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21st Annual Report 2004-05

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ANJANI
PORTLAND CEMENT LIMITED

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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. S. V. Kanaka Seshu (APIDC Nominee)		
Sri. V.V. Rama Raju		

MANAGEMENT TEAM

Sri. R.A. Rama Raju	Technical Consultant
Sri. Ch. Gandhi Raju	Chief General Manager (Marketing)
Sri. P.R. Raju	Chief General Manager (Finance)
Sri. S.N. Raju	Chief General Manager (Works)
Sri. P. Sitharama Raju	Senior General Manager (Mechanical)

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Smt. I.V. Lakshmi	Company Secretary

AUDITORS

M/s. M. Anandam & Co.,
Chartered Accountants,
7 'A', Surya Towers, S.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 Twenty First Annual General Meeting of the Members of Anjani Portland Cement Limited will be held on Wednesday, the 24th August, 2005, 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 Profit and Loss Account for the year ended 31st March, 2005, 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 & Co., 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, 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 such approvals and permission of any authority as may be necessary and consent of the members of the company in the ensuing Annual General Meeting of the Company be and is hereby accorded for the re-appointment of Shri K.V. Vishnu Raju as the "Managing Director" of the Company for a further period of 5 (five) years with effect from 27th December, 2004 on the following terms and conditions :

I. Salary :

Rs.40,000/-p.m. (Rupees Forty Thousand only) with annual increment of Rs. 2,500/-.

II. Perquisites :

Category - A :

1. House Rent Allowance at 50% of salary per month plus re-imbursement of actual expenditure on usage of gas, electricity and water subject to a ceiling of 10% of salary and will be valued as per the I.T. rules, 1962.
2. Reimbursement of Medical expenditure for self and his family subject to a ceiling of one month's salary per year or two months' salary over a period of two years.
3. Leave Travel Concession for self and his family once in a year in accordance with the Rules of the Company.
4. Monthly subscription fees of clubs, subject to a maximum of two clubs, admission and membership fees is not allowed.
5. Personal Accident Insurance and/or such other Medical/Health Care Insurance(s) at a premium not exceeding Rs. 10,000/- per annum.
6. Education Allowance : For Two children upto Rs. 2,000/- p.m.

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

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

Category - B

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

Category - C

a) Free use of Company's car with driver for Company's business, Servant and Security Guard at residence.
b) Free Cell phone and telephone facility at residence but personal long distance calls will be billed by the Company to him.

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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 K.V. Vishnu Raju, Managing 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 of the Companies Act, 1956".

By Order of the Board

Place : Hyderabad
Date : 17.6.2005

(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 2005-06 has been paid to the Stock Exchanges.
6. The Register of Members and share transfer books of the Company will remain closed from Saturday, the 20th August, 2005 to Wednesday, the 24th August, 2005 (both days inclusive).

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

ITEM NO.4

Members of the Company are aware that the tenure of appointment of Sri K.V. Vishnu Raju as Managing Director of the Company expired on 27.12.2004. Keeping in view, the relentless efforts and valuable contribution made by Sri K.V. Vishnu Raju towards the growth and success of the Company, the Board of Directors at their meeting held on 29.11.2004, approved re-appointment of Sri K.V. Vishnu Raju as Managing Director of the Company for a further period of 5 years w.e.f. 27th December, 2004 with a revision in the remuneration, subject to approval of members of the company.

Your Board of Directors recommends the resolution for your approval.

None of the Directors of the Company except Sri K.V. Vishnu Raju by himself and Smt. Vanitha Dalta, Director, being his relative are interested in the said resolution.

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DIRECTORS' REPORT

Your Directors have pleasure in presenting the Twenty First Annual Report together with the audited accounts and Cash Flow statement for the year ended 31st March, 2005.

FINANCIAL RESULTS:

The Financial results for the year ended 31st March, 2005 are summarised below:

	2004 - 2005 Rs. in Lakhs	2003 - 2004 Rs. in Lakhs
Sales and other Income	**4836.80**	4252.20
Profit before Interest, Depreciation & Deferred Revenue expenditure	**597.85**	625.04
Less : Interest	**316.08**	353.20
Profit before Depreciation & Deferred Revenue expenditure	**281.77**	271.84
Less : Depreciation & Deferred Revenue expenditure	**269.36**	266.80
Profit for the year	**12.41**	5.04
Provision for Taxation (MAT)	**0.97**	0.39
Profit after Taxation	**11.44**	4.65

OPERATIONS AND MANAGEMENT OUTLOOK

During the year under review the plant performance has improved considerably. It may be noted that the plant has been able to produce 2,14,762 MT of cement which is more than 100% of its rated capacity. The quantitative sale performance of both cement and clinker during the year is also commendable as the same is recorded to be the highest ever achieved i.e., 2,61,028 MT. With the above improved physical performance there is 13.72% growth in gross sales turnover compared to previous year. There has been an emphasis on continuous cost reduction, which has resulted in reduction in power consumption and fuel consumption, facilitating the operational efficiency of the plant.

The Cement Industry in India has witnessed a reasonable growth this year. Both production levels and consumption levels have increased substantially, facilitating the country to retain its position as 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. Inspite of the healthy demand in this sector, the prices have not increased as expected when compared to the earlier years. While Cement Industry has performed extremely well in other states, there had been a tremendous pressure on the sales realization in our state due to excess production over demand, which has led to a lower realisation for the company this year also. However, the impact of the lower realisation has been offset by the substantial increase in production and sales.

Your company's profitability would have been commendable but for the rise in input cost and increase in duties and taxes. It may be noted that the Sales Tax exemption granted by Government of Andhra Pradesh under Target 2000 has been utilised in full and the Company has started paying Sales Tax from the middle of October, 2004. On account of adverse market conditions, company was compelled to absorb the Sales Tax liability to a tune

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of Rs. 283.77 lakhs during the year consequent to which the sales realisation is affected further.

However, the management is confident that the profitability of the company would improve in the coming years as there is a focus on major irrigation projects besides improvement in the Export market.

DIRECTORS :

In accordance with the provisions of the Companies Act, 1956 and in items of Articles of Association of the Company Sri R. Kunjithapatham retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

Sri K.V. Vishnu Raju was re-appointed as Managing Director of the Company for a further period of 5 years with effect from 27.12.2004. The necessary resolution seeking approval of the members for the re-appointment has been included in the notice for the ensuing Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT:

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

a) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures:

b) 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 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, 2005 on a 'going concern' basis.

SUBSIDIARY:

The Annual Report, for the year ended 31.3.2005 of the subsidiary company, M/s. Vennar Ceramics Ltd., is annexed to the Balance Sheet of your Company as at 31.3.2005. A statement on your company's interest in the subsidiary is also annexed hereto.

CORPORATE GOVERNANCE:

A separate section on Corporate Governance and a Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, forms part of this Report.

AUDITORS:

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

FIXED DEPOSITS:

The aggregate amount of deposits accepted by the Company stood at Rs.2,16,47,000/- and matured and unclaimed deposits as on 31st March, 2005 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.

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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 various statute bodies and 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 : 17.6.2005

(K.V. VISHNU RAJU)
Managing Director

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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 2004 – 2005	Previous Year 2003 - 2004
01. ELECTRICITY		
a. Purchases:		
Units (in Lacs)	**255.44**	242.82
Total Amount (Rs. in Lacs)	**908.85**	892.81
Rate/Unit (in Rs.)	**3.56**	3.68
b. Own Generation		
Through DG – Units (in Lacs)	**NIL**	Nil
Units/Ltr of Diesel	—	–
Cost/Unit (in Rs.)	—	–
02. COAL:		
Quantity (MT)	**42996**	39636
Total Cost (Rs. in Lacs)	**845.17**	757.56
Average Rate (Rs. per tonne)	**1966**	1911

B. CONSUMPTION PER UNIT OF PRODUCTION

Product-OPC (in MT)		
Electricity (Units)	**102.95**	108.77
Coal (in MT)	**17.58**	17.64

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:

Your Company's philosophy on Corporate Governance aims at assisting the management of the Company in the efficient conduct of the business and in meeting its responsibilities to all the share holders. The Company always strives to achieve optimum performance at all levels by adhering to corporate governance practices, such as :

- Fair and transparent business practices,
- Effective Managment Control by Board
- Adequate representation of promoter, executive and independent directors on the Board.
- Accountability for performance.
- Monitoring of executive performance by the Board.
- Compliance of Laws.
- Transparent and timely disclosure of financial and management information.

2. Board of Directors:

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The Board of the Company consists of six Directors, three of whom are Independent and Non-Executive 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 & 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. S.V. Kanaka Seshu	Independent and Nominee of APIDC

Brief profile of the Director seeking re-appointment at the forthcoming Annual General Meeting pursuant to Clause 49 of the Listing Agreement.

* Sri. R. Kunjithapatham

Sri R. Kunjithapatham aged about 73 years is a well technocrat in the cement industry. He has over 45 years of experience in the Cement Industry and is widely acknowledged as one of the best cement experts in the country. He started his career in Dalmia Cements and then went on to become Technical Director in Chettinad Cements.

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Subsequently he became the Chairman and Managing Director of Sri Vishnu Cement Ltd., and is one of the founder directors and Technical Advisor to the Raasi Group, which comprised of Raasi Cement Ltd., and Sri Vishnu Cement Ltd.

Name of the other Companies in which he is a Director

(1) Vennar Ceramics Limited,
(2) Tamilnadu Cements Corporation Ltd., Tamilnadu.

* Sri K.V. Vishnu Raju

Sri K.V. Vishnu Raju aged 41 years has done his B.Tech. (Chemical Engineering) from Regional Engineering College - Tiruchirapalli and M.S. (Chemical Engineering) from Michigan Technological University, U.S.A. He worked as a Chemical Engineer in El dupont De Nemours, Delaware, USA till September 1991, there after he took over as Executive Director of Raasi Cement Ltd., and then become Managing Director and remained so till June, 1998.

Name of the other Companies in which he is a Director

1. Vennar Ceramics Ltd.
2. Elico Limited
3. Anjani Bakery Products Ltd.
4. Anjani Projects & Construction Ltd.
5. Raasi Finance & Investment Ltd.
6. Raasi Cement Ltd.
7. Sai Aditya Hotels & Supermarkets Pvt. Ltd.
8. Four Soft Ltd.

3. Board Procedure:

Board Meetings:

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The details about performance of the Company, financial position, statutory compliances, 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.

During the financial year 2004-2005, the Board of Directors met four times. The details of the Board Meetings held during the year are given in Table 2.

Table 2

Meetings of	Date of the Meeting	Total members	Attendance by Number of members
Board of Directors	19th June, 2004	6	6
	31st July, 2004	6	5
	29th November, 2004	6	6
	27th January, 2005	6	6

The details of remuneration paid to the Non-Executive Directors during the financial year 2004-2005 are given hereunder.

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