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**28<sup>th</sup> Annual Report**  
2011 - 2012

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# Anjani Portland Cement Limited

## Board of Directors

Mr. K V Vishnu Raju	Chairman & Managing Director
Mr. P V R L Narasimha Raju	Executive Director
Mr. R A Rama Raju	Director
Mr. P S Ranganath	Director
Mr. P V Subba Rao	Director
Mr. P R Raju	Director

## Management Team

Mr. S V S Shetty	Chief Executive Officer
Mr. R V A Narasimha Rao	Chief Financial Officer
Mr. S N Raju	Sr. Vice President (Operations)
Mr. Ch Gandhi Raju	Vice President (Marketing)
Mr. N Venkata Raju	Asst. Vice President (Works)
Mr. P Sitharama Raju	Sr. General Manager (Works)
Mr. P S Raju	Group General Manager (HR & MS)
Mr. P Ganapathi Raju	Sr. General Manager (Q. A)
Mr. M Nagabhushana Rao	Sr. General Manager (Mechanical)
Mr. K V Gopala Raju	General Manager (Purchase)
Mr. D V Subba Raju	General Manager (E & I)
Mr. Ch S S Varma	General Manager (P & C)

## Registered Office

153, Sitha Nilayam  
Dwarakapuri Colony, Punjagutta  
Hyderabad 500 082, AP.

## Corporate Office

Anjani Cement Centre  
Plot No.7 & 8, Nagarjuna Hills  
Punjagutta, Hyderabad 500 082, AP.

## Factory

Chintalapalem (Village)  
Mellacheruvu (Mandal)  
Nalgonda (Dt) 508 246, AP.

## Auditors

M Anandam & Co., Chartered Accountants  
7 'A', Surya Towers, S.P. Road  
Secunderabad 500 003, AP.

## Cost Auditors

Narasimha Murthy & Co.  
3-6-365, 104 & 105, Pavani Easte  
Himayatnagar, Hyderabad 500 029, AP.

## Bankers

State Bank of India  
Punjab National Bank  
Indian Overseas Bank  
State Bank of Hyderabad

## Registrars & Share Transfer Agents

Karvy Computershare Pvt. Ltd.,  
Plot No.17 to 24, Vithal Rao Nagar  
Madhapur, Hyderabad 500081, AP.

# Notice



Notice is hereby given that the Twenty Eighth Annual General Meeting of the Members of Anjani Portland Cement Limited will be held on Wednesday, the 25<sup>th</sup> day of July, 2012, at 11.00 AM. 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 Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2012, and the Audited Balance Sheet together with the Report of the Board of Directors' and the Auditors' thereon.
2. To declare dividend on Equity shares.
3. To appoint a Director in place of Mr. P S Ranganth, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. P Ramachandra Raju, who retires by rotation and is eligible for re-appointment.
5. To appoint Auditors and fix their remuneration.

By order of the Board

**P V R L Narasimha Raju**  
Executive Director

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Place : Hyderabad | Date : 28.05.2012

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# 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 Register of Members and share transfer books of the Company will remain closed from Saturday, the 21<sup>st</sup> July, 2012 to Wednesday, the 25<sup>th</sup> July, 2012 (both days inclusive).
5. Payment of Dividend on shares, if declared at the meeting, will be made to those members whose names appear on the Company's Register of Members on 25<sup>th</sup> July, 2012 and as per list of beneficial ownership furnished by depositories for this purpose for shares held in Electronic Form.
6. Members are requested to utilize the Electronic Clearing System (ECS) for receiving dividend and may accordingly advise their Depository Participants in case the shares are held in electronic form and the Registrar & Share Transfer Agent in case of shares in physical form.
7. Pursuant to the provisions of Section 205 A of the Companies Act, 1956 as amended, dividend for the financial year ended 31<sup>st</sup> March, 2007 and thereafter, which remains unpaid or unclaimed for a period of 7 years will be transferred to the "Investor Education and Protection Fund" of the Central Government. Members are advised to write to the Company regarding their unclaimed dividend.
8. 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. Karvy Computershare Pvt. Ltd., directly for processing. The members may contact the Registrar & Share Transfer Agents of the Company (Ph: 040-23420815 to 23420824) for any further clarification in this regard.
9. The shares of the Company are listed with Bombay Stock Exchange. The Listing Fee for the year 2012 - 2013 has been paid to the Stock Exchange.
10. Shareholders are requested to bring their copies of Annual Report to the Annual General Meeting.
11. A member desirous of seeking any information on the accounts or operations of the Company is requested to forward his/her query to the Company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.
12. Information required under Listing Agreement entered into with the Stock Exchange(s) with respect to the Directors retiring by rotation at this Annual General Meeting is given under the head "Corporate Governance".

# Directors' Report



## To the Members,

Your Directors have pleasure in presenting the Twenty Eighth Annual Report together with the audited accounts and Cash Flow statement for the financial year ended 31<sup>st</sup> March 2012.

## Financial Results

The Financial results for the year ended 31<sup>st</sup> March, 2012 are summarised below:

	2011 - 2012 ₹ in Lakhs	2010 - 2011 ₹ in Lakhs
Revenue from operations (Gross)	37729.51	22460.28
Profit before Interest, Depreciation	6945.73	3994.41
Less : Interest	3376.83	2590.14
Less : Depreciation	1383.27	1274.78
Profit before Tax	2185.63	129.49
Provision for Taxation including deferred Tax	605.18	71.88
Profit after Taxation	1580.45	57.61
<b>Appropriations</b>		
General Reserve	240.00	--
Dividend	220.68	147.12
Dividend Tax	35.80	23.87

## Review of Operations

The company has produced a quantity of 7,89,174 MT. of cement during the current financial year compared to the previous year production of 6,51,278 MT. of cement registering an increase of 21%. The quantity sold during the year under review stands at 7,94,528 MT. compared to the quantity of 6,38,449 MT. during the previous financial year showing an increase of 24%.

The gross sales in terms of value during the year under review were at ₹37645.47 Lakhs as against ₹22379.87 Lakhs during the previous financial year translating into an increase of 68 %. Similarly the Profit Before Tax for the current financial year is ₹2185.42 Lakhs against ₹129.49 Lakhs for the previous financial year. The profit after tax for the year under review stands at ₹1580.45 Lakhs compared to ₹57.61 Lakhs during the previous financial year.

It can be observed that there is a significant improvement in the performance both in the physical terms and financial terms during the year under review compared to the previous year.

The higher production and sale as well as and the improved sale price have helped the company to post a better performance compared to the previous year. During the year 2011-12 there was an increase in the cost of electricity and coal, which are major components of cost for a cement industry. The average increase in unit charges of power stands at about 11% (current year average ₹4.00 per unit and ₹3.59 during the previous year) and the cost of coal per tone has gone up on an average by 28% (from average of ₹3923.00 during 2010-11 to ₹5049.00 during the year 2011-12). But for the increase in these costs, the company's profitability would have been much better during the year 2011-12. In spite of the increase in these fuel costs, the company could get a better financial results with the help of higher production and sale quantities and better realizations in sale price.

The cement industry, with its fluctuating fortunes, is known for abnormal variations in the prices owing to several reasons including the changes in demand for the product, supply side changes, increase in installed capacities, changes in the Government spending pattern, emphasis on infrastructure projects, political Situation etc. The year under review has seen a better price realization and it is hoped that the situation would continue.

The statistics available show that there is negative growth in AP for cement demand by about 2% during the year 2011-12 compared to the negative growth of 12 % in the year 2010-11 and positive growth of 3% during 2009-10. The company could over come the impact of this negative growth by expanding its marketing network to neighbouring states by increasing the quantum of sale in these states.

## Expansion Project

The company has embarked upon an expansion project, through its fully owned subsidiary M/s.Vennar Ceramics Limited to set up a 6500 Sq. metres per day of ceramic wall tiles project at its existing power plant site at Perikigudem. The estimated project cost for the same stands at ₹55 crores. As the company has started to scout for a strategic partner with experience in marketing of ceramic products particularly wall tiles, it has been identified that M/s.Kajaria Ceramics Limited is interested in taking up marketing arrangement as well as to invest in the company as strategic partner. In view of the fact that they have an established brand with all India presence and in order that synergies' in operation and marketing can be achieved, it has been thought of that the company should go in to a strategic association with M/s.Kajaria Ceramics Limited. They have been invited to take up a stake of 51%. Accordingly the total project cost of 55 crores is being financed both by Anjani Portland Cement Limited and M/s.Kajaria Ceramics Limited with term loan assistance of Bank of Baroda. The tiles project is expected to become operational during the middle of June, 2012. The management is confident that with the assistance of M/s.Kajaria Ceramics Limited the ceramics wall tiles project would be an added advantage to the Anjani Portland Cement Limited.

## Dividend

The Board of Directors of the company has recommended a dividend of ₹1.20 per equity share of ₹10/- each for the year ended 31<sup>st</sup> March, 2012.

## Fixed Deposits

The aggregate amount of deposits accepted by the Company stood at ₹337.97 Lakhs and matured and unclaimed deposits as on 31<sup>st</sup> March, 2012 were NIL.

## Directors

In accordance with the provisions of the Companies Act, 1956 and in terms of Articles of Association of the Company Mr. P S Ranganath and Mr. P Ramachandra Raju retire by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for re-appointment.

The detailed profile of the above directors are given under the head "Corporate Governance".

## Directors' Responsibility Statement

As required under Section 217(2AA) of the Companies Act, 1956, the Directors hereby confirm that:

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures are made from the same.
- ii. We have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for the period;
- iii. We 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;
- iv. We have prepared the annual accounts on a going concern basis.

## Subsidiary Companies

Ministry of Corporate Affairs (MCA) has issued a General Circular No.2/2011, D t.08.02.2011, deciding to grant a general exemption from attaching the Balance Sheet, Profit & Loss Account, Directors Report and Auditors Report of Subsidiary Companies to the Balance sheet of the Company.

Your Company will provide a copy of the Annual Accounts of the subsidiary companies and other related information upon written request by any member of your Company or its Subsidiary Companies. These documents will be available for inspection by any shareholder at the Registered Office of the Company, on any working day during business hours.

A statement of Anjani Portland Cement Limited (Holding Company) interest in Hitech Print Systems Limited and Vennar Ceramics Limited (Subsidiary Companies) is enclosed as required under Section 212 of the Companies Act, 1956.

The information of Subsidiary companies as required to be disclosed as per the directions given by MCA while granting exemption under section 212(8) of the Companies Act, 1956 is enclosed and forms part of the Annual Report.

## Consolidated Financial Statements

Yours Directors have pleasure in attaching the consolidated financial statements pursuant to the requirements of Accounting Standard – 21 and Clause 41 of the Listing Agreement entered into with the Stock Exchanges. These statements were prepared in accordance with the Accounting Standards prescribed by the Institute of Chartered Accounts of India in this regard.

The Auditors' Report does not contain any qualifications.

## Corporate Governance

The Company places significant reliance on ethical and prudent governance. Transparency in operations by means of professional management with empowered managers is firmly believed as the heart of a healthy system of corporate governance. The various internal controls laid down for day-to-day operations provide the necessary checks and balances and these in turn go to make governance effective. The mechanism also results in prudent and diligent decision making at all levels ensuring the overall benefit of all shareholders. It also gives considerable comfort to lending banks, deposit holders, vendors, customers and others who interact with the company in their assessment of the company's performance.

A detailed report on matters relating to Corporate Governance as statutorily required under Clause 49 of the Listing Agreement with Stock Exchanges is annexed as part of this Annual Report together with the report of the Auditors on its compliance.

## Auditors

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

The Board recommends the reappointment of M/s. M Anandam & Co., Secunderabad, as Auditors of the Company to hold office till the conclusion of the next Annual General Meeting.



## Cost Auditors

Pursuant to the directives from the Central Government and the provisions of Section 233 B of the Companies Act, 1956, M/s. Narasimha Murthy & Co., Cost Accountants, Hyderabad have been appointed as Cost Auditors of the Company for the financial year 2011-12.

## Particulars of Employees

The details of employees under the provisions of Section 217 (2A) of the Companies Act, 1956 read with the companies (Particulars of employees Rules, 1975 as amended) are furnished as annexure to the report.

## Energy, Technology and Foreign Exchange

The particulars of 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 of particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto in Forms A, B & C which are part of this report.

## Safety and Pollution Control

The manufacturing units are fully compliant with pollution control measures as directed by the statutory authorities from time to time and have obtained necessary approvals from these bodies.

## 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 statutory bodies and departments of the State and Central Governments and Bankers, Dealers, Stockists, Customers, Suppliers and Share holders of the Company for their valuable support to the Company.

For and on behalf of the Board of Directors

**P V R L Narasimha Raju**  
Executive Director

# 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 2011 - 2012	Previous Year 2010 - 2011
<b>Electricity</b>		
Purchases: Units (in Lacs)	760.81	702.71
Total Amount (₹ in Lacs)	3043.82	2524.92
Rate/Unit (in ₹)	4.00	3.59
<b>Coal</b>		
Quantity (MT. )	120973.00	94461
Total Cost (₹ in Lacs)	6108.23	3705.63
Average Rate (₹ per tonne)	5049.00	3923.00

### b. Consumption Per Unit of Production

Electricity - KWH/T of Cement	95.09	99.70
Coal (%) - Per MT. of Clinker	18.19	16.60

## 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

a. There are no activities relating to exports or imports

b. Total Foreign Exchange

	Current Year 2011 - 2012	Previous Year 2010 - 2011
Used (₹ in Lakhs)	Nil	Nil
Earned (₹ in Lakhs)	Nil	Nil