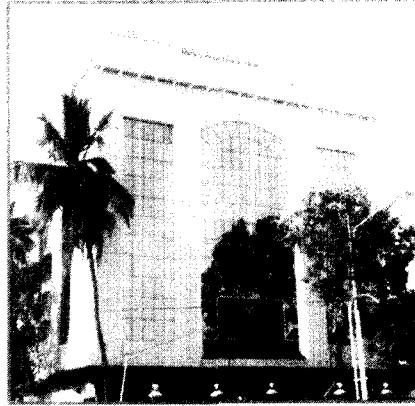


20th Annual Report 2003-2004



Creating Infrastructure for Future Growth





Anjani Portland Cement Limited

BOARD OF DIRECTORS

Sri. K.V. Vishnu Raju	–	Managing Director
Sri. P.V.R.L. Narasimha Raju	–	Whole Time Director
Sri. R. Kunjithapatham		
Smt. Vanitha Datla	–	Whole Time Director
Sri. P. Jagan Mohan Reddy (APIDC Nominee)	–	Up to 09-07-2003
Sri. S. V. Kanaka Seshu (APIDC Nominee)	–	From 31-07-2003
Sri. V.V. Rama Raju		

MANAGEMENT TEAM

Sri. R.A. Rama Raju	Vice-President (Operations)
Sri. Ch. Gandhi Raju	Chief General Manager (Marketing)
Sri. P.R. Raju	Chief General Manager (F & A)
Sri. S.N. Raju	Chief General Manager (Works)
Sri. P. Sitharama Raju	General Manager (Mechanical)

Smt. I.V. Lakshmi

Company Secretary

AUDITORS

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

BANKERS

State Bank of India
Punjab National Bank
ING Vysya Bank
State Bank of Hyderabad

REGISTERED OFFICE

“Sitha Nilayam”,
153, Dwarakapuri Colony,
Panjagutta,
Hyderabad – 500 082

FACTORY

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



Anjani Portland Cement Limited

NOTICE

Notice is hereby given that the Twentieth Annual General Meeting of the Members of Anjani Portland Cement Limited will be held on Wednesday, the 11th August, 2004, 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 Profit and Loss Account for the year ended 31st March, 2004, and the Audited Balance Sheet and the Cash Flow as at that date and Directors' and the Auditors' Reports thereon.
2. To appoint a Director in place of Sri. V.V.Rama Raju, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Statutory Auditors to hold office till the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

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

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. S.V.KanakaSeshu, who was appointed as an Additional Director by the Board on 31.07.2003 under section 260 of the Companies Act, 1956 and Article 108 of the Articles of Association of the company, be and is hereby appointed as a Director of the Company, not liable to retire by rotation."

By Order of the Board

Place : Hyderabad
Date : 19.6.2004

(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 Demat Registrar & Share Transfer Agents of the Company.
4. 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. Sathguru Management Consultants (Pvt) Limited directly for processing. The members may contact the Registrar & Share Transfer Agents of the Company (Ph: 23356507, 23356975) for any further clarification in this regard.
5. The shares of the Company are listed with Hyderabad and Mumbai Stock Exchanges. The Listing Fee for the year 2004-2005 has been paid to the Stock Exchanges.
6. The Register of Members and share transfer books of the Company will remain closed from Saturday, the 7th August, 2004 to Wednesday, the 11th August, 2004 (both days inclusive).

EXPLANATORY STATEMENT (PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956)

ITEM NO.4

Sri S.V. Kanaka Seshu, a nominee of APIDC was appointed as an Additional Director of the Company at the Board Meeting held on 31.07.2003 and as per provisions of section 260 of Companies Act, 1956 he holds office as a Director up to the date of this Annual General Meeting. Company has received Notice from a member alongwith deposit of Rs. 500/-, as required by section 257 of the Companies

Act, 1956, signifying his intention to propose Sri. S.V. Kanaka Seshu as a Director. According to Article 114 (1) of the Articles of Association of the Company the Special / Nominee Director shall not be liable to retire by rotation. Except Sri. S.V.Kanaka Seshu, none of the other directors are interested in the above said resolution. Your Directors recommend the resolution for approval.

Anjani Portland Cement Limited

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Twentieth Annual Report together with the audited accounts and Cash Flow statement for the year ended 31st March 2004.

FINANCIAL RESULTS:

The Financial results for the year ended 31st March, 2004 are summarised below:

	2003 - 2004	2002 - 2003
	Rs. in Lakhs	Rs. in Lakhs
Sales and other Income	4238.32	3934.35
Profit before Interest, Depreciation and deferred Revenue expenditure	625.04	656.44
Less : Interest	353.20	388.60
Profit before depreciation & deferred Revenue expenditure	271.84	267.84
Less : Depreciation & Deferred Revenue expenditure	266.80	253.79
Profit for the year	5.04	14.05
Provision for Taxation (MAT)	0.39	1.08
Profit after Taxation	4.65	12.97

OPERATIONS AND MANAGEMENT OUTLOOK

We are happy to note that the plant performance of your company has improved considerably. During the year under review, the plant has been able to produce 205922 MT, which is more than 100% of its rated capacity. There has been an

emphasis on continuous cost reduction, which has resulted in reduction in power consumption and fuel consumption, facilitating the operational efficiency of the plant.

The Cement Industry in India has witnessed a reasonable growth this year. Both production levels and consumption levels have increased substantially, resulting in the country retaining the position as the second largest producer of cement in the world. The implementation of large infrastructure projects like roads, bridges, warehouses, godowns and thrust on the housing sector has led to an increase in the demand for cement. In spite of the healthy demand in this sector, the prices have not increased as expected when compared to the earlier years. While Cement Industry has done well in other states, there had been a tremendous pressure on the sales realizations in our state due to excess production over demand, which has led to a lower realisation for the company this year, despite an increase in production and sales. However, the impact of the lower realisations has been offset by the substantial reduction in costs. Despite the above position your company would have done better but for an increase in Excise Duty which has affected the profitability by Rs. 115 lakhs during the year under review.

However, the management is confident that the profitability of the company would improve in the coming years as there will be an increase in demand since there is a focus on major irrigation projects besides improvement in Export market.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to provision of Section 217 (2AA) of the Companies (Amendment) Act, 2000 your Directors hereby confirm.

- that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures:
- that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent



Anjani Portland Cement Limited

so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;

- c) that the Directors 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;
- d) that the Directors have prepared the accounts for the financial year ended 31st March, 2004 on a 'going concern' basis.

DIRECTORS:

Sri. V.V Rama Raju retires by rotation at this Annual General Meeting and is eligible for re-appointment.

Sri. S.V. Kanaka Seshu, who was appointed as an Additional Director on 31.07.2003 also retires at this annual general meeting. Pursuant to the provisions of Section 260 and 257 of the Companies Act, 1956 Sri S.V. Kanaka Seshu is eligible for re-appointment.

The detailed profile of these directors is given under the head "Corporate Governance".

During the year Sri. P. Jagan Mohan Reddy resigned as Director w.e.f. 09.07.2003. The Board takes this opportunity to thank him for his valuable contribution during the tenure of his directorship.

SUBSIDIARY:

The Annual Report, for the year ended 31.3.2004 of the subsidiary company, M/s. Vennar Ceramics Ltd., is annexed to the Balance Sheet of your Company as at 31.3.2004. A statement on your company's interest in the subsidiary is also annexed hereto.

CORPORATE GOVERNANCE:

The Company complied with the requirements regarding Corporate Governance as required under Clause 49 of the Listing Agreement with the Stock Exchanges. A report on Corporate Governance followed by the Company is annexed hereto.

AUDITORS:

M/s. M. Anandam & Co., Chartered Accountants, Secunderabad, the Statutory

Auditors of the company retire at the conclusion of the Annual General Meeting and are eligible for re-appointment.

FIXED DEPOSITS:

The aggregate amount of deposits accepted by the Company stood at Rs.1,79,74,000/- and matured and unclaimed deposits as on 31st March, 2004 were NIL.

INSURANCE:

The properties of the Company including its buildings, plant and machinery and stocks wherever necessary and to the extent required have been adequately insured.

PARTICULARS OF EMPLOYEES:

There are no employees in the organisation coming under the provisions of section 217 (2A) of the company act 1956 read with the companies (Particulars of employees) Rules, 1975 as amended.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE:

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

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 statute bodies and departments of the State and Central Governments and Bankers viz., State Bank of India, Punjab National Bank, The ING Vysya Bank, State Bank of Hyderabad, Dealers, Stockists, Customers, Suppliers and Share holders of the Company for their valuable support of the Company.

For and on behalf
of the Board of Directors

(K.V. VISHNU RAJU)
Managing Director

Place : Hyderabad
Date : 19.6.2004



Anjani Portland Cement Limited

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 2003 – 2004	Previous Year 2002 - 2003
01. ELECTRICITY		
a. Purchases:		
Units (in Lacs)	242.82	238.71
Total Amount (Rs. in Lacs)	892.81	884.77
Rate/Unit (in Rs.)	3.68	3.71
b. Own Generation		
Through DG – Units (in Lacs)	NIL	Nil
Units/Ltr of Diesel	—	—
Cost/Unit (in Rs.)	—	—
02. COAL:		
Quantity (MT)	39636	36701
Total Cost (Rs. in Lacs)	757.56	650.22
Average Rate (Rs. per tonne)	1911.31	1771.68

B. CONSUMPTION PER UNIT OF PRODUCTION

Product-OPC (in MT)		
Electricity (Units)	108.77	110.60
Coal (in MT)	17.64	16.98

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

The Company has not earned any foreign exchange during the year. Also, during the year, there was no foreign exchange used.

Anjani Portland Cement Limited

CORPORATE GOVERNANCE REPORT

The Company has implemented the Code of Corporate Governance during the financial year in terms of Clause 49 of the listing agreement entered into by the Company with the stock exchanges.

1. A brief statement on Company's Philosophy on Code of Governance:

Your Company believes in adhering to the code of corporate governance in true spirit, by complying with total transparency, disclosure norms and good corporate practices while dealing with the Shareholder's, customers, creditors, lenders and others.

The Board of Directors ("the Board") has adequate representation of professional, qualified, Non-Executive and Independent Directors. For the matters requiring special attention and also for proper and effective disposal of such matters, the Board has constituted various Committees of Directors. the Board and Committee meetings have been held as required. Adequate disclosures and information are provided to the Board as well as to the Committees. All the Directors attending the Board and Committee Meetings actively participate in their proceedings. Decisions at the Board and Committee meetings are taken unanimously.

2. Board of Directors:

The Board of the Company consists of six Directors, three of whom are Independent and Non-Executive Directors.

The details of Composition and categories of Directors are given in Table 1.

Table 1

Sr. No.	Name of the Director	Category
1.	Sri. K. V. Vishnu Raju	Promoter, Managing Director and Executive
2.	Sri. P.V. R.L. Narasimha Raju	Whole Time Director & Executive
3.	Mrs. Vanitha Datla	Whole Time Director & Executive
4.	Sri. R. Kunjithapatham	Independent and Non-Executive
5.	Sri. V.V. Rama Raju	Independent and Non-Executive
6.	Sri. P. Jagan Mohan Reddy*	Independent and Nominee of APIDC
7.	Sri. S.V. Kanaka Seshu**	Independent and Nominee of APIDC

* Sri. P. Jagan Mohan Reddy ceased to be a Director of the Company with effect from 09.07.2003.

** Sri. S.V. Kanaka Seshu was inducted as an Additional Director w.e.f. 31.07.2003 in place of Sri. P. Jagan Mohan Reddy.

Brief profile of the Director on the Board who is liable to retire by rotation and eligible for re-appointment is as under:

Anjani Portland Cement Limited

* Sri V.V. Rama Raju

Sri. V.V. Rama Raju is a Chartered Accountant. He has more than 15 years of experience in the fields of Corporate Finance, Corporate Planning and General Management.

He does not hold directorships in any other companies.

Brief profile of Director, whose appointment will be placed in the Meeting for the approval of members.

** Sri. S.V. Kanaka Seshu

Sri. S.V. Kanaka Seshu, Nominee Director of Andhra Pradesh Industrial Development Corporation Limited (APIDC) is a B.Com (Hons) graduate of Osmania University and an MBA from Andhra University. He has been working in APIDC for over Twenty Two years and is presently a Deputy General Manager in the Corporation.

List of outside Directorships held by Sri. S.V. Kanaka Seshu .

- | | | |
|-----------------------------|------------------------------------|------------------------|
| a) Prathistha Biotech Ltd., | b) Hemadri Cements Ltd., | c) Vensa Biotech Ltd., |
| d) Kinnera Steels Ltd., | e) Essel Software & Services Ltd., | |
| f) Nitya Laboratories Ltd., | g) Indus Medicare Ltd., | |

3. Board Procedure:

Board Meetings:

The details about performance of the Company, financial position, statutory compliance's, quarterly results, market environment and all other aspects of the Company which are relevant for review of the Board of Directors are being given in a structured format at each meeting. The said information substantially complies with the requirements of the code of Corporate Governance with regard to the information to be placed before the Board of Directors.

During the financial year 2003-2004, the Board of Directors met four times. The details of the Board Meetings held during the year are given in Table 2.

Table 2

Meetings of	Date of the Meeting	Total members	Attendance by Number of members
Board of Directors	14th June, 2003	6	5
	31st July, 2003	6	4
	28th November, 2003	6	4
	31st January, 2004	6	5

The details of remuneration paid to the Non-Executive Directors during the financial year 2003-2004 are given hereunder.

Non-Executive Directors are not entitled for any remuneration other than the sitting fees.



Anjani Portland Cement Limited

The details of sitting fee paid to the Directors are given below:

S.No.	Name of the Non-Executive Director	Sitting Fees (Rs)	Other elements of remuneration
1.	Sri. R. Kunjithapatham	2,000	Nil
2.	Sri. V.V. Rama Raju	1,500	Nil

The details of attendance of each Director at the Board, Audit Committee, Share Transfer Committee Meetings and last AGM held during the financial year 2003 - 2004 and details of number of outside directorships and committee positions held by each of the Directors are given below:

Table 3

Sl. No.	Name	Attendance at Board & Committee Meetings				Outside Directorships and Committee Positions			
		No. of Board Meetings Attended	No. of Audit Committee Meetings Attended	No. of Share Transfer Committee Meetings Attended	Annual General Meeting Yes = attended No = not attended	Directorships		Committee Positions	
						Member	Chairman	Member	Chairman
1.	Sri. K.V. Vishnu Raju	3	N.A.	21	Yes	9	—	—	—
2.	Sri. P.V.R.L. Narasimha Raju	3	N.A.	N.A.	Yes	2	—	—	—
3.	Smt. Vanitha Datla	4	3	21	Yes	3	—	—	—
4.	Sri. R. Kunjithapatham	4	3	21	Yes	2	—	—	—
5.	Sri. V.V. Rama Raju	3	3	N.A.	No	Nil	—	—	—
6.	Sri. P. Jagan Mohan Reddy*	—	—	N.A.	—	Nil	—	—	—
7.	Sri S.V. Kanaka Seshu	1	1	N.A.	No	7	—	1	—

* Not a Director as on the date of the last AGM.

The Board has constituted Committees of Directors to deal with matters in detail and to monitor the activities falling with the terms of reference. The Board Committees are as follows:

4. Audit Committee:

The brief terms of reference of the Audit Committee includes the following:

- To review the reports of Internal Auditors;
- To review the Auditors' Report on the financial statements;
- To review the strength and weakness of the internal controls and to provide recommendations relating thereto;
- To review the Company's financial and risk management policies and practices;
- To generally assist the Board to discharge their functions more effectively;

Anjani Portland Cement Limited

Meeting and Attendance :

Meetings : The Audit Committee met 3 times during the year under review on the following dates : 31.5.2003, 14.6.2003 and 28.11.2003.

The Audit Committee consists of the following Directors:

Table 4

S.No.	Name of the Director	No. of meetings held	No. of meetings attended
1.	Sri. R. Kunjithapatham	3	3
2.	Mrs. Vanitha Datla	3	3
3.	Sri. V.V. Rama Raju	3	2
4.	Sri. P. Jagan Mohan Reddy *	3	—
5.	Sri. S.V. Kanaka Seshu **	3	1

* Sri. P. Jagan Mohan Reddy ceased to be a member of the committee w.e.f. 9.7.2003

** Sri. S.V. Kanaka Seshu Co-opted as a member of the committee w.e.f. 28.11.2003

The Audit Committee consists of 3 Non-Executive Independent Professional Directors, and Sri. R. Kunjithapatham is the Chairman of the Committee. All the members have the financial and accounting knowledge.

5. Share Transfer Committee :

The details of Share Transfer Committee meetings held during the financial year under review and attendance by each of the members are as given below:

Table 5

S.No.	Name of the Director	No. of meetings held	No. of meetings attended
1.	Sri. K. V. Vishnu Raju	21	21
2.	Mrs. Vanitha Datla	21	21
3.	Sri. R. Kunjithapatham	21	21

Mr. P.R. Raju, Chief General Manager (F. & A) is the Compliance Officer.

6. General Body Meetings:

Year	Location	Date	Time
2000 -2001	Bhaskara Auditorium, B.M. Birla Science Centre, Adarsh Nagar, Hyderabad	12th September, 2001	11.00 A.M.
2001 -2002	Bhaskara Auditorium, B.M. Birla Science Centre, Adarsh Nagar, Hyderabad	18th September, 2002	11.00 A.M.
2002 -2003	Bhaskara Auditorium, B.M. Birla Science Centre, Adarsh Nagar, Hyderabad	7th August, 2003	11.30 A.M.