

Andhra Cements Limited



DUNCAN GOENKA

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**62nd
Annual Report
1999-2000**

BOARD OF DIRECTORS

G.P. Goenka - Chairman

V.C. Chaturvedi

M.L. Purohit

J. Jayaraman

P.P. Shastri

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 (A.P.)

SECRETARIAL DEPARTMENT

II Floor, Chandralok Complex
111, Sarojini Devi Road
Secunderabad - 500 003

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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NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the **Sixty-second 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 **Saturday, the 19th August, 2000 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, 2000 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 authorise the Board of Directors to fix their remuneration.
3. To appoint a Director in place of Shri P R Neelakantan who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri G P Goenka who retires by rotation and being eligible, offers himself for reappointment.

SPECIAL BUSINESS :

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

- (i) "RESOLVED that subject to approval of the Central Government and under Sections 198, 269, 309, 314 and other applicable provisions, if any, of the Companies Act, 1956, and any other approval, if necessary, Shri N P S Shinh be and is hereby re-appointed as Managing Director of the Company, with effect from 10th October, 2000 to 9th October, 2005 on the terms and conditions as to remuneration and other benefits as set out below :

- | | |
|-------------------|--|
| a) Salary | : Rs. 75,000 per month, in the range of Rs. 75,000 - Rs. 1,80,000. The increments amounts and the effective dates will be as decided by the Board from time to time. |
| b) Housing | : Fully furnished company maintained residential accommodation including amongst other items refrigerator, air conditioners, carpets, sofa furnishing etc. |
| c) 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. |

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- | | |
|---------------------------|--|
| h) Leave/other Rules | : As applicable to Employees at ACL. |
| i) Newspapers & Magazines | : Actuals. |
| j) Transport | : The Company shall provide two cars with drivers. |
| k) Clubs | : Membership of any two clubs. |
| l) Entertainment | : On actual basis at outside and at residence. |
| m) Other Perks | : Electricity, Gas and Water charges will be borne by the Company. |
| n) Watchman | : Guards at residence on 24 hours basis. |
| o) 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 and all other benefits".
- (iii) "RESOLVED FURTHER that in the event of any relaxation by the Central Government in the guidelines or ceilings on managerial remuneration, the Board of Directors, be and is hereby authorised to increase the remuneration and/or perquisites of Mr Shinh, if they in their absolute discretion think fit, within such guidelines or ceilings as may be specified subject to such approvals of the Central Government or any other authority wherever applicable and for which consent of the Company as required under various provisions of the Companies Act, 1956, be and is hereby granted".
- (iv) "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".
- (v) "RESOLVED FURTHER that the terms and conditions as set out above and as may be finalised be treated as an abstract of the agreement between Shri N P S Shinh and the Company pursuant to S.302 of the Companies Act, 1956".

NOTES :

1. The Register of Members and Share Transfer Books of the Company will remain closed from 01-08-2000 to 10-08-2000 (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. The equity shares of the Company are listed on :
 1. The Hyderabad Stock Exchange Limited
3-6-275, Himayat Nagar, HYDERABAD - 500 029;

Andhra Cements Limited



2. The Stock Exchange, MUMBAI
25th Floor, PJ Towers, Dalal Street, Fort, MUMBAI - 400 001; and
3. The Delhi Stock Exchange Association Limited
DSE House, 3/1, Asaf Ali Road, NEW DELHI - 110 002.

MEMORANDUM OF INTEREST

1. Shri P R Neelakantan is deemed to be interested in Resolution No.3.
2. Shri G P Goenka is deemed to be interested in Resolution No.4.
3. Shri N P S Shinh is interested in Resolution No. 5.

By Order of the Board
For ANDHRA CEMENTS LIMITED

(N K CHATURVEDI)

Company Secretary

Place : Calcutta
Date : 16.6.2000

Registered Office:

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

EXPLANATORY STATEMENT

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

ITEM NO.5

Shri N.P.S. Shinh had been appointed as the Managing Director of the Company for a period of 5 years w.e.f. 10.10.1995. The term expires on 09.10.2000.

The Board of Directors of the Company at their Meeting held on 16.06.2000 re-appointed Shri N P S Shinh as Managing Director of the Company for a term of five years w.e.f. 10.10.2000 on the terms and conditions as set out in the Special Resolution proposed for consideration and approval of members.

Your Directors recommend the resolution for your approval.

By Order of the Board
For ANDHRA CEMENTS LIMITED

(N K CHATURVEDI)

Company Secretary

Place : Calcutta
Date : 16.6.2000

Registered Office:

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

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REPORT OF THE DIRECTORS

To
The Members,

Your Directors present the SIXTY-SECOND Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2000.

PRODUCTION/SALES

During the year under review, the financial performance of the company was significantly affected owing to depressed selling prices, despite a 11% increase in cement sale volumes, as under :

	Year ended 31.3.2000 (Lac/MT)	Year ended 31.3.1999 (Lac/MT)
Production		
Clinker	5.35	5.18
Cement	6.26	5.50
Sales		
Clinker	0.29	0.20
Cement	6.26	5.64

The position of glut in the cement market, unremunerative prices and competition from new units established with sales tax exemptions resulted in the company having to curtail production of clinker and cement. While the realisations dropped due to the above factors, there were increases in costs of inputs including coal, furnace oil, diesel and transportation charges. Sales were curtailed in many markets as even variable costs were not getting recovered. A lock out from 3rd April, 1999 till 3rd May 1999 in DCW also affected the volumes during the first six weeks of the financial year under review.

OPERATING RESULTS

	Year ended 31.3.2000 (Rs. / Crs)	Year ended 31.3.1999 (Rs. / Crs)
Income	115.0	109.4
Profit/(Loss) before interest and depreciation	(9.2)	(0.7)
Interest	15.0	15.5
Cash Profit / (Loss)	(24.2)	(16.2)
Depreciation	4.5	4.7
Net Loss	(28.7)	(20.9)

The position of glut is gradually getting corrected due to improvement in cement demand by 15% nationally, while the consumption in South increased by 16%. The mismatch of demand and supply is expected to be substantially corrected during 2000-01.

WORKING CAPITAL

Against the assessed Working Capital limits of Rs.29.5 crores, the Company continues to operate against the adhoc Working Capital facilities of Rs.20.7 crores except for Canara Bank which released its full share.

Andhra Cements Limited



PROMOTER FUNDS

Rs. 66.5 Crores inducted until last year and a further amount of Rs.0.20 Crs were inducted by the Promoters.

REVISED REHABILITATION SCHEME

In accordance with the directions of Hon'ble BIFR, a revised rehabilitation scheme has been prepared and submitted for consideration. The scheme aims at accelerating the rehabilitation process through additional capital expenditure, induction of fresh funds, reschedulement of debt with proper reliefs, sale of surplus/unproductive assets and restructuring of the company.

LISTING FEE PAYMENT

The Company has paid Annual Listing Fee upto 2000-01 to Hyderabad, Mumbai & Delhi Stock Exchanges.

In respect of Calcutta Bangalore & Madras Stock Exchanges, the decision for delisting was conveyed to the Stock Exchanges two years ago and no further listing fees has accordingly been paid. (Demand Notices received from Calcutta - Rs.98,625 (1990-94, 98-00), Bangalore - Rs.119,625 (1992-95, 98-00) and Madras - Rs.31,500) (1999-00).

Y2K COMPLIANCE

The Company has achieved Y2K compliance.

INDUSTRIAL RELATIONS

A lock out was declared on April 3, 1999, at DCW on account of illegal strike by a section of contractors, workers in Packing and Railway Siding contractors and disruption of power supply due to arson. The lockout was lifted on May 3rd and regular operations were resumed soon thereafter. The industrial relations have been generally cordial thereafter.

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.

ENVIRONMENT PROTECTION

The company continues to give consideration to above and is maintaining a nursery of tree plantation activity for ecological balance and environment protection.

FIRE ACCIDENT AT DG POWER HOUSE

There was an outbreak of fire at the DG Power House in the Dacheipalli Plant on 23.5.2000. The Assets are insured and necessary action has been initiated for getting the loss assessed/settled and for the necessary repairs.

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DIRECTORS

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

The Board appointed Shri N P S Shinh as Managing Director of the Company for the period 10.10.1995 to 9.10.2000. The approval of the members is sought to the appointment of Shri N P S Shinh as Managing Director for a further period of 5 years as set out in the Notice and Explanatory Statement thereto.

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. Members are requested to appoint the Auditors and authorise the board to fix their remuneration. As regards Auditors' observations, the relevant notes on the accounts are self explanatory and do not call for any further comments.

REDEMPTION OF PREFERENCE SHARES

Preference Shares of par value of Rs. 2,11,200 due for redemption, consequent to introduction of Sec. 80A of the Companies Act, 1956, could not be redeemed as the shareholders have not surrendered the share certificates for redemption. It has not been possible to locate the addresses of the shareholders, even after notices were published in daily newspapers. These shares will be redeemed as and when the same are received for redemption. There is no liability for dividend on these shares.

FIXED DEPOSITS

As at the end of the Financial Year under Report 6099 deposits totalling Rs. 321.39 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/revisions 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 : 16.6.2000.

P R NEELAKANTAN
Director

N.P.S. SHINH
Managing Director



ANNEXURE TO DIRECTORS' REPORT 1999-2000

Annexure to Directors' Report - Information under Section 217(I)(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, 2000.

A. Conservation of Energy :

- | | | |
|--|---|--|
| a) Energy conservation | : | <ul style="list-style-type: none"> i) Retrofitting of Coal Mill-II Fan to save power consumption. ii) Installation of GRR for Cement Mill - 1 & 2 ESP Fans to save power consumption. iii) Replacement of Raw Mill - II Gear Box internals to increase fan capacity for increasing Mill output and Energy saving. iv) Optimization of grinding media in Raw Mill - I for power saving. v) Conversion of 10 Nos. of old Compressors from Lube type to Non-Lube type to save energy. vi) Finer crushing of limestone for ATOX 37.5 VRM for higher production and energy saving. vii) Arresting leakages in Kiln, PH, PC and Raw Mills circuit for power saving. viii) Reduction of power consumption through improved grindability of clinker. ix) Increased use of Flyash in PPC through increased use of low ash imported coal, resulting in saving of power. x) Increased production of PPC for power saving. |
| b) Additional Investments and proposals, if any, being implemented for reduction of consumption of energy. | : | Various energy saving equipments are under consideration for power / fuel reduction. |
| c) Impact of the measure 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 4 KWH/Ton of Cement, the full impact of which will be noticed when full production level are restored for clinker. |
| d) Total energy consumption :
and energy consumption per unit of production. | : | Particulars given in Form - A. |

62nd Annual Report 1999-2000**ANNEXURE TO DIRECTORS' REPORT 1999-2000****FORM - A**
(See Rule 2)

	Current Year	Previous Year
A. Power and Fuel Consumption		
01. ELECTRICITY:		
a) Purchased:		
Units (Lakhs - KWH)	431.63	338.18
Total Amount (in Rs. Lakhs)	1752.88	1373.56
Rate / Unit (Rs.)	4.06	4.06
b) Own Generation:		
Through D G Sets		
Net Units - KWH (Lakhs)	316.66	369.75
Unit / Lt of Diesel / Furnace Oil	3.64	3.69
Cost / Unit (in Rs.)	2.56	2.08
02. COAL:		
Quantity (Tonnes)	115982	115426
Total Cost (in Rs. Lakhs)	2060.95	1851.93
Average Rate per M.T (Rs.)	1776.96	1604.43
03. FURNACE / DIESEL OIL:		
Quantity (K.Lts)	8696	10030.62
Total Cost (in Rs. Lakhs)	697.20	664.38
Average Rate (Rs./K.Lts)	8017.48	6623.52
04. OTHER / INTERNAL GENERATION:		
B. Consumption per unit of Production:		
Production - OPC/PBFSC/PPC (in M.T.)	626240	550474
Electricity (in KWH/M.T. of Cement)	106.32	109.60
Coal Consumption to Clinker	0.22	0.22
Others	—	—
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)
C. Foreign Exchange Earnings and outgo:		
i) Total Foreign Exchange outflow	22.73	62.26
ii) Total Foreign Exchange inflow	—	—