

**PANYAM
CEMENTS & MINERAL
INDUSTRIES LIMITED**

**46th
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2001 - 2002**

BOARD OF DIRECTORS

V. RAMNATH
Managing Director

A. SATHYA BHUSHANA RAO
Executive Director

P.P. SARMA
Nominee-Bank of Baroda

M.K. Garg
Nominee-GIC

Dr. R.K. PRASAD SUNKARA

Y. SURENDRA

N.. BABU RAO

GENERAL MANAGER-FINANCE & COMPANY SECRETARY

G. RAMA KRISHNA

AUDITORS

Brahmayya & Company
Chartered Accountants
Adoni - 518 301

COST AUDITORS

M/s. Parankusam & Co.
Cost Accountants,
Plot No. 802, 64th Street,
10th Sector, K.K. Nagar,
Chennai - 600 078.

LEGAL ADVISER

N. NAGENDRANATH REDDY

BANKERS

Bank of Baroda
Syndicate Bank
Canara Bank
Andhra Bank
Vijaya Bank
The Karur Vysya Bank Ltd.

REGISTERED OFFICE & CEMENT DIVISION

Cementnagar-518 206
Kurnool Dist., Andhra Pradesh
Telephone No.: 08516-74638
Fax No : 08516 - 74644

CHEMICAL DIVISION

Hagari - 583 138
Bellary Dist., Karnataka
Telephone Nos. : 08492-80243

ENGINEERING DIVISION

P.B. No. 6904
Bommanahalli, Madivala
Bangalore - 560 068, Karnataka
Telephone Nos. : 5722273 / 5722374
Fax No. : 080-5722303

CENTRAL ADMINISTRATIVE OFFICE

H. No. 8-2-418/1, Plot No. 50,
Road No. 4, Banjara Hills,
Hyderabad - 500 034
Telefax:3358808 & 10

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NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the FORTYSIXTH ANNUAL GENERAL MEETING of the Company will be held on Saturday, the 21st September, 2002 at 11.00 A.M. at the Company's Registered Office in Cementnagar, Kurnool District, A.P. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account of the Company for the year ended 31st March, 2002 and the Balance Sheet as at that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Sri A.Sathya Bhushana Rao who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors and fix their remuneration. The retiring Auditors, M/s.Brahmayya and Co., Chartered Accountants, Adoni are eligible for reappointment.

SPECIAL BUSINESS:

4. To consider and if thought fit to pass the following resolution with or without modifications as an Ordinary Resolution:

"RESOLVED that Sri Y.Surendra of Hyderabad who was appointed as an Additional Director of the Company by the Board of Directors and who holds office upto the date of the forthcoming Annual General Meeting under section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company."

5. To consider and if thought fit to pass the following resolution with or without modifications as an Ordinary Resolution:

"RESOLVED that Sri N.Babu Rao of Hyderabad who was appointed as an Additional Director of the Company by the Board of Directors and who holds office upto the date of the forthcoming Annual General Meeting under section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company."

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

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, Articles of Association of the Company be altered in the following manner:

- (i) The following new Article 20-A with marginal note as indicated, be inserted after the existing Article 20:

20-A Register and Index of Members:

The Company shall cause to be kept at its Registered Office or at such other place as may be decided by the Board of Directors, the Register and Index of Members in accordance with Section 150 and 151 and other applicable provisions, if any, of the Companies Act, 1956 and the Depositors Act, 1996 with the details of shares held in physical and dematerialised form in any media as may be permitted by law including in any form of electronic media.

The Register and Index of Beneficial Owners maintained by a Depository under Section 11 of the Depositories Act 1996 shall also be deemed to be the Register and Index of Members for the purpose of the Companies Act, 1956 and any amendment or re-enactment thereof. The Company shall have power to keep in any State or Country outside India, a Register of Members for the residents in that State or Country.

- (ii) The following new Article 21-A with marginal note as indicated, be inserted after the existing Article 21:

21-A Nomination of Shares:

1. Every holder of shares or holder of debentures of the company may, at any time, nominate, in prescribed manner, a person to whom his shares in or debentures of the Company shall vest in the event of his death.
2. Where the shares in or debentures of the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the Company shall vest in the event of death of all the joint holders.
3. Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares in or debentures of the Company, where a nomination made in prescribed manner purports to confer on any person the right to vest the shares in, or debentures of the Company, the nominee shall, on the death of the shareholder or holder of debentures of the Company or as the case may be on the death of the joint holders becomes entitled to all the rights in the shares or

debentures of the company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.

4. Where the nominee is a minor, it shall be lawful for the holder of the shares or holder of the debentures, to make the nomination to appoint, in the prescribed manner, any person to become entitled to shares or debentures of the Company in the event of his death, during the minority.

- (iii) The following new Article 21-B with marginal note as indicated, be inserted after the proposed Article 21-A:

21-B Dematerialisation of Securities

For the purpose of this Article, unless the context otherwise requires:

A. Definitions:

Beneficial Owner: "Beneficial Owner" means the beneficial owner as defined under section 2(1)(a) of the Depositories Act 1996.

Bye-laws: "Bye Laws" means bye laws made by a Depository under Section 26 of the Depositories Act, 1996.

Depositories Act: "Depositories Act" means the Depositories Act, 1996, and any statutory modification or re-enactment thereof for the time being in force.

Depository: "Depository" means a company formed and registered under the Companies Act, 1956 (1 of 1956) ("the Act") and which has been granted a certificate of registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992);

Record: "Record" includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by the regulations made by SEBI.

Regulations: "Regulations" means the regulations made by SEBI;

SEBI: "SEBI" means the Securities and Exchange Board of India.

Security: "Security" means such security as may be specified by SEBI from time to time.

Shareholder or Member: "Shareholder or Member" means the duly registered holder, from time to time of the shares of

the Company and includes the subscribers to the Memorandum of Association of the Company and also every person holding Equity Shares and/or Preference Shares of the Company as also one whose name is entered as a beneficial owner of the shares in the records of the Depository;

B Dematerialisation of Securities:

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise or rematerialise its shares, debentures and other securities (both existing and future) held by it with the Depository and to offer its shares, debentures and other securities for subscription in a dematerialised form pursuant to the Depositories Act, 1996 and the Rules framed thereunder, if any;

C Option for Investors

Every person subscribing to securities offered by the Company shall have the option to receive the security certificates or to hold the securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a Depository. If permitted by law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner of the required certificates of securities.

Where a person opts to hold his securities with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of such information, the Depository shall enter in its record the name of the allottee as the beneficial owner of the Security.

D Securities in Depositories to be in fungible form:

All securities held by a Depository shall be dematerialised and shall be in a fungible form. Nothing contained in Sections 153, 153A, 153B, 187A, 187B, 187C and 372 of the Act shall apply to a Depository in respect of securities held by it on behalf of the beneficial owners.

E Rights of Depositories and Beneficial Owners:

- i) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of

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effecting transfer of ownership of security on behalf of the beneficial owner;

- ii) Save as otherwise provided in (i) above, the Depository as a registered owner of the securities shall not have any voting rights or any other right in respect of the securities held by it;
- iii) Every person holding securities of the Company and whose name is entered as a beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities held by a Depository.

F Depository to furnish information:

Notwithstanding anything to the contrary contained in the Act or these Articles, where the securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies and discs.

- G** If a beneficial owner seeks to opt out of a Depository in respect of any security, the beneficial owner shall inform the Depository accordingly. The Depository shall, on receipt of the intimation as above, make appropriate entries in its record and shall inform the Company accordingly.

The Company shall within thirty (30) days of the receipt of intimation from the Depository and on fulfilment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the beneficial owner of the transferee as the case may be.

H Section 83 and 108 of the Act not to apply:

- i) Section 83 of the Act shall not apply to the shares with a Depository
- ii) Section 108 of the Act shall not apply to transferor and the transferee both of whom are entered as beneficial owners in the records of a Depository.

I Register and Index of Beneficial Owners:

The Register and Index of Beneficial Owners, maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be the Register and Index of Members and Security holders as the case may be for the purpose of these Articles.

J Intimation to Depository:

Notwithstanding anything contained in the Act or these Articles, where securities are dealt with in a Depository, the Company shall intimate the details of allotment of securities thereof to the Depository immediately on allotment of such securities.

K Stamp Duty on securities held in dematerialised form:

No stamp duty would be payable on shares and securities held in dematerialised form in any medium as may be permitted by law including any form of electronic medium.

L Applicability of the Depositories Act:

In case of transfer of shares, debentures and other marketable securities where the company has not issued any certificate and where such shares, debentures or securities are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.

M Company to recognise the rights of Registered Holders as also the Beneficial Owners of the shares in the records of the Depository:

Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share, as also the beneficial owner of the shares in records of the Depository as the absolute owner thereof as regards receipt of dividends or bonus or service of notices and all or any other matters connected with the Company, and accordingly, the Company shall not, except as per the order by a Court of competent jurisdiction or as by law required, be bound to recognise any benami trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof.

By Order of the Board of Directors
For **Panyam Cements & Mineral Industries Ltd**

Hyderabad
Dt. 22nd August, 2002.

G. RAMA KRISHNA
General Manager (Finance)
and Company Secretary

**Panyam Cements &
Mineral Industries Limited**
NOTES:

1. 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 AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. Register of Members and Share Transfer books of the company will remain closed from 16.09.2002 to 21.09.2002 (both days inclusive).
3. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Resolutions Nos.4, 5 and 6 is annexed hereto.
4. The unpaid Dividend amount of Rs.3,41,242.40 in respect of Redeemable "A", "B" and "C" Cumulative Preference Shares and Equity Shares for the year ended 31st March, 1997 outstanding in the Dividend Current Accounts with Banks will be transferred to the Central Government's Investor Education and Protection Fund on completion seven years from the date of declaration of the dividend i.e. on 12th September, 2004 in pursuance of Section 205 (c) of the Companies Act, 1956.

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173 OF THE COMPANIES ACT, 1956:**Item No.4:**

Sri Y.Surendra of Hyderabad was appointed as an Additional Director of the Company on 26th July, 2002 by the Board of Directors of the Company. According to the provisions of Section 260 of the Companies Act, 1956, Sri Y.Surendra holds office as Director only upto the date of the ensuing Annual General Meeting. As required by Section 257 of the Companies Act, a notice has been received from member signifying his intention to propose his appointment as a Director. Hence, the relevant resolution is placed before the meeting for members' approval.

Sri Y.Surendra, aged 52 years, is an M.Tech from Indian Institute of Technology, Madras and MBA from Western Illinois University, USA and has worked for Miller Brewing Company, USA and got vast industrial experience in India.

Sri Y.Surendra is deemed to be interested in the proposed resolution to the extent of his appointment as a Director. None of the other Directors is interested in the resolution.

Item No.5:

Sri N.Babu Rao was appointed as an Additional Director of the Company on 22nd August, 2002 by the Board of Directors of the Company. According to the provisions of Section 260 of the Companies Act, 1956, Sri N.Babu Rao holds office as Director only upto the date of the ensuing Annual General Meeting. As required by Section 257 of the Companies Act, a notice has been received from member signifying his intention to propose his appointment as a Director. Hence, the relevant resolution is placed before the meeting for members' approval.

Sri N.Babu Rao, aged 53 years is an M.Tech in Chemical Engineering and has worked in all the divisions of the Company for the last 20 years at very senior positions.

Sri N.Babu Rao is deemed to be interested in the proposed resolution to the extent of his appointment as a Director. None of the other Directors are interested in the resolution.

Item No.6:

Consequent upon the enactment of the Depositories Act, 1996, the Securities and Exchange Board of India made dematerialised trading of the Company's shares compulsory by all classes of investors with effect from September 2001. In this regard, the Company has entered into an agreement with Central Depository Services (India) Limited ("CDSL"). The ISIN number allotted to the securities of the Company is INE167E01011. The Company's shares are presently available in demat form.(our application with National Securities Depository Limited is pending).

The Depositories Act, 1996 has amended some of the provisions of the Companies Act, 1956 pertaining to the issue, holding, transfer, transmission and dealing in shares and other securities as also to facilitate the introduction and implementation of the Depository system. Therefore, it has become necessary to alter the Articles of Association of the Company.

Further, the Companies Act, 1956 has been amended by the Companies (Amendment) Act, 1999. The amendment has introduced a few important changes in the law to provide "inter-alia" facility to the shareholders to nominate a person to whom his shares in the company shall vest in the event of his death.

In order to be consistent with the provisions of the Companies Act, 1956 and Depositories Act, 1996, it is proposed to insert/amend certain clauses in the Articles of Association of the Company.

The Directors recommend the resolution for approval of the members.

No Director of the company is concerned or interested in the said resolution except to the extent of his shareholding.

By Order of the Board of Directors

For **Panyam Cements &
Mineral Industries Ltd**

G. RAMA KRISHNA
General Manager (Finance)
and Company Secretary

Hyderabad
Dt. 22nd August, 2002.

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DIRECTORS' REPORT

To
The Members,

Your Directors present the 46th Annual Report and Audited Statement of Accounts for the year ended 31st March, 2002:

FINANCIAL RESULTS:

	Rs in Lakhs
	Year ended
	31st March
	2002
Income:	
Sale of products	8158.05
Other Income	<u>98.71</u>
Operating Loss	<u>8256.76</u>
Add: Interest	831.48
Add: Depreciation	612.65
Loss for the year	<u>220.59</u>
Add: Prior period expenditure	1664.72
Extra Ordinary expenses incurred	14.54
In Chemical Division	920.07
Deferred Revenue Expenses written off	<u>106.30</u>
Net Loss	2705.63
Add: Loss brought forward from previous year	<u>1106.29</u>
Deficit carried to Balance Sheet	<u>3811.92</u>

The performance of the Company during this year also has been adversely affected due to depressed market conditions in the Cement Industry with very low and unprofitable realisations and the company has come under the purview of the Sick Industrial Companies (Special Provisions) Act, 1985.

The Chemical Division assets other than land, quarters, office equipment and laboratory equipment and also inventories and stores have been sold to pay the VRS dues of workers. Extra-ordinary expenses/loss incurred on closure of Chemical Division is Rs.920.87 lakhs.

CEMENT DIVISION:

Even during this year the Division suffered from lack of adequate working capital and low market realisations. Because of this the Cement Division could achieve a production of 1,33,813 M.Tonnes only i.e. a capacity utilisation of 25%. This under utilisation of capacity resulted in inadequate absorption of fixed overheads and resulted in loss..

CHEMICAL DIVISION

The Unit is closed and major portion of the assets of the division (other than land, Administrative Office, Directors

office, colony, laboratory and office equipment) were sold, the proceeds of which are being utilised for settlement of VRS dues of workers.

ENGINEERING DIVISION:

The Division continues to report good performance inspite of severe competition and increase in cost of inputs.

DIVIDENDS:

Your Directors regret their inability to recommend any dividend on Equity Shares in view of losses during the year. Consequently the payment of dividend in respect of Redeemable "C" Cumulative Preference Shares held by the Financial Institutions/Insurance Companies also has been passed over.

FINANCE:**Public Deposits:**

The Company does not hold any public deposits under Section 58-A of the Companies Act, 1956.

CURRENT WORKING AND PROSPECTS:**Cement Division:**

In the first four months of the current year the prices of cement were very low and the Cement Division with its meager working capital could not produce at its optimum capacity. The production in the first 4 months was only 11.011 M.Tonnes i.e.6% of the installed capacity. The plant was completely non-operational since July 2002. However since the 2nd week of July 2002, the prices of cement have picked up to give a reasonable contribution and the management is making full efforts not only to restart the production from early September 2002; but also to maintain continuity of production. The management is hopeful of achieving a break-even level during the current year.

Chemical Division:

The Unit is closed and the VRS dues of all the workers are expected to be settled by the end of current year/early next year.

Engineering Division:

The Division is performing well and is expected to report much better performance during the current year. The division is expected to achieve 100% capacity utilisation during the current year.

LEGAL CASES:

1. During the current year Andhra Bank, one of the

Consortium Bankers of the Company has gone to the Debt Recovery Tribunal (DRT) for recovery of their dues, amounting to Rs.286.75 lakhs as on 31st March, 2002 and future interest as applicable. The Company has appointed a counsel to file the counter on behalf of the Company and to represent before DRT.

2. One of the creditors of the Company, M/s.Hindustan Petroleum Corporation Limited has filed a petition under section 433(e) and (f) and 434 and 439 of the Companies Act, 1956 in the Honorable High Court of Andhra Pradesh to recover an amount of Rs.8,58,357/- which includes interest of Rs.4,54,177/. However as per Company's books only Rs.1,73,928/- is due to Hindustan Petroleum Corporation Limited, and the amount is being paid in instalments during the current year under intimation to court.

AUDITORS' REPORT:

As regards adequacy of provision for doubtful debts mentioned in Part VI of the report, the management feels the provision is adequate and is confident of recovering the balance of debts as mentioned in Note No.9 of the Schedule 14 of the accounts. As regards non-provision of gratuity liability on actuarial basis in respect of Chemical and Cement Division employees, it is to be informed that in these two divisions gratuity is being booked in accounts only on retirement of employees and on a consistent basis from year to year.

As regards the need to further strengthen internal audit system mentioned in Para VII(11) of the Report, the company has taken necessary steps in this regard during the current year.

As regards non-remittance of Provident Fund and ESI dues of Rs.3,19,93,353/- mentioned in VII (13) and outstanding Sales-Tax of Rs.8,61,30,058/- and Tax Deducted at Source of Rs.8,55,072/- mentioned in Para VII (14) of the Report, the Company was unable to pay these amounts due to continuous losses incurred during the last four years. However, the Directors are hopeful of clearing these dues in a phased manner starting from January 2003 by which time the Cement Division is expected to reach optimum level of operations, as the sanction for revival package is expected from Banks shortly.

As regards observations made in Item VII (16) that "the company is a sick industrial company", the company is taking necessary steps to comply with the provisions of the Sick Industrial Companies (Special Provisions) ACT, 1985.

EMPLOYEES:

Your Directors wish to place on record their sincere appreciation of the whole-hearted co-operation extended and the valuable contribution made by the employees at all levels.

There were no employees drawing remuneration for the year which was not less than the sum prescribed pursuant to section 217 (2-A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

AUDITORS:

M/s.Brahmayya & Co., Chartered Accountants, Adoni, the Company's statutory auditors retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

COST AUDIT:

The Central Government has ordered audit of Cost Accounts relating to manufacture of cement for the year ended 31st March, 2002. With the approval of the Central Government, M/s.Parankusam & Co., Cost Accountants, Chennai have been appointed to conduct the Cost Audit.

DIRECTORS:

In accordance with the provisions of the Companies Act, 1956, Sri A.Sathya Bhushana Rao will retire by rotation and being eligible offer himself for reappointment.

Sri Y.Surendra and Sri N.Babu Rao of Hyderabad were appointed as Additional Directors of the Company pursuant to Section 260 of the Companies Act, 1956. In terms of Article 97 of the Articles of Association of the Company the said Directors shall hold office upto the date of the ensuing Annual General Meeting. As required by Section 257 of the Companies Act, 1956, notices have been received from the members signifying their intention proposing their names for election as Directors of the Company for a further term.

Sri M.S.Sivanna and Sri N.Nagendranath Reddy resigned as Directors of the Company during the year. The General Insurance Corporation of India has withdrawn the nomination of Sri K.Shenbagaraman and appointed Sri M.K.Garg, Mumbai as their nominee Director. The Directors place on record their appreciation for the valuable services rendered by them during their tenure of office as Directors on the Company's Board.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirements under section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility statement, it is hereby confirmed:

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- (i) That in the preparation of the accounts for the financial year ended 31st March, 2002, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the statement of affairs of the Company at the end of the financial year and of the loss of the Company for the year under review;
- (iii) 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.
- (iv) That the Directors have prepared the accounting for the financial year ended 31st March, 2002 on a "on-going concern" basis.

AUDIT COMMITTEE:

The Audit Committee at present has four directors viz. Sri P.P.Sarma, Sri Y.Surendra, Sri N.Babu Rao and Sri V.Ramnath with Sri P.P.Sarma as the Chairman. The Audit Committee met three times in the year and reviewed the audit reports and half yearly and Annual Accounts.

CORPORATE GOVERNANCE:

Pursuant to clause 49 of the Listing Agreement, the Company has to implement Corporate Governance rules latest by 31st March, 2003. The Company is taking steps to formulate appropriate procedures for compliance with Corporate Governance guidelines. The Company will implement the reporting system during the current financial year i.e. 2002-03.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING/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 Board of Directors) Rules, 1988 with respect to these matters are set out in the Annexure I and forms part of the report.

COMPLIANCE WITH LISTING AGREEMENT:
Clause 43A:

The Equity/Preference Shares of the Company are listed on the Stock Exchanges of Hyderabad, Mumbai, Chennai and Bangalore. Annual listing fee has been duly paid to all the stock exchanges.

Cash Flow statement is attached as Annexure II and forms part of this report.

ACKNOWLEDGEMENT:

Your Directors are happy to acknowledge the assistance given to the Company by the Banks and Financial Institutions.

Your Directors also express their thanks to the various Central/State Government agencies and the shareholders for their support and help extended during the year.

On behalf of the Board of Directors

For Panyam Cements & Mineral
Industries Limited

V. RAMNATH
Managing Director

Hyderabad
Dt. 22nd August, 2002.

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ANNEXURE TO DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2002

ANNEXURE - I

Information pursuant to Section 217(1) of the Companies Act, 1956 read with the Companies
(Disclosure of particulars in the Report of Directors) Rules, 1988.

A. Conservation of Energy:

(a) Energy conservation measures taken:

- i) better loading of D.G.Sets.
- ii) Four new motors used in wire drawing to downsize (HP) motors
- iii) Capacitor banks introduced in wire drawing machine panel to improve power factor.
- iv) Slipring motors in few machines were subjected to "Auto resistance" control instead of manual resistance control.
- v) Upgradation of DM plant with increase in output reduction in energy consumption and automation of LPG drying oven.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

- i) It is proposed to instal high efficiency fans in raw mills and cement mills.
- ii) Replacement of twin cyclones with LP cyclones in kilns.

(c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production:

- i) Savings in energy consumption in raw mills and cement mills.

- ii) Enhancement of throughput and reduction in power consumption per tonne.

- iii) Improvement in temperature control and savings in LPG

- (d) Total energy consumption per unit of production:

Particulars given in FORM "A" annexed.

B) Technology Absorption:

Particulars given in FORM B annexed.

C) Foreign Exchange Earnings and Outgo:

- (a) Activities relating to exports, initiatives taken to increase the export, development of new export market for products and services and export plans:

The Company has exported 780,590 tonnes of different grades of steel wires to Australia, Japan, Indonesia, Sri Lanka and Vietnam.

- (b) Total Foreign exchange used : Rs.528.16 Lakhs

- (c) Total Foreign exchange earned : Rs.230.86 Lakhs

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