

# Annual Report 1998-99



**Priyadarshini Cement Ltd**  
A N I S O 9 0 0 2 C O M P A N Y



**Priyadarshini Cement Ltd**

**Annual Report 1998-99**

## BOARD OF DIRECTORS

T. Subbarami Reddy	<i>Chairman</i>
N. Radhakrishna Reddy	<i>Executive Vice Chairman &amp; Managing Director</i>
N. Jagan Mohan Reddy	
P. Munikrishna	
K. K. Apte	
K. Rama Murthy	
C.N. Gangadaran	
Thomas Mathe w	
N. Sujith Kumar Reddy	<i>Executive Director</i>

## COMPANY SECRETARY

N.P. Venkata Subbajiah

## AUDITORS

M/s Prayaga & Company  
Chartered Accountants  
5-2-392/5, Hyderbasti,  
R.P. Road,  
Secunderabad - 500 003.

## BANKERS

State Bank of India  
State Bank of Hyderabad  
Bank of India  
Indian Bank

## REGISTERED OFFICE

Plot No. 34, Green Tower,  
H.No. 8-3-1008,  
Srinagar Colony,  
Hyderabad - 500 073.

## FACTORY

Ramapuram Village,  
Kodad Taluk,  
Nalgonda Dist.  
Andhra Pradesh.



**NOTICE**

Notice is hereby given that the Twenty Fifth Annual General Meeting of **PRIYADARSHINI CEMENT LIMITED** will be held on Wednesday, the 29th September, 1999 at 4.00 P.M. at Sri Sathyasai Nigamagamam (Kalyana Mandapam), Srinagar Colony, Hyderabad - 500 073 to transact the following Business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1999, Profit and Loss Account for the financial year ended 31st March, 1999 and the Reports of the Directors and the Auditors thereon.
2. To declare Dividend on equity shares.
3. To appoint a Director in place of Sri K. Ramamurthy, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Sri N. Jagan Mohan Reddy, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors who will hold office till the conclusion of the next Annual general Meeting of the Company and to fix their remuneration. The retiring Auditors M/s Prayaga & Company, Secunderabad, are eligible for reappointment.

By order of the Board

Place : Hyderabad  
Date : 31.05.1999

**N.P. VENKATA SUBBAIAH**  
Company Secretary


**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/herself and such proxy need not be a member of the Company.
2. Instrument of proxies in order to be effective should be deposited at the company's Registered office at Plot No. 34, Green Tower, Srinagar Colony, Hyderabad - 500 073 not less than forty eight hours before the commencement of the meeting.
3. The Register of Members and the share transfer books of the Company will remain closed from 16th September, 1999 to 29th September, 1999 (both days inclusive) for the purpose of Payment of Dividend, if declared.
4. Members are requested to inform immediately the change, if any, in their address to the Secretarial Department, 8-3-1100/1, Plot No. 112, Ground Floor, Near Capri Towers, Srinagar Colony, Hyderabad - 500 073.
5. Members desiring to seek any information on the Annual Accounts are requested to write to the company at an early date to enable compilation of information.
6. To avoid the possibility of the Dividend Warrants being stolen or illegally misappropriated it is requested to indicate Bank account number and Bank Branch details for incorporation on the Dividend warrant.
7. NRI shareholders are requested to immediately furnish their NRE/BANK A/c particulars (if not furnished earlier) without fail to facilitate remittance of dividends to their Bank accounts directly.
8. Shareholders holding shares in identical order of names in more than one folio are requested to write to the Secretarial Department at 8-3-1100/1, Plot No. 112, Ground Floor, Near Capri Towers, Srinagar Colony, Hyderabad - 500 073 enclosing their share certificates to enable the Company to consolidate their holdings in one folio.

By order of the Board

Place : Hyderabad  
Date : 31.05.1999

**N.P. VENKATA SUBBAIAH**  
Company Secretary



## DIRECTORS' REPORT

To  
The Members,

Your Directors have pleasure in presenting the Annual Report and Audited Accounts of the Company for the financial year ended 31st March, 1999.

### Financial Results

	(Rs. in lakhs)	
	Year Ended 31.03.1999	Year Ended 31.03.1998
Sales	16,517	19,406
Profit before interest & Depreciation	1,844	3,046
Less : Interest & Finance Charges	462	500
Profit after Interest but before Depreciation	1,382	2,546
Less : Depreciation	378	323
Profit before Tax	1,004	2,223
Less: Provision for Taxation	355	750
Prior Year Tax	5	140
Profit after Tax	644	1,333
Balance brought forward	1,890	1,495
Total	2,534	2,828

### Appropriations

Proposed Dividend	221	398
Tax on Dividend	24	40
Transferred to General Reserve	100	500
Balance carried to Balance Sheet	2,189	1,890
Total	2,534	2,828

### Summary of Performance

Installed capacity (MTs)	6,00,000	6,00,000
Production (MTs)	7,69,981	8,08,454
Sales (MTs)	7,67,400	8,18,281
Capacity utilisation (%)	128	135



## Operations

The sales and production for the year stood at 7,67,400 and 7,69,981 Metric Tonnes respectively.

The Company has achieved a turnover of Rs.165.17 crores and has made a Net Profit (after tax) of Rs. 6.44 crores.

The capacity utilisation for the year 1998-99 is 128% showing an impressive performance during the year.

## Prospects

With the continued impetus given to development of infrastructure and housing sectors by Government of India and several infrastructure activities being taken up by Government of Andhra Pradesh, the demand for cement would greatly improve resulting in improved profitability of the Company during the year 1999-2000. It is expected that the Annual Growth rate in demand will be maintained at around 9%. Although there could be regional imbalances in demand and supply gap, we do not anticipate any major difficulty in marketing the increased output.

The Company has achieved another milestone by acquiring the Cement Division of Nagarjuna Construction Co.Ltd., (NCC Cement) situated at NCC Nagar, Peapully Mandal, Kurnool dist. A.P. at a cost of Rs.107.05 crores including the term loan liability to the financial institutions and Banks without increase in share capital of the Company. The Cement Division of Nagarjuna Construction Co. Ltd., which is in the process of acquisition will cater to the needs of Karnataka and Rayalaseema region in Andhra Pradesh and improves the price realisation because of its proximity to the above areas of consumption.

The present capacity of the unit is 700 MTs which will be enhanced to 1400 MTs per day by June 1999 at a capital out lay of Rs.12.00 crores.

The necessary approval from the Hon'ble High Court of A.P. at Hyderabad is expected shortly and once the same is received, the additional capacity generated through the merger of cement unit of the Nagarjuna Construction Company Ltd will result in increased profitability, Synergy in operations apart from the benefit in deferment of Sales Tax.

The company has also decided to set up two Ready Mix Concrete plants at a cost of Rs.8.00 crores in the outskirts of Hyderabad city which results in value addition and in turn improves the profitability of the company. The plants are expected to be commissioned by September, and November, 1999 respectively.

## Status on Y2K compliance

The Company has taken adequate steps to address Y2K compliance by 30.09.1999 and the estimated cost for achieving the same is Rs.25.00 Lakhs.

## Dividend

Due to adverse market conditions, severe competition in the industry and increase in the cost of various inputs, the cost of production and distribution has gone up considerably. Despite the above, the Company has come out with reasonably good performance. Your Directors are pleased to recommend for your consideration at the Annual General Meeting a Dividend @ 10% for the year ended 31.03.1999



## Directors

Sri K Ramamurthy and Sri N. Jagan Mohan Reddy retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

## Auditors

M/s Prayaga & Company, chartered Accountants, the Company's Auditors retire at the conclusion of the ensuing Annual General Meeting.

They have signified their willingness to accept reappointment.

## Fixed Deposits

The Company has not invited any deposits from the public in terms of Section 58 A of the Companies Act, 1956.

## Conservation of Energy, Technology absorption, Foreign Exchange earnings and out go.

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 is given in Annexure - 'I' and forms part of this report.

## Particulars of Employees

Information in accordance with the Provisions of Section 217 (2A) of the Companies Act, 1956 read with the companies (particulars of Employees) Amendment Rules, 1999 regarding employees is given in Annexure - 'II' and forms part of this report.

During the year under review, industrial relations continued to be cordial.

## Acknowledgment

Your Directors place on record their appreciation of continued assistance and cooperation extended to the company by the participating financial Institutions and commercial Banks, Central and State Government Departments and thank the shareholders, Dealers, Stockists and Consumers for the confidence reposed in the company.

Your Directors thank all the employees of the company for their valuable service and support during the year.

**For and on behalf of the Board**

Place : Hyderabad  
Date : 31.05.1999

**N. RADHAKRISHNA REDDY**  
*Executive Vice Chairman  
and Managing Director*

**THOMAS MATHEW**  
*Director*


**ANNEXURE TO DIRECTORS' REPORT FOR THE YEAR ENDED 31.03.1999**
**ANNEXURE - I**

Information pursuant to 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.

**A. Conservation of energy :**

- a) A team of Engineers employed at the factory is engaged in monitoring on a continuous basis offering scope for energy conservation and are taking steps in carrying out necessary modifications to achieve energy saving.

- b) Additional Investments and proposals if any being implemented for reduction of consumption of Energy:

Energy Saving proposals aggregating to an estimated annual savings of approximately Rs.110 Lacs are identified. In so far, as these proposals involve a substantial investment of about Rs. 165 Lacs, the same are being implemented in a phased manner.

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

The proposals, which are implemented in the current financial year, resulted in a saving of Rs. 26.86 lacs per annum.

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

Particulars given in Form "A" here below.

**B. Technology absorption :**

- e) Efforts made in Technology absorption :

Particulars given in Form "B" here below.

**C. Foreign Exchange earnings and outgo :**

- f) Activities relating to Export; initiatives taken to increase exports; development of new export market for products and services and export plans:

No exports were made during the year under review.

- g) Total Foreign Exchange used and earned:

Total Foreign Exchange used during the current financial year is equivalent to Rs. 4.38 Lakhs.

Foreign Exchange earnings during the current financial year is Rs. Nil.