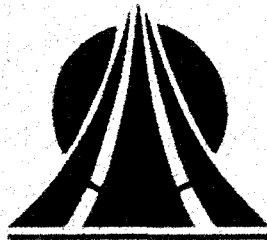


# 22nd Annual Report 2005-2006

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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	–	Whole Time Director
Sri. R. Kunjithapatham		
Smt. Vanitha Datla	–	Whole Time Director
Sri. S. V. Kanaka Seshu (APIDC Nominee)		
Sri. V.V. Rama Raju		

## MANAGEMENT TEAM

Sri. R.A. Rama Raju	Technical Consultant
Sri. Ch. Gandhi Raju	Chief General Manager (Marketing)
Sri. P.R. Raju	Chief General Manager (Finance)
Sri. S.N. Raju	Vice President (Works)
Sri. P. Sitharama Raju	Senior General Manager (Mechanical)

## AUDITORS

M/s. M. Anandam & Co.,  
Chartered Accountants,  
7 'A', Surya Towers, S.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 Twenty Second Annual General Meeting of the Members of Anjani Portland Cement Limited will be held on Friday, the 8<sup>th</sup> day of September, 2006, at 10.00 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 31<sup>st</sup> March, 2006, and the Audited Balance Sheet together with the Report of the Board of Directors' and the Auditors' thereon.
2. To appoint a Director in place of Sri. V.V. Rama Raju, who retires by rotation and is eligible for re-appointment.
3. To appoint Statutory Auditors to hold office from the conclusion of this Annual General Meeting and to fix their remuneration and to pass the following resolution there of:  

"RESOLVED THAT M/s. M. Anandam & Co., Chartered Accountants, be and are hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this meeting to the conclusion of the next Annual General Meeting, on such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors."

### SPECIAL BUSINESS

4. Revision in the terms of remuneration of Sri. K.V. Vishnu Raju, Managing Director.  

To consider and if thought fit, to pass with or without modification the following Resolution as an ordinary resolution:  

"RESOLVED THAT in partial modification of the Resolution No.4 passed in the Annual General Meeting held on 24<sup>th</sup> August, 2005 in regard to appointment and remuneration of Sri. K.V. Vishnu Raju, Managing Director and in accordance with the provisions of Sections 198, 269,

309,310 and other applicable provisions, if any, of the Companies Act, 1956 (the Act), read with Schedule XIII of the Act, the consent of the Company be and is hereby accorded to the payment of the following revised remuneration to Sri. K.V. Vishnu Raju, Managing Director with effect from 01.4.2006 till the expiry of his present term of office.

#### I. Salary :

Rs. 75,000/- p.m. (Rupees Seventy Five Thousand Only) per month.

#### II. Perquisites :

1. House Rent Allowance at 50% of the Salary per month.
2. Education Allowance : For Two children upto Rs.3,000/- p.m.
3. Medical Reimbursement of actual expenses for self and family subject to a ceiling of half a month's salary per annum.
4. Leave Travel Allowance for self and family once in a year subject to a maximum of half a month's salary per annum.

#### Other benefits:

1. Contribution to Provident Fund, Superannuation Fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
2. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service
3. Encashment of leave at the end of the tenure.
4. Company car and Telephones: Use of the Company's Car and Telephone at residence and cell phone for official purposes.

The aggregate remuneration inclusive of salary and perquisites shall always be subject to the overall ceiling laid down in Part II of Schedule XIII of the Act.

RESOLVED FURTHER that the Board of Directors of the Company be and are hereby authorized to vary, alter or modify the different components of the above

## Anjani Portland Cement Limited

remuneration as may be agreed to by the Board of Directors and the Managing Director.

RESOLVED FURTHER THAT the terms and conditions of the said appointment may be altered and varied from time to time by the Board as it may, in its discretion, deem fit, within the maximum amount payable to the Managing Director in accordance with schedule XIII of the Act, or any amendments for the time being in force in this regard."

5. To consider and if thought fit, to pass with or without modification the following Resolution as an ordinary resolution

"RESOLVED THAT the consent of the Company be and is hereby accorded to the re-appointment of Shri. P.V.R.L. Narasimha Raju, who fulfills the conditions specified in Part I and Part II of schedule XIII of the Companies Act, 1956, as the Whole Time Director of the Company for a period of 5 years effective 1<sup>st</sup> April, 2006, on the following terms and conditions:

### I. SALARY:

Rs. 60,000/- p.m. (Rupees Sixty Thousand Only)

### II. PERQUISITES:

1. House Rent Allowance at 50% of the Salary per month.
2. Education Allowance : For Two children upto Rs.2,000/- p.m.
3. Medical Reimbursement of actual expenses for self and family subject to a ceiling of half a month's salary per annum.
4. Leave Travel Allowance for self and family once in a year subject to a maximum of half a month's salary per annum.

### Other benefits:

1. Contribution to Provident Fund, Superannuation Fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
2. Gratuity payable at a rate not exceeding half

a month's salary for each completed year of service

3. Encashment of leave at the end of the tenure.
4. Company car and Telephones: Use of the Company's Car and Telephone at residence and cell phone for official purposes.

The aggregate remuneration inclusive of salary and perquisites shall always be subject to the overall ceiling laid down in Part II of Schedule XIII of the Act.

RESOLVED FURTHER that the Board of Directors of the Company be and are hereby authorized to vary, alter or modify the different components of the above remuneration as may be agreed to by the Board of Directors and the Whole Time Director.

RESOLVED FURTHER THAT the terms and conditions of the said appointment may be altered and varied from time to time by the Board as it may, in its discretion, deem fit, within the maximum amount payable to the Whole Time Director in accordance with schedule XIII of the Act, or any amendments for the time being in force in this regard."

6. To consider and if thought fit, to pass with or without modification the following Resolution as an ordinary resolution

"RESOLVED THAT the consent of the Company be and is hereby accorded the re-appointment of Smt. Vanitha Datla, who fulfills the conditions specified in Part I and Part II of schedule XIII of the Companies Act, 1956, as the Whole Time Director of the Company for a period of 5 years effective 1<sup>st</sup> April, 2006, on the following terms and conditions:

### I. SALARY:

Rs. 60,000/- p.m. (Rupees Sixty Thousand Only)

### II. PERQUISITES:

1. House Rent Allowance at 50% of the Salary per month.

## Anjani Portland Cement Limited

2. Education Allowance : For Two children upto Rs.2,000/- p.m.
3. Medical Reimbursement of actual expenses for self and family subject to a ceiling of half a month's salary per annum.
4. Leave Travel Allowance for self and family once in a year subject to a maximum of half a month's salary per annum.

### Other benefits:

1. Contribution to Provident Fund, Superannuation Fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
2. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service
3. Encashment of leave at the end of the tenure.
4. Company car and Telephones: Use of the Company's Car and Telephone at residence and cell phone for official purposes.

The aggregate remuneration inclusive of salary and perquisites shall always be subject

to the overall ceiling laid down in Part II of Schedule XIII of the Act.

RESOLVED FURTHER that the Board of Directors of the Company be and are hereby authorized to vary, alter or modify the different components of the above remuneration as may be agreed to by the Board of Directors and the Whole Time Director.

RESOLVED FURTHER THAT the terms and conditions of the said appointment may be altered and varied from time to time by the Board as it may, in its discretion, deem fit, within the maximum amount payable to the Whole Time Director in accordance with schedule XIII of the Act, or any amendments for the time being in force in this regard."

By Order of the Board

Place : Hyderabad  
Date : 30.6.2006

**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 2006 - 2007 has been paid to the Stock Exchanges.
6. The Register of Members and share transfer books of the Company will remain closed from the Tuesday, the 5<sup>th</sup> September, 2006 to Friday, the 8<sup>th</sup> September, 2006 (both days inclusive).

## Anjani Portland Cement Limited

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

#### ITEM NO.4

Sri. K.V. Vishnu Raju was appointed as Managing Director of the Company for a period of 5 years w.e.f. 27.12.2004 on a remuneration of Rs. 40,000/- p.m. along with other perks and the members have duly approved the same at the 21<sup>st</sup> Annual General Meeting held on 24.8.2005. His term of appointment expires on 26.12.2009.

The share holders are informed that Sri. K.V. Vishnu Raju, the main promoter of the Company has made invaluable contribution to the growth and progress of the Company. During last 5 years the Company, despite adverse market conditions was successful in keeping its reputation and servicing the debt to the Banks as well as discharging its statutory obligations.

The Board of Directors at their meeting held on 30.6.2006, approved revision in the remuneration of Sri. K.V. Vishnu Raju as Managing Director of the Company for the remaining tenure upto 26-12-2009 with effect from 1<sup>st</sup> April, 2006, subject to approval of members of the company.

The increased remuneration referred to above may be treated as an abstract of the variation of the terms of appointment of Sri. K.V. Vishnu Raju in accordance with the provisions of section 302 of the Companies Act, 1956.

Your Board of Directors recommends this resolution for your approval.

None of the Directors of the Company except Sri. K.V. Vishnu Raju by himself and Smt. Vanitha Datla, Director, being his relative is interested in the said resolution.

#### ITEM NO.5

Members of the Company are aware that the

tenure of appointment of Sri. P.V.R.L. Narasimha Raju as Whole Time Director of the Company expired on 31.3.2006. Keeping in view, the valuable contribution made by Sri. P.V.R.L. Narasimha Raju towards the growth and success of the Company, the Board of Directors at their meeting held on 30.6.2006, approved re-appointment of Sri. P.V.R.L. Narasimha Raju as Whole Time Director of the Company for a further period of 5 years w.e.f. 1<sup>st</sup> April, 2006 with a revision in the remuneration, subject to approval of members of the company.

Your Board of Directors recommends the resolution for your approval.

None of the Directors of the Company except Sri. P.V.R.L. Narasimha Raju is interested in the said resolution.

#### ITEM NO.6

Members of the Company are aware that the tenure of appointment of Smt. Vanitha Datla as Whole Time Director of the Company expired on 31.3.2006. Keeping in view, the valuable contribution made by Smt. Vanitha Datla towards the growth and success of the Company, the Board of Directors at their meeting held on 30.6.2006, approved re-appointment of Smt. Vanitha Datla as Whole Time Director of the Company for a further period of 5 years w.e.f. 1<sup>st</sup> April, 2006 with a revision in the remuneration, subject to approval of members of the company.

Your Board of Directors recommends the resolution for your approval.

None of the Directors of the Company except Smt. Vanitha Datla by herself and Sri. K.V. Vishnu Raju, Managing Director, being her relative is interested in the said resolution.

# Anjani Portland Cement Limited

## DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the Twenty Second Annual Report on the business and operations of the Company together with the audited accounts for the year ended 31<sup>st</sup> March 2006.

### FINANCIAL RESULTS:

The Financial results for the year ended 31<sup>st</sup> March, 2006 are summarised below:

	2005 - 2006	2004 - 2005
	Rs. in Lakhs	Rs. in Lakhs
Sales and other		
Income	<b>5162.93</b>	4836.80
Profit before		
Interest,		
Depreciation	<b>536.77</b>	597.84
Less : Interest	<b>292.00</b>	316.08
Depreciation	<b>224.70</b>	269.35
Profit before		
exceptional items &		
taxes	<b>20.07</b>	12.41
Less :		
Prior period expenses	<b>9.04</b>	-
Fringe Benefit Tax	<b>3.16</b>	-
Differed Tax	<b>5.51</b>	-
Provision for Taxation	<b>0.66</b>	0.97
<b>Profit after Taxation</b>	<b>1.70</b>	11.44

### Operations:

During the year under review, your company has achieved 109% of rated capacity and recorded a production of 215613 MT of Cement as against the previous year's cement production of 214762 MT.

The Company registered a Sales of 268627 MT of Cement and Clinker, showing an increase of 2.91% as against the previous year's sale of 261027 MT.

The Cement Industry in India has witnessed a reasonable growth this year. Both production levels and consumption levels have increased substantially, allowing the country to retain its position as the second largest producer of cement in the world. The implementation of large infrastructure as well as irrigation projects and thrust on the housing sector has led to an increase in the demand for cement.

Despite the healthy demand in this sector, the price of cement was highly volatile during the year under review. However your company has achieved a Gross Sales turnover of Rs. 5157 lakhs registering an increase of 6.69% over the previous year's Gross Turnover of Rs 4833 lakhs.

### Future outlook:

The management is confident that the profitability of the company would improve during the current year provided the price realizations during the first quarter of the current year would continue during the remaining part of the current year.

Further, the management is confident that the profitability of the company would improve in the coming years as the gap between demand and supply is marginalized as there is a focus on major irrigation projects by the State Government besides implementation of large infrastructure projects.

### DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and in terms of Articles of Association of the Company Shri. V.V. Rama Raju retires by rotation at the Annual General Meeting and is eligible for re-appointment.

### DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217 (2AA) of the Companies Act, 1956 the Directors hereby confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures:



## Anjani Portland Cement Limited

- b) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent 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 of the Company for the year under review;
- c) 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 31<sup>st</sup> March, 2006 on a going concern basis.

### SUBSIDIARY:

The Annual Report, for the year ended 31.3.2006 of the subsidiary company, M/s. Vennar Ceramics Ltd., is annexed to the Balance Sheet of your Company as at 31.3.2006. A statement on your company's interest in the subsidiary is also annexed hereto.

### CORPORATE GOVERNANCE:

A separate section on Corporate Governance and a Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, forms part of this Report.

### AUDITORS:

M/s. M. Anandam & Co., Chartered Accountants, Secunderabad, the Statutory Auditors of the Company, retire at the ensuing Annual General Meeting and are eligible for re-appointment.

### FIXED DEPOSITS:

The aggregate amount of deposits accepted by the Company stood at Rs. 2,21,72,000/- and matured and unclaimed deposits as on 31<sup>st</sup> March, 2006 were NIL.

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

For and on behalf  
of the Board of Directors

Place : Hyderabad  
Date : 30.06.2006

**K.V. VISHNU RAJU**  
Managing Director



# Anjani Portland Cement Limited

## ANNEXURE FORMING PART OF DIRECTORS' REPORT

### FORM – "A"

#### FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

##### A. POWER AND FUEL CONSUMPTION:

	Current Year 2005 – 2006	Previous Year 2004 - 2005
<b>01. ELECTRICITY</b>		
a. Purchases:		
Units (in Lacs)	246.22	255.44
Total Amount (Rs. in Lacs)	891.29	908.85
Rate/Unit (in Rs.)	3.62	3.56
b. Own Generation		
Through DG – Units (in Lacs)	NIL	Nil
Units/Ltr of Diesel	—	—
Cost/Unit (in Rs.)	—	—
<b>02. COAL:</b>		
Quantity (MT)	41877	42996
Total Cost (Rs. in Lacs)	820.82	845.17
Average Rate (Rs. per tonne)	1960	1966
<b>B. CONSUMPTION PER UNIT OF PRODUCTION</b>		
Product-OPC (in MT)		
Electricity (Units)	95.84	102.95
Coal (in MT)	17.40	17.58

### 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:

The Company's philosophy on Corporate Governance aims at assisting the management of the Company in the efficient conduct of the business and in meeting its responsibilities to all the share holders. The Company always strives to achieve optimum performance at all levels by adhering to corporate governance practices, such as:

- \* Fair and transparent business practices,
- \* Effective Management Control by Board
- \* Adequate representation of promoter, executive and independent directors on the Board.
- \* Accountability for performance
- \* Monitoring of executive performance by the Board.
- \* Compliance of Laws.
- \* Transparent and timely disclosure of financial and management information.

### 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 & 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. S.V. Kanaka Seshu	Independent and Nominee of APIDC

Brief profile of Directors seeking re-appointment at the forthcoming Annual General Meeting pursuant to Clause 49 of the Listing Agreement:

#### \* Sri. V.V. Rama Raju

Sri. V.V. Rama Raju is a Chartered Accountant. He has more than 17 years of experience in the fields of Corporate Finance, Corporate Planning and General Management.

He does not hold directorships in any other companies.