

**Andhra Cements Limited**



MD	✓		BKC	✓
CS	✓		DPY	NA
RO	✓		DIV	M
TRA	NA		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓

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**DUNCAN GOENKA**

**60th  
Annual  
Report  
1997-98**

## BOARD OF DIRECTORS

**G.P. Goenka**

**S.R. Singh**

**J. Jayaraman**

**P.P. Shastri**

**M.L. Purohit**

**P.R. Neelakantan**

Managing Director

**N.P.S. Shinh**

Company Secretary

**N.K. Chaturvedi**

## AUDITORS

Brahmayya & Co.

Chartered Accountants

Vijayawada

Lodha & Co.

Chartered Accountants

Calcutta

## BANKERS

Bank of Baroda

Canara Bank

Andhra Bank

Syndicate Bank

Vijaya Bank

Oriental Bank of Commerce

State Bank of India

Punjab National Bank

## REGISTERED OFFICE

Sri Durga Cement Works

Sri Durgapuram - 522 414

Guntur Dist (A.P.)

## UNITS (IN A.P.)

Sri Durga Cement Works

Sri Durgapuram

Sri Visaka Cement Works

Visakhapatnam

Sri Kanaka Durga Cement Works

Vijayawada.

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## Andhra Cements Limited



### NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the **Sixtieth Annual General Meeting** of the Company will be held at the **Registered Office at Sri Durga Cement Works, Sri Durgapuram - 522 414 (A.P)** on **Wednesday, the 19th August, 1998 at 12.00 Noon** to transact the following business:

1. To receive, consider and adopt the PROFIT AND LOSS ACCOUNT for the year ended 31st March, 1998 and BALANCE SHEET as at that date and the REPORTS of the DIRECTORS and AUDITORS thereon.
2. To appoint M/s. Brahmayya & Co., Chartered Accountants and M/s. Lodha & Co., Chartered Accountants as Joint Auditors, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.
3. To appoint a Director in place of Shri G P Goenka who retires by rotation and being eligible, offers himself for reappointment.

#### **SPECIAL BUSINESS :**

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

"RESOLVED THAT consent of the Company be accorded for ~~deleting~~ the equity shares of the Company from all stock exchanges including the Regional Stock Exchange where the equity shares of the Company are listed."

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

(i) "RESOLVED THAT subject to approvals as may be necessary and applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the payment of remuneration / perquisites / benefits to Shri N P S Shinh, Managing Director of the Company, w.e.f. 1st April, 1997 to 9th October, 2000 (being the balance period of his tenure) on the terms and conditions as set out below:

- |                   |   |  |
|-------------------|---|--|
| a) Salary         | : | Salary of Rupees Seventy five thousand per month.  |
| b) Housing        | : | Fully furnished company maintained residential accommodation including amongst other items refrigerator, air conditioners, carpets, sofa furnishing etc. |
| c) Medical        | : | Medical Expenses on actual basis in India and Overseas for self, spouse and dependents.  |
| d) L T A          | : | One month's salary.  |
| e) Provident Fund | : | 10% of the salary.   |
| f) Superannuation | : | 15% of the salary.   |
| g) Gratuity       | : | 15 days salary for each completed year of service based on last drawn salary.  |

- h) Newspapers & Magazines : Actuals.
- i) Transport : The Company shall provide two cars with drivers.
- j) Clubs : Membership of any two clubs.
- k) Entertainment : On actual basis at outside and at residence.
- l) Other Perks : Electricity, Gas and Water charges will be borne by the Company.
- m) Watchman : Guards at residence on 24 hours.
- n) Servants : Two servants for household work.
- ii) "RESOLVED FURTHER that in the event of absence or inadequacy of profits in the relevant financial year, such remuneration as set out herein above be paid to Shri N P S Shinh as minimum remuneration, including perquisites."
- (iii) "FURTHER RESOLVED that the Board of Directors be and are hereby authorised to make / accept, with the consent of Shri N P S Shinh such modifications in the terms and conditions of his appointment as the Board may consider fit and as may be suggested / required by Central Government / Financial Institutions."

**NOTES:**

1. The Register of Members and Share Transfer Books of the Company will remain closed from 18th August, 1998 to 19th August, 1998 (both days inclusive).
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself. A proxy need not be a member of the company. Proxy forms duly completed should be deposited at the Company's Registered Office at least 48 hours before the commencement of the meeting.
3. An Explanatory Statement in respect of Special Business mentioned above is annexed.

**MEMORANDUM OF INTEREST**

1. Shri G.P. Goenka is deemed to be interested in Resolution No.3.
2. Shri NPS Shinh is interested in Resolution No.5.
3. The terms and conditions as set out in the proposed Ordinary Resolution No.5 may be treated as an abstract of the agreement between Shri NPS Shinh and the Company pursuant to Section 302 of the Companies Act, 1956.

By Order of the Board  
For **ANDHRA CEMENTS LIMITED**

Place : Calcutta  
Date : 29-06-1998

**N K CHATURVEDI**  
Company Secretary

**Registered Office:**

Sri Durgà Cement Works  
Sri Durgapuram 522 414 (A.P)

# Andhra Cements Limited



## EXPLANATORY STATEMENT

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

### ITEM NO.4

The Company has applied to SEBI and Ministry of Finance for delisting the equity shares of the Company from all the existing listed stock exchanges. The Board took the decision on August 14, 1997, (subject to buy-back of public shares by the promoters) keeping in view the accumulated losses in the previous 3 financial years; accumulated losses exceeding net worth; marginal activity in the stock exchanges; public share holding being less than 6% in the paid up equity capital of the Company and for economising on annual associated costs of listing fee and servicing a large body of share holders holding minimal percentage of share capital. As on 31.03.1998, the public share holding was 4.56% (numbering 52662 shareholders) of total equity capital.

SEBI by their letter No. SMDRP/Policy/RM/1215/98 dated May 21, 1998 have intimated that for consideration of delisting by the respective stock exchanges where the equity shares of the Company are listed, it is necessary for the Company to obtain approval of the shareholders by Special resolution for the purpose of getting the shares delisted.

None of the Directors are concerned or interested in the resolution.

Your directors recommend the resolution for your approval.

### ITEM NO.5

The Board of Directors of the Company at their Meeting held on 14th August, 1997 increased the remuneration payable to Shri N P S Shinh as Managing Director of the Company for the balance period of his tenure on the terms and conditions as set out in the Ordinary Resolution proposed for consideration and approval of members. The approval of the Central Government by their letter No.2/60/97-CL. VII dated 25.5.98 has been received to the increase in remuneration / perquisites / benefits.

None of the Directors except Shri N P S Shinh is concerned or interested in the resolution.

Your directors recommend the resolution for your approval.

By Order of the Board  
For **ANDHRA CEMENTS LIMITED**

**N K GHATURVEDI**  
Company Secretary

Place : Calcutta  
Date : 29-06-1998

**Registered Office:**  
Sri Durga Cement Works  
Sri Durgapuram 522 414 (A.P)

## REPORT OF THE DIRECTORS

**To  
The Members,**

Your Directors present the SIXTIETH Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 1998.

### OPERATING RESULTS

The year under review was a particularly difficult year for the Cement Industry, on account of the supply being in excess of the cement demand, with decline in prices to unremunerative levels, difficulties in collections etc.

Despite this, marginal improvement in production and sales was achieved, with cement sales at 8.1 lac MT against 7.6 lac MT of last year. The production of Clinker at 7.36 lac MT was higher by 7% than the last year. The Cement production at DCW at 6.42 lac MT was higher by 13% over the previous year.

There was a steep increase in manufacturing costs on account of increase in power rates by the State Electricity Board, as well as the impact of transportation, coal and other cost increases. The cement prices, however, remained at lower than last year levels, resulting in erosion of margins.

The above factors caused a set back to the rehabilitation of the Company, resulting in a net loss of Rs.9.6 crores as follows:

(Rs. in crores)

	<b>Year ended 31.3.1998</b>	<b>Year ended 31.3.1997</b>
Income	<b>173.0</b>	164.0
Profit / (Loss) before Interest and Depreciation	<b>11.7</b>	14.6
Interest	<b>16.6</b>	11.9
Cash Profit / (Loss)	<b>(4.9)</b>	2.7
Depreciation	<b>4.7</b>	4.7
Net Loss	<b>(9.6)</b>	(2.0)

Various steps for upgrading the health and operational efficiencies of the plants including process changes, introduction of improved mill Liners, and resistances etc. were implemented during the year.

Intensive action was taken for cost reduction in all areas, particularly in power consumption through selective investment and upgradation. The full impact of these will be felt in the current year.

For improving the viability by bringing about the equilibrium in the demand and supply, various measures are being taken by the Cement Industry including planned plant shut downs etc., and these are expected to result in improvement in financial position of the company for the year 1998-99.

## Andhra Cements Limited



In view of the losses, the Directors do not recommend any dividend for the year.

### WORKING CAPITAL

The Consortium Banks have assessed the Working Capital limits at Rs.29.5 crores, and the final limits are not yet operational. The Company continues to operate against the adhoc Working Capital facilities of Rs.19.5 crores.

### PROMOTER FUNDS

Under the BIFR Scheme, DUNCAN GOENKA Group of Companies have brought in Rs.49.04 crores till 31st March, 1998. A further amount of Rs.3.57 crores has been received upto June '98.

### INDUSTRIAL RELATIONS

The Industrial Relations were generally harmonious during the year.

### DISCLAIMER OF RESPONSIBILITY REGARDING ACCOUNTS - PRE TAKEOVER

The Balance Sheet and Profit and Loss Account for the year 1991-92 to 1994-95 have been signed by the Directors of the reconstituted Board in accordance with the BIFR Order dated 16.6.94. The present Directors do not take any personal responsibility for any transactions arising out of the same and of the said accounts as such, excepting to state that these were prepared based on the books of accounts and papers available and scrutinised by the Statutory Auditors. Signing and presentation of accounts will not preclude the Company from disclaiming any transactions that are found to be irregular or not in the bonafide interests of the Company.

### DIRECTORS

Shri G.P. Goenka will retire at the forthcoming Annual General Meeting and is eligible for re-appointment.

Shri J. Jayaraman, was nominated by Bank of Baroda by letter dated 9.5.97 and was inducted on to the Board on 20.06.97. Shri M.L.Purohit, was nominated by IDBI in place of Shri R.S. Aggarwal with effect from 6.3.98. The nomination of Shri R.K. Bhargava, was withdrawn by IFCI w.e.f. 8.1.98. Shri R.P. Sharma and Dr. P.N. Singh resigned from the Board.

Your Directors wish to place on record their sincere appreciation for the valuable services rendered by Shri R.S. Aggarwal, Shri R.K. Bhargava, Shri R.P. Sharma and Dr.P.N. Singh during their tenure on the Board.

### AUDITORS

M/s. Brahmayya & Company and M/s. Lodha & Company, Chartered Accountants will retire at the ensuing Annual General Meeting and are eligible for reappointment. As regards Auditors' observations, the relevant notes on the accounts are self explanatory and do not call for any further comments.

### **FIXED DEPOSITS**

As at the end of the financial year under Report 6315 deposits totalling Rs.333.26 lacs in all, which were due for repayment, were claimed. The repayment would be in accordance with the sanctioned Rehabilitation Scheme and such further modifications as are approved by Hon'ble BIFR from time to time.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO**

The information required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 with respect to those matters is appended hereto and forms part of this Report.

### **EMPLOYEES**

The statement showing particulars of employees as required under Section 217 (2A) of the Companies Act, 1956 is appended.

### **ACKNOWLEDGEMENTS**

The Directors acknowledge the co-operation extended by Financial Institutions, Banks and Employees in the revival of the Company.

for and on behalf of the Board

Place : Calcutta

Date : 29-06-1998

**P R NEELAKANTAN**

Director

**N.P.S. SHINH**

Managing Director

### **Registered Office:**

Sri Durga Cement Works

Sri Durgapuram 522 414 (A.P)



# Andhra Cements Limited



## ANNEXURE TO DIRECTORS' REPORT 1997-98

Annexure to Directors' Report - Information under 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 and forming part of Directors' Report for the year ended 31st March, 1998.

### A. Conservation of Energy

#### a) Energy conservation

- i) Availed the services of various consultants and specialists (including Mr. Larsen) on energy, audit, plant optimisation etc. and improvements, as a result of which the Company has achieved reduction in power consumption.
- ii) Control on Leakages/false air in preheaters in kiln & PC Streams.
- iii) Introduction of Grid resistance for power saving.
- iv) Implementation of new classifying liners for Cement Mill II at DCW, and improved media loading.
- v) Utilisation of hot gases from cooler for Coal Mill I and kiln gases to VRM for power saving.
- vi) Upgradation of pollution control equipment for greater efficiency.
- vii) Installation of Capacitor banks for power factor improvement.
- viii) Training of personnel including workers as well as management staff.

#### b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy

- : Various energy saving equipments are being installed such as High Efficiency Fans, segmental dip tube, GRRs etc.,

#### c) Impact of the measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

- : By incorporating various measures, the power consumption at DCW has been reduced by about 5 kWh/Ton of Cement. The full effect of this will accrue in year ending March, 1999.

#### d) Total energy consumption and energy consumption per unit of production.

- : Particulars given in Form-A

**ANNEXURE TO DIRECTORS' REPORT 1997-98****FORM-A**  
(See Rule 2)

	Current Year	Previous Year
<b>A. Power and Fuel Consumption</b>		
<b>01. ELECTRICITY:</b>		
a) Purchased:		
Units (Lakhs - KWH)	<b>515.95</b>	507.99
Total Amount (in Rs. Lakhs)	<b>2034.29</b>	1733.62
Rate / Unit (in Rs.)	<b>3.94</b>	3.41
b) Own Generation:		
Through D G Sets		
Net Units - KWH(Lakhs)	<b>520.34</b>	459.09
Unit/Lt of Diesel /Furnace Oil	<b>3.73</b>	3.64
Cost / Unit (in Rs.)	<b>2.11</b>	1.96
<b>02. COAL:</b>		
Quantity (Tonnes)	<b>164147</b>	166213
Total Cost (in Rs. Lakhs)	<b>2575.30</b>	2187.88
Average Rate per M.T. (Rs.)	<b>1568.90</b>	1316.31
<b>03. FURNACE /DIESEL OIL:</b>		
Quantity (K. Lts)	<b>13959.36</b>	12595.80
Total Cost (in Rs. Lakhs)	<b>871.68</b>	772.80
Average Rate (Rs./K. Lts)	<b>6244.41</b>	6129.66
<b>04. OTHER /INTERNAL GENERATION:</b>	<b>NIL</b>	<b>NIL</b>
<b>B. Consumption per unit of Production:</b>		
Production - OPC/PBFSC/PPC (in M.T)	<b>798434</b>	777142
Electricity (in KWH/M.T of Cement)	<b>116.46</b>	120.61
Coal Consumption to Clinker	<b>0.22</b>	0.24
Others	<b>—</b>	<b>—</b>

**B. Technology Absorption, Adaptation and Innovation**

No new technology has been imported.

**FORM - 'B'**

The Company has not undertaken any Research and Development activities and no expenditure has been incurred

	(Rs. Lakhs)	(Rs. Lakhs)
<b>C. Foreign Exchange Earnings and outgo:</b>		
i) Total Foreign Exchange outflow	<b>92.45</b>	51.22
ii) Total Foreign Exchange inflow	<b>156.30</b>	—