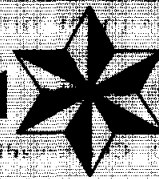


Andhra Cements Limited



DUNGAL GOENKA

**63rd
Annual Report
2000-2001**

BOARD OF DIRECTORS**G.P. Goenka** - Chairman**V.C. Chaturvedi****M.L. Purohit****J. Jayaraman****P.P. Shastri****P.R. Neelakantan****N.P.S. Shinh** - Managing DirectorCompany Secretary
N.K. Chaturvedi**AUDITORS**Brahmayya & Co.
Chartered Accountants
VijayawadaLodha & Co.
Chartered Accountants
Kolkata**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 DurgapuramSri Visaka Cement Works
VisakhapatnamSri Kanaka Durga Cement Works
Vijayawada

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NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the **Sixty-Third 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 **Friday, the 24th August, 2001 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, 2001 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 G P Goenka who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri P R Neelakantan who retires by rotation and being eligible, offers himself for reappointment.

NOTES:

1. The Register of Members and Share Transfer Books of the Company will remain closed from 16.08.2001 to 24.08.2001 (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 :
 - i) The Hyderabad Stock Exchange Limited
3-6-275, Himayat Nagar
HYDERABAD - 500 029;
 - ii) The Stock Exchange, MUMBAI
25th Floor, PJ Towers
Dalal Street, Fort
MUMBAI - 400 001; and
 - iii) The Delhi Stock Exchange Association Limited
3 & 4/4B, Asaf Ali Road
NEW DELHI - 110 002.

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4. The share transfer instruments, complete in all respects, should be sent to the Registered Office of the Company at Secretarial Department, II Floor, Chandralok Complex, 111, Sarojini Devi Road, Secunderabad - 500 003 well in advance so as to reach the Company prior to book closure. Shares under any defective transfer (unless defect is removed prior to book closure) and/or instruments of transfer received during the period of book closure shall be considered after re-opening of the books.
5. Members are requested to intimate any change in their address to the Company immediately with the postal pin code.
6. Members attending the meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the meeting hall. Attendance at the Annual General Meeting will not be allowed without production of the attendance slip duly signed.
7. Persons attending the Annual General Meeting are requested to bring their copies of the Annual Reports as the practice of distribution of copies of the Annual Report at the meeting has been discontinued.
8. For any further information regarding the aforesaid Accounts, Advance intimation be given and the members are requested to ensure that the same reaches the Registered Office of the Company at least 15 days before the date of the ensuing Annual General Meeting.

MEMORANDUM OF INTEREST

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

By Order of the Board
For ANDHRA CEMENTS LIMITED

Place : Kolkata
Date : 30.06.2001

(N K Chaturvedi)
Company Secretary

Registered Office:

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



REPORT OF THE DIRECTORS

To

THE MEMBERS,

Your Directors present the SIXTY-THIRD Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2001.

OPERATING RESULTS

During the year under review, the Operating Profits improved due to increase in realisation in the second half of the year, along with a volume increase of about 10%. Clinker production at 6.14 Lac MT (5.35 Lac MT last year) and Cement Production at 6.58 Lac MT (6.26 Lac MT last year) increased by 15% & 5% respectively. However, capacity utilisation remained low due to the continued glut in cement availability caused by increased volumes despatched by new cement plants having Sales Tax incentives. Increase in Cost of diesel, transportation, Coal and Power along with a 25% increase in mineral royalty impacted the financial performance of the Company.

Wages/Salaries increased due to the Cement Industry wage settlement implemented during the year. The summary financial data is as under :

	Year ended 31.3.2001 (Rs.Crs)	Year ended 31.3.2000 (Rs.Crs)
Income	147.9	115.0
Profit / (Loss) before interest and depreciation	11.9	(9.2)
Interest	15.3	15.0
Cash Profit / (Loss)	(3.5)	(24.2)
Depreciation	3.4	4.5
Net Loss	(6.9)	(28.7)

FUTURE PROSPECTS

The glut in the cement industry, particularly in the Southern States, is expected to continue for sometime and may result in considerable pressure on cement prices and the financial performance of the cement industry. A number of new plants are being set up with Sales Tax exemption as pipeline projects, in addition to the additional capacities already established last year. The focus on infrastructure development, and additional incentives to the housing sector by the Govt. are expected to result in improved demand during the coming years. The mismatch between demand and supply is however not likely to be corrected in the near future.

The Company has taken various initiatives to improve its market share and cope with the increased competition expected in the coming years.

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ISO 9002 CERTIFICATION

The entire production of the Company is now under ISO 9002 systems as the Vizag Plant also achieved ISO 9002 certification from December, 2000.

PROMOTER FUNDS

Rs. 66.70 crores were inducted until last year and a further amount of Rs. 1.30 crores was inducted by the Promoters during the year.

REVISED REHABILITATION SCHEME

In view of the changed market scenario, the revised rehabilitation scheme submitted last year has been updated providing for One Time Settlement (OTS), along with the sale of unproductive/surplus assets and induction of additional funds. The same is under consideration of the operating agency and the secured creditors, and is expected to be considered by Hon'ble BIFR after the consent of the Banks/FIs, etc. has been conveyed.

POWER PURCHASE ARRANGEMENTS

The arrangement made for purchase of Power from APGPCL continued in the current year resulting in a saving of Rs.2.40 Crores. Further alternatives are being explored to reduce the Power costs.

LISTING FEE PAYMENT

The Company has paid Annual Listing Fee upto 2001-02 to Hyderabad, Mumbai & Delhi Stock Exchanges. The decision to delist the shares from Calcutta, Bangalore and Madras Stock Exchanges was conveyed two years ago and no further listing fees are being paid accordingly.

INDUSTRIAL RELATIONS

Industrial relations with the Company employees remained cordial and 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.

ENVIRONMENT PROTECTION

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

INSURANCE

All the properties of the Company including its buildings, plant and machinery and stocks have been adequately insured.



CORPORATE GOVERNANCE

In terms of Listing Agreement with Stock Exchanges, the Company is required to comply with the Corporate Governance provisions by 2001-2002. The Company is taking steps for compliance accordingly.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to provisions of Section 217(2AA) of the Companies (Amendment) Act, 2000, the Directors confirm :

- i) that in the preparation of annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures if any;
- ii) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period;
- iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act so to prevent and detect fraud and other irregularities;
- iv) that the Directors had prepared the accounts on a going concern basis.

DIRECTORS

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

The Members had approved appointment of Shri N P S Shinh as Managing Director of the Company for the period 10.10.2000 to 9.10.2005 in the Annual General Meeting on 19.8.2000. The approval of Central Government to the re-appointment and the remuneration has since been received covering this period.

AUDIT COMMITTEE

The Audit Committee has been functioning since January, 1995 and the Scope of the Committee meets the requirements of Clause 49 of the listing agreements with the Stock Exchanges and Sec. 292A of the Companies Act, 1956.

AUDITORS

M/s. Brahmayya & Company and M/s. Lodha & Company, Chartered Accountants will retire at the ensuing Annual General Meeting and are eligible for re-appointment. 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. 1,500 were redeemed during the year leaving a balance of Rs. 2,09,700 due for redemption, consequent to introduction of Sec. 80A of the Companies Act, 1956, could not be redeemed as the shareholders have not

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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, in the absence of Profits.

FIXED DEPOSITS

A total amount of Rs. 279.90 lacs is due for repayment and a revised repayment schedule has been proposed as part of the modified rehabilitation scheme, presently under consideration. The repayment would be in accordance with the sanctioned Rehabilitation Scheme with such further modifications/revisions as are approved by Hon'ble BIFR from time to time. In accordance with directions of Hon'ble BIFR, an OTS Option was offered to fixed deposit holders.

Pursuant to the above 541 Fixed deposit holders for Rs. 36.86 lacs were repaid the principal amounts by end of March 2001. Further payment to fixed deposit holders are under process.

REDEMPTION OF DEBENTURES

In accordance with directions of Hon'ble BIFR, small Debenture holders were offered an OTS and 468 Debenture holders for Rs.8.54 lacs were settled by 31.3.2001. Further settlements are under process.

CRA DUES

The Company has lodged various claims on CRA and some of these claims have been agreed to be referred to Lok Adalat. Pending resolution of these claims, the repayment of CRA dues has not been made as per the Sanctioned Scheme. Further additional interest of Rs. 23.80 lacs on overdue instalments has not been provided as favourable orders are expected on some pending claims.

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 : Kolkata
Date : 30.06.2001

G P Goenka
Chairman

M L Purohit
Director

N.P.S. Shinh
Managing Director



ANNEXURE TO DIRECTORS' REPORT 2000 - 2001

Annexure to Directors' Report - Information under Section 217(l)(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, 2001.

A. Conservation of Energy :

- | | | |
|---|---|--|
| a) Energy Conservation | : | <ul style="list-style-type: none"> i) Refurbishment of Kiln ESP for Power saving by reduced leakages. ii) Modification in ATOX 37.5 VRM for higher production and energy saving. iii) Improved blending of Coal and Coal feeding for reduction in Coal consumption. iv) Optimization of grinding media in Raw Mill - I for power saving. v) Arresting leakages in Kiln, PH, PC and Raw Mills circuit for power saving. vi) Reduction of power consumption through improved grindability of Clinker. vii) Increased use of Flyash in PPC by increased use of low ash Coal. viii) Installation of Flow Meters for Kiln/PC Light up fuel. ix) Installation of energy meters for monitoring Lighting and related loads. |
| 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. |

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ANNEXURE TO DIRECTORS' REPORT 2000 - 2001

FORM A
(See Rule -2)

A. Power and Fuel Consumption

01. ELECTRICITY:

a) Purchased:

Units (Lakhs - KWH)

Total Amount (in Rs.Lakhs)

Rate / Unit (in Rs.)

Current Year

Previous Year

494.62

431.63

2,086.18

1,752.88

4.17

4.06

b) Own Generation:

Through D.G. Sets

Net Units-KWH (Lakhs)

Unit / Lt of Diesel / Furnace Oil

Cost / Unit (in Rs.)

260.22

316.66

3.71

3.64

2.81

2.56

02. COAL:

Quantity (Tonnes)

Total Cost (in Rs. Lakhs)

Average Rate per M.T. (Rs.)

1,22,419

1,15,982

2,322.43

2,060.95

1,897.12

1,776.96

03. FURNACE / DIESEL OIL:

Quantity (K.Lts)

Total Cost (Rs. / Lakhs)

Average Rate (Rs. / K.Lts)

7,018.75

8,696.00

637.28

697.20

9,079.68

8,017.48

04. OTHER / INTERNAL GENERATION:

B. Consumption per unit of production

Production - OPC / PBFSC / PPC(in MT)

Electricity in Kwh / MT of Cement

Coal Consumption to Clinker

Others (Specify)

6,57,986

6,26,240

102.70

106.32

0.20

0.22

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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.

C. Foreign Exchange Earnings & Outgo :

i) Total Foreign Exchange outflow

ii) Total Foreign Exchange inflow

(Rs. Lakhs)

(Rs. Lakhs)

12.52

22.73

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