-2004 has been paid to the Stock Exchanges.
6. The Register of Members and share transfer books of the Company will remain closed from Tuesday, the 5th August, 2003 to Thursday the 7th August, 2003 (both days inclusive).



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DIRECTORS' REPORT

Your Directors have pleasure in presenting the Nineteenth Annual Report together with the audited accounts and Cash Flow statement for the year ended 31st March 2003.

Financial Results:

The Financial results for the year ended 31st March, 2003 are summarised below:

	2002 - 2003 Rs. in Lakhs	2001 - 2002 Rs. in Lakhs
Sales and other Income	<u>3934.35</u>	<u>4375.93</u>
Profit before Interest, Depreciation and differed Revenue expenditure	<u>656.44</u>	<u>772.80</u>
Less : Interest	<u>388.60</u>	<u>448.62</u>
Profit before depreciation & differed Revenue expenditure	<u>267.84</u>	<u>324.18</u>
Less : Depreciation & Differed Revenue expenditure	<u>253.79</u>	<u>245.59</u>
Profit for the year	<u>14.05</u>	<u>78.59</u>
Provision for Taxation (MAT)	<u>1.08</u>	<u>4.32</u>
Profit after Taxation	<u>12.97</u>	<u>74.27</u>

Operations and Management outlook

Your Company has completed four years of operations and we are happy to note that the plant performance has improved considerably. During the year under review, the plant has been able to produce 196849 MT, which is almost

100% of its rated capacity. There has been an emphasis on continuous cost reduction, which has resulted in reduction in power consumption and fuel consumption, leading to operational efficiency of the plant.

The Cement Industry in India has witnessed a good growth this year. Both production levels and consumption levels have increased substantially, making the country the second largest producer of cement in the world. The implementation of large infrastructure projects like roads, bridges, warehouses, godowns and thrust on the housing sector has led to an increase in the demand for cement. In spite of the healthy demand in this sector, the prices have witnessed a steep drop, especially when compared to the earlier years. There had been a tremendous pressure on the sales realizations, which has led to a lower turnover for the company this year, despite an increase in production. However, the impact of the lower realisations has been offset by the substantial reduction in costs.

However, the management is confident that the profitability of the company would improve in the coming years.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to provision of Section 217 (2AA) of the Companies (Amendment) Act, 2000 your Directors hereby confirm.

- that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures:
- that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the



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financial year and of the profit or loss of the Company for the year under review;

- c) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that the Directors have prepared the accounts for the financial year ended 31st March, 2003 on a 'going concern' basis.

DIRECTORS:

Pursuant to the Provisions of Section 255 and 256 of the Companies Act, 1956, Shri. R. Kunjithapatham, Director of your Company, retires by rotation and being eligible, offers himself for reappointment.

SUBSIDIARY:

The Annual Report, for the year ended 31.3.2003 of the subsidiary company, M/s. Vennar Ceramics Ltd., is annexed to the Balance Sheet of your Company as at 31.3.2003. A statement on your company's interest in the subsidiary is also annexed hereto.

CORPORATE GOVERNANCE:

The Company complied with the requirements regarding Corporate Governance as required under Clause 49 of the Listing Agreement with the Stock Exchange. A report on Corporate Governance followed by the Company is annexed hereto.

AUDITORS:

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

FIXED DEPOSITS:

The aggregate amount of deposits accepted by the Company stood at Rs.1,54,19,000/- and matured and unclaimed deposits as on 31st March, 2003 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 in the organisation coming under the provisions of section 217 (2A) of the company act 1956 read with the companies (Particulars of employees) Rules, 1975 as amended.

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 a harmonious relationship and the progress of the company.

ACKNOWLEDGEMENT:

Your Directors place on record their appreciation to the departments of the State and Central Governments and Bankers viz., State Bank of India, Punjab National Bank, The ING Vysya Bank, State Bank of Hyderabad, Dealers, Stockists, Customers, Suppliers and Share holders of the Company for their valuable support of the Company.

For and on behalf
of the Board of Directors

Place : Hyderabad
Date : 14.6.2003

(K.V. VISHNU RAJU)
Managing Director

Anjani Portland Cement Limited**ANNEXURE FORMING PART OF DIRECTOR'S REPORT****FORM - "A"****FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY****A. POWER AND FUEL CONSUMPTION:**

	Current Year 2002 - 2003	Previous Year 2001 - 2002
01. ELECTRICITY		
a. Purchases:		
Units (in Lacs)	238.71	241.26
Total Amount (Rs. in Lacs)	884.77	1002.67
Rate/Unit (in Rs.)	3.71	4.16
b. Own Generation		
Through DG - Units (in Lacs)	NIL	0.20
Units/Ltr of Diesel	—	1.63
Cost/Unit (in Rs.)	—	10.75
02. COAL:		
Quantity (MT)	36701	39039
Total Cost (Rs. in Lacs)	650.22	706.86
Average Rate (Rs. per tonne)	1771.68	1810.65
B. CONSUMPTION PER UNIT OF PRODUCTION		
Product-OPC (in MT)		
Electricit (Units)	110.60	116.03
Coal (in MT)	16.98	18.00

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"**FOREIGN EXCHANGE EARNING & OUTGO**

The Company has not earned any foreign exchange during the year. Also, during the year, there was no foreign exchange used.

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CORPORATE GOVERNANCE REPORT

The Company has implemented the Code of Corporate Governance during the financial year in terms of Clause 49 of the listing agreement entered into by the Company with the stock exchanges.

1. A brief statement on Company's Philosophy on Code of Governance:

The Company firmly believes in and has consistently endeavoured to practice good Corporate Governance. The Company's philosophy on corporate governance envisages the attainment of the high levels of transparency, professionalism and accountability while dealing with the shareholders, employees, customers, creditors, lenders and others. The Company is prompt in discharging its statutory obligations and duties. The Board of Directors ("the Board") has adequate representation of professional, qualified, Non-Executive and Independent Directors. For the matters requiring special attention and also for proper and effective disposal of such matters, the Board has constituted various Committees of Directors. The Board and Committee meetings have been held as frequently as required. Adequate disclosures and information are provided to the Board as well as Committees. All the Directors attending the Board and Committee Meetings actively participate in their proceedings. Decisions at the Board and Committee meetings are taken unanimously.

2. Board of Directors:

The Board of the Company consists of six Directors, three of whom are Independent and Non-Executive Directors. As per the requirements of Clause 49 of the Listing Agreement entered into by the Company with Stock Exchanges, the Company has three Independent Directors.

The details of Composition and categories of Directors are given in Table 1.

Table 1

Sr. No.	Name of the Director	Category
1.	Sri. K. V. Vishnu Raju	Promoter, Managing Director and Executive
2.	Sri. P.V. R.L. Narasimha Raju	Whole Time Director & Executive
3.	Mrs. Vanitha Datla	Whole Time Director & Executive
4.	Sri. R. Kunjithapatham	Independent and Non-Executive
5.	Sri. V.V. Rama Raju	Independent and Non-Executive
6.	Sri. P. Jagan Mohan Reddy	Independent and Nominee of APIDC

3. Board Procedure:

Board Meetings:

The details about performance of the Company, financial position, legal action, quarterly results, market environment and all other aspects of the Company which are relevant for review of the Board of Directors are being given in a structured format at each meeting. The said information substantially complies with the requirements of the code of Corporate Governance with regard to the information to be placed before the Board of Directors.



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During the financial year 2002-2003, the Board of Directors met four times. The details of the Board Meetings held during the financial year 2002 - 2003 are given in Table 2.

Table 2

Meetings of	Date of the Meeting	Total members	Attendance by Number of members
Board of Directors	29th April, 2002	6	6
	29th July, 2002	6	6
	29th November, 2002	6	5
	30th January, 2003	6	5

The details of remuneration paid to the Non-Executive Directors during the financial year 2002-2003 are given hereunder.

Non-Executive Directors are not entitled for any remuneration other than the sitting fees.

S.No.	Name of the Non-Executive Director	Sitting Fees (Rs)	Other elements of remuneration
1.	Sri. R. Kunjithapatham	2,000	Nil
2.	Sri. V.V. Rama Raju	2,000	Nil

The details of attendance of each Director at the Board, Audit Committee, Share Transfer Committee Meetings and last AGM held during the financial year 2002 - 2003 and details of number of outside directorships and committee positions held by each of the Directors are given below:

Table 3

Sl. No.	Name	Attendance at Board & Committee Meetings				Outside Directorships and Committee Positions			
		No. of Board Meetings Attended	No. of Audit Committee Meetings Attended	No. of Share Transfer Committee Meetings Attended	Annual General Meeting Yes = attended No = not attended	Directorships		Committee Positions	
						Member	Chairman	Member	Chairman
1.	Sri. K.V. Vishnu Raju	3	N.A	10	Yes	8	—	—	—
2.	Sri. P.V.R.L. Narasimha Raju	4	N.A.	N.A.	Yes	2	—	—	—
3.	Smt. Vanitha Datla	4	3	10	Yes	3	—	—	—
4.	Sri. R. Kunjithapatham	4	3	9	Yes	2	—	—	—
5.	Sri. V.V. Rama Raju	4	3	N.A	No	Nil	—	—	—
6.	Sri. P. Jagan Mohan Reddy	3	1	N.A	Yes	Nil	—	—	—



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4. Audit Committee:

The Board has constituted Committees of Directors to deal with matters in details and to monitor the activities falling with the terms of reference. The Board Committees are as follows:

The terms of reference of the Audit Committee include:

- (i) To review the reports of Internal Audit Department;
- (ii) To review the Auditors' Report on the financial statements;
- (iii) To review the strength and weakness of the internal controls and to provide recommendations relating thereto.
- (iv) To generally assist the Board to discharge its functions more effectively.

Composition:

The Audit Committee consists of the following Directors:

Table 4

S.No.	Name of the Director	No. of meetings held	No. of meetings attended
1.	Sri. R. Kunjithapatham	3	3
2.	Mrs. Vanitha Datla	3	3
3.	Sri. V.V. Rama Raju	3	3
4.	Sri. P. Jagan Mohan Reddy	3	1

The Audit Committee consists of 3 Non-Executive Independent Professional Directors, and Sri. R. Kunjithapatham is the Chairman of the Committee. All the members have the financial and accounting knowledge.

5. Share Transfer Committee :

The details of Share Transfer Committee meetings held during the financial year under review and attendance by each of the members are as given below:

Table 5

S.No.	Name of the Director	No. of meetings held	No. of meetings attended
1.	Sri. K. V. Vishnu Raju	10	10
2.	Mrs. Vanitha Datla	10	10
3.	Sri. R. Kunjithapatham	10	9

Mr. P.R. Raju, Chief General Manager (F & A) is the Compliance Officer.

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6. General Body Meetings:

Year	Location	Date	Time
1999 -2000	Bhaskara Auditorium, B.M. Birla Science Centre, Adarsh Nagar, Hyderabad	15th September, 2000	11.00 A.M.
2000 -2001	Bhaskara Auditorium, B.M. Birla Science Centre, Adarsh Nagar, Hyderabad	12th September, 2001	11.00 A.M.
2001 -2002	Bhaskara Auditorium, B.M. Birla Science Centre, Adarsh Nagar, Hyderabad	18th September, 2002	11.00 A.M.

7. Disclosures:

Disclosure regarding materially significant related party transactions:

No transaction of material nature has been entered into by the Company with its promoters, directors or the management, subsidiaries or relatives etc., that may have potential conflict with the interest of the Company.

Disclosure of non-compliance by the Company:

There were no instances of non-compliance or penalty, strictures imposed on the Company by Stock Exchanges or SEBI or statutory authority on any matter related to capital markets, during the year.

8. Means of Communication:

The quarterly/half yearly results of the Company were published during the financial year under review in leading news papers namely, The Times of India/Business Standard and Andhra Bhoomi/Vaarthha (Regional Language).

Management Discussion and Analysis Report forms part of this Annual Report.

9. Shareholder Information:

This Annual Report includes yearly financial statement, key financial data and a section on Shareholder information giving required information.

a. Annual General Meeting:

The Nineteenth Annual General Meeting ("the AGM") of the Company will be held on Thursday, the 7th August, 2003 at 11.30 A.M. at Bhaskara Auditorium, B.M. Birla Science Centre, Adarsh Nagar, Hyderabad.

b. Dates of Book Closure:

The Register of Members and share transfer will remain closed from Tuesday, the 5th August, 2003 to Thursday, the 7th August, 2003 (both days inclusive).