

## 16th Annual Report 1999-2000



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# ANJANI PORTLAND CEMENT LIMITED

**Anjani Portland Cement Limited****BOARD OF DIRECTORS**

Sri. K.V. Vishnu Raju -- Managing Director

Sri. P.V.R.L. Narasimha Raju

Sri. R. Kunjithapatham

Sri. K. Narayana Rao

Mrs. Vanitha Datla

Sri. P. Jagan Mohan Reddy  
(APIDC Nominee)

**MANAGEMENT TEAM**

Sri R.A. Rama Raju Vice-President (Operations)

Sri Ch. Gandhi Raju General Manager (Marketing)

Sri V.V. Rama Raju General Manager (Finance & Accounts)

Sri P. Sitharama Raju General Manager (Mechanical)

**AUDITORS**

M/s. M. Anandam & Co.,  
Chartered Accountants,  
6549, R.P. Road,  
Secunderabad - 500 003

**REGISTERED OFFICE**

"Sitha Nilayam",  
153, Dwarakapuri Colony,  
Panjagutta,  
Hyderabad - 500 082

**BANKERS**

State Bank of India  
Punjab National Bank  
The Vysya Bank Ltd.,  
State Bank of Hyderabad

**FACTORY**

Chintalapalem (Village),  
Mellacheruvu (Mandalam),  
Nalgonda (District)  
Andhra Pradesh

## Anjani Portland Cement Limited

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### NOTICE

Notice is hereby given that the Sixteenth Annual General Meeting of the Members of Anjani Portland Cement Limited will be held on Friday, the 15th September, 2000 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 Balance Sheet & Profit and Loss Account as at 31st March, 2000, Directors' Report and the Auditors' Report thereon.
2. To appoint a Director in the place of Sri. P.V.R.L. Narasimha Raju, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office till the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration by passing a Special resolution under Section 224A of the Companies Act, 1956.

M/s. M. Anandam & Co., Chartered Accountants, Secunderabad, are the retiring Auditors of the Company being eligible have offered themselves for reappointment.

### SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification the following Resolution as an ordinary resolution:  
 "RESOLVED THAT Sri. R. Kunjithapatham, who was appointed as an Additional Director of the Company by the Board of Directors, be and is hereby appointed as a Director of the Company liable to retire by rotation.
5. To consider and if thought fit, to pass with or without modification the following Resolution as an ordinary resolution:  
 "RESOLVED THAT Smt. Vanitha Datla, who was appointed as an Additional Director of the Company by the Board of Directors, be and is hereby appointed as a Director of the Company liable to retire by rotation.
6. To consider and if thought fit, to pass with or without modification the following Resolution as an ordinary resolution:  
 "RESOLVED THAT Sri. K. Narayana Rao, who was appointed as an Additional Director of the Company by the Board of Directors, be and is hereby appointed as a Director of the Company liable to retire by rotation.
7. To consider and if thought fit, to pass the following resolution with or without modifications as a Special 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 the approval of the Share holders in the ensuing Annual General Meeting of the Company Shri. K.V. Vishnu Raju be and is hereby appointed as the "Managing Director" of the Company with effect from 27.12.1999 for a period of five years on the following terms and conditions:



# I. SALARY:

Rs. 25,000/- (Rupees Twenty five thousand only) per month.

# II. PERQUISITES:

## Category - A:

- 1) House Rent Allowance at 40% of salary per month plus provision of gas, electricity and water free of charge/reimbursement of expenditure on it will be valued as per the I.T. rules, 1962 however subject to a ceiling of 10% of salary.
- 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 not being allowed.
- 5) Personal Accident Insurance and/or such other Medical/Health Care insurance(s) at a premium not exceeding Rs.2,000/- per annum.

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

He shall also be eligible to 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 leave 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.
- 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 may 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 to the Companies Act, 1956".

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8. To consider and if thought fit, to pass the following resolution with or without modifications as a Special Resolution:

Alteration of Articles of Association of the Company:

"RESOLVED THAT subject to the approval of the Share holders in the ensuing Annual General Meeting the Article 114(1) of the Articles of Association of the Company be and are hereby altered/amended in the manner provided hereunder:

"RESOLVED FURTHER THAT in Article 114(1), after the words Financial Institution appearing in the Seventh and Eleventh lines, the words "or any Nationalised Bank or Scheduled Bank" be added".

9. To consider and if thought fit, to pass the following resolution with or without modifications as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, and subject to the consent of all concerned Authorities and subject to such conditions and modifications as may be required, consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot on one or more tranches out of the Authorised Capital of the Company, such number of equity shares not exceeding 11,00,000 (Eleven lakhs only) ranking pari passu with the existing Equity Shares of the Company on private placement basis to person(s) belonging to the promoter group, at a price of Rs.10/- each and on such terms and conditions as the Board may deem fit and beneficial in the interest of the Company".

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, and things as it may in its absolute discretion, deem necessary in connection with the issue and allotment of the shares to give effect to this resolution".

By order of the Board

Place : Hyderabad

Date : 29.7.2000

(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 company, at its Registered Office.
4. The Register of Members and share transfer books will remain closed from 11th September, 2000 to 15th September, 2000 (both days inclusive).



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**EXPLANATORY STATEMENT****(PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956)****ITEM NO: 4, 5 & 6**

In view of the change in the controlling interest in the Company, Sri. R. Kunjithapatham, Sri. K. Narayana Rao and Mrs. Vanitha Datla were appointed as Additional Directors of the Company on 27.12.1999. Pursuant to Section 260 of the Companies Act, 1956 Sri. R. Kunjithapatham, Sri. K. Narayana Rao and Smt. Vanitha Datla will be holding their office as Directors upto the Annual General Meeting. The Company has received notices under section 257 of the Companies Act, 1956 from share holders of the Company proposing the appointment of Sri. R. Kunjithapatham, Sri. K. Narayana Rao and Mrs. Vanitha Datla.

Excepting Sri. R. Kunjithapatham, Sri. K. Narayana Rao, Mrs. Vanitha Datla and Sri. K.V. Vishnu Raju, Managing Director being her relative, none of the other directors are interested in the above said resolutions.

Your Directors recommend the resolution for approval.

**ITEM NO: 7**

Subsequent to the change in the controlling interest of the Company on the takeover of the management by Sri. K.V. Vishnu Raju, Sri. Syed Badruddin Shez resigned as Managing Director of the Company on 27.12.1999 and in his place Sri. K.V. Vishnu Raju was proposed to be appointed as Managing Director, for a period of 5 years with effect from 27.12.1999, on the terms and conditions mentioned in the resolution.

Sri. K.V. Vishnu Raju aged 36 years has done his B.Tech (Chemical Engineering) from Regional Engineering College - Tiruchirapalli and M.S. (Chemical Engineering) from Michigan Technological University, USA. After completing his education, he had received extensive training in various cement/ceramic/refractory technologies in USA. He worked as a Chemical Engineer in E I Dupont De Nemours, Delaware, USA till September '91, there after he took over as Executive Director of Raasi Cement Limited, where until recently, he was the Managing Director.

Except Sri. K.V. Vishnu Raju, himself and Mrs. Vanitha Datla, Director being his relative, none of the other Directors are interested or concerned, whether directly or indirectly in the said resolution.

Your directors recommend the resolution for approval.

**ITEM NO: 8**

The Term lending Banks viz., State Bank of India has stipulated a condition while sanctioning term loan to the Company, that Articles of Association is to be altered to facilitate the appointment of Nominee Directors from the Banks on the Board of Directors of the Company.

The existing Article 114(1) of the Articles of Association of the Company facilitate the appointment of Nominee Directors from AIFIs and does not facilitate the appointment of Nominee Directors from Nationalised Banks or Scheduled Banks.

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Hence, it is required to alter the existing Clause suitably to facilitate the appointment of Nominee Directors/Special Directors from Nationalised Banks/Scheduled Banks also.

None of the Directors of the Company are interested in the above resolution.

Your Directors recommend the resolution for approval.

### ITEM No: 9 :

The term lending banks while sanctioning Term Loans to the Company has stipulated a condition that the Part of Unsecured loans /Advance Share Application money brought in by Promoters be converted into Equity Share Capital.

Sri. K.V. Vishnu Raju, himself and Mrs. Vanitha Datla, Director being his relative, are interested in the above resolution to the extent of the equity shares that may be allotted to them.

Your Directors recommend the resolution for approval.





## DIRECTORS' REPORT

Your Company has pleasure in presenting the 16th Annual Report and the audited accounts of the company for the year ended 31st March, 2000. As approved by the share holders the name of the company has been changed to Anjani Portland Cement Limited w.e.f. 6.10.1999. Your Directors wish to inform you that after long gestation the company could commence commercial production satisfactorily on 29th December, 1999 by completing the balancing jobs at the factory. The company produced 9333 tonnes of cement during the remainder of the financial year, which can be treated as the initial three months period of stabilization. The financial results of the company for the three months period up to 31st March, 2000 is given below.

	1999 - 2000 (3 months) Rs. In Lakhs.
Gross Sales	279.99
Total expenditure	248.59
Interest	65.01
Depreciation	49.80
Net Loss	83.41

During the year under review the cement industry has suffered because of steep countrywide decline in price realisations and spiraling rise in the cost of various inputs. The cement prices have been under severe pressure and declined in almost all states resulting in a steep decline in realisations.

Your company commenced commercial production on 29th December, 1999 and after overcoming all the initial teething problems the company has stabilized operations during the month of July, 2000. The brand building approach undertaken by your company to develop "ANJANI GOLD" brand has been successful. The excellent quality of 53 grade cement coupled with extensive retail dealer network appointment in the state of Andhra Pradesh has resulted in "Anjani Gold" cement being well accepted within a relatively short period.

## OUT LOOK

Most economical forecasts for the Indian cement industry for the year 2000 - 2001 are favourable. The growth in cement consumption in the southern states is encouraging and is growing at around 15% per year as against all India average growth of 9%. Your company is marketing its products in Andhra Pradesh and Tamil Nadu.

During the year your company will continue its thrust on achieving above 100% capacity utilisation, bringing down the cost of production with special emphasis on reducing coal consumption and power consumption and increasing the availability of our product through a planned expansion of retail network of dealers. This will help the company to improve the sales realisations.

With no significant additions expected to the installed capacity in cement, the demand and supply position is likely to be better balanced.