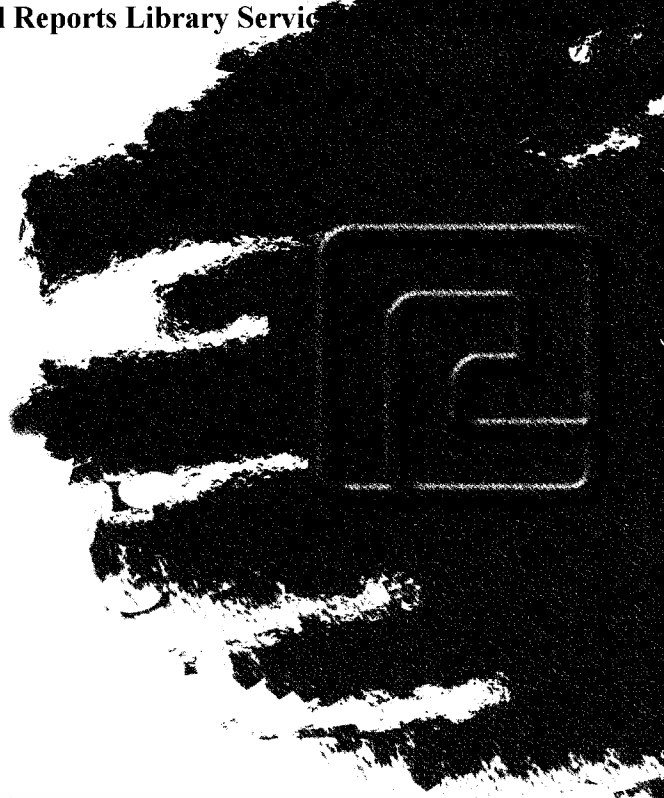


ANNUAL REPORT 2002-03



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Priyadarshini Cement Limited



BOARD OF DIRECTORS

Sri N.Radhakrishna Reddy	Chairman
Sri N.Jagan Mohan Reddy	Managing Director
Sri N. Sujith Kumar Reddy	Executive Director
Sri A B Telang	Nominee Director- IDBI
Sri N P Subramanian	Nominee Director-ICICI Bank
Sri P S Ravendernath	Nominee Director-ICICI Bank
Sri V Prakash	Nominee Director-ICICI Bank

ADVISOR CORPORATE AFFAIRS

Sri G Ramachandran

COMPANY SECRETARY

Sri S.Venkat Ramana Reddy

AUDITORS

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

REGISTERED OFFICE

Plot No.34, "Green Tower",
Srinagar Colony,
Hyderabad-500 073,
Andhra Pradesh.

BANKERS

State Bank of India
State Bank of Hyderabad
Bank of India
Indian Bank
ICICI Bank Limited

FACTORIES

Unit-I
Ramapuram Village,
Mellacheruvu Mandal,
Nalgonda Dist,
Andhra Pradesh

Unit - II
Sreepuram Village
Peapully Mandal
Kurnool Dist.
Andhra Pradesh.



NOTICE

Notice is hereby given that the Adjourned 29th Annual General Meeting of the Members of Priyadarshini Cement Limited will be held on Monday, the 8th day of November, 2004 at 11:30 A.M. at KLN Prasad Auditorium, The Federation of Andhra Pradesh Chambers of Commerce & Industry (FAPCCI), Red Hills, Hyderabad - 500 004, Andhra Pradesh to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance sheet as at 30th September, 2003, Profit and Loss Account for the period ended on 30th September, 2003 and reports of Directors and Auditors thereon.
2. To appoint M/s. Price Water House, Chartered Accountants, as the Auditors of the Company to hold office from the conclusion of this Adjourned 29th Annual General Meeting until the conclusion of the next Annual General Meeting of the Company in place of M/s. Prayaga & Company, retiring Auditors, who have not offered themselves for re-appointment as Auditors of the Company and to authorise the Board to fix the remuneration of Auditors.

SPECIAL BUSINESS :

3. To Consider and if thought fit to pass with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 21 and other applicable provisions of the Companies Act, 1956 and subject to the approval of the Central Government, the name of the Company be and is hereby changed from PRIYADARSHINI CEMENT LIMITED to RAIN COMMODITIES LIMITED.

FURTHER RESOLVED THAT the name PRIYADARSHINI CEMENT LIMITED wherever it occurs in the Memorandum and Articles of Association of the Company be substituted by the new name RAIN COMMODITIES LIMITED".

4. To Consider and if thought fit to pass with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 163 of the Companies Act, 1956, the Company hereby approves that the Register of Members and Index of Members be shifted from the Registered office of the Company to M/s. Aarathi Consultants Private Limited, Registrar & Share Transfer Agents, H.No.1-2-285, Domalguda, Hyderabad-500 029, Andhra Pradesh."

By order of the Board
for **PRIYADARSHINI CEMENT LIMITED**

Place: Hyderabad **S. Venkat Ramana Reddy**
Date : 01.10.2004 Company Secretary

**NOTES:**

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and on a poll to vote instead of himself and such proxy need not be a member. The instrument appointing a proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before the meeting.
2. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividend for the financial year ended 31st March, 1996 has been transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956 and the dividend for the financial year ended 31st March, 1997 and thereafter, which remain unclaimed for a period of 7 years will be transferred by the Company to the Investor Education and Protection Fund (IEPF)

established by the Central Government pursuant to Section 205C of the Companies Act, 1956.

Information in respect of such unclaimed dividend when due for transfer to the said fund is given below:

For the Financial year	Date of declaration	Due for transfer on
1996-97	27.09.1997	08.11.2004
1997-98	28.09.1998	09.11.2005
1998-99	29.11.1999	10.01.2007

The Shareholders who have not encashed the dividend warrant(s) so far for the Financial year ended 31st March, 1997 or any subsequent Financial years are requested to make their claim to the Company at its Registered Office. It may also be noted that once the unclaimed dividend is transferred to the Investor Education and Protection Fund (IEPF), no claim shall lie in respect thereof.



PRIYADARSHINI CEMENT LIMITED

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EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

ITEM NO.3

The Scheme of Arrangement between the Company and Rain Industries Limited is approved by the Hon'ble High Court of Andhra Pradesh. Consequent to the said approval Assets and Liabilities(as specified in the Scheme) of the Company are transferred to Rain Industries Limited. In view of the transfer of Cement division to Rain Industries Limited, it is felt to change the name of the Company to Rain Commodities Limited. Registrar of Companies, Andhra Pradesh, Hyderabad, vide its letter No.RAP/NA/58784/IAA, Dated 10/09/2004 has made available the name Rain Commodities Limited for changing the name of the Company from Priyadarshini Cement Limited to Rain Commodities Limited.

None of the Directors are interested in the above Resolution.

Your Directors recommend the above Resolution for your approval.

ITEM NO. 4

The Securities and Exchange Board of India(SEBI), vide its Circular No.D&CC/FITTC/ CIR-15/2002, Dated 27th December, 2002 has mandated that all the work related to the share registry in terms of both physical and electronic should be maintained at a single point. As the transfer in electronic mode is handled by Aarthi Consultants Private Limited, the Board of Directors appointed the said Share transfer agent to undertake the physical share transfers also. Now, it is proposed to shift the Register of Members and Index of members from Registered Office situated at Plot No.34, Green Tower, Srinagar Colony, Hyderabad to M/s. Aarthi Consultants Private Limited, Registrar & Share Transfer Agents, H.No.1-2-285, Domalguda, Hyderabad-500029.

None of the Directors are interested in the above Resolution.

Your Directors recommend the above Resolution for your approval.

By order of the Board
for **PRIYADARSHINI CEMENT LIMITED**

Place : Hyderabad **S. Venkat Ramana Reddy**
Date : 01.10.2004 Company Secretary



DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting the 29th Annual Report and the Audited Statement of Accounts for the Year ended on 30th September, 2003.

FINANCIAL RESULTS:

The performance during the Year ended 30th September, 2003 has been as under:

(Rs. Lakhs)

	2002-2003 (18 Months)	2001-2002 (12 Months)
Sales	24,642	29,086
Profit before interest & Depreciation (after adjusting Prior year Income/Expenses)	8,911	1,557
Less: Interest & Financial Charges	2,937	3,120
Profit/(Loss) after interest but before depreciation	5,974	(1,563)
Less: Depreciation	1,054	999
Profit/(Loss) before tax	4,920	(2562)
Less: Provision for Taxation		
- Current Tax	—	—
- Deferred Tax	—	1,358
Profit/(Loss) after Tax	4,920	(1204)
Balance brought Forward	366	1570
	<u>5286</u>	<u>366</u>
Appropriations		
Transferred to General Reserve	—	—
Balance carried To Balance Sheet	5286	366
Total	<u>5286</u>	<u>366</u>

OPERATIONS

During the period under review, the Company has achieved a turnover of Rs. 24642 Lakhs and production was recorded at 1141532 Metric Tonnes. During the period under review the Company has made a Profit after tax of Rs.4920 Lakhs.

CAPACITY UTILISATION

The Unit-I has recorded a production of 684502 Metric Tonnes with a Capacity utilisation of 68.45% and Unit-II has recorded a production of 457030 Tonnes with a Capacity Utilisation of 114.26%.

CORPORATE DEBT RESTRUCTURING(CDR) SCHEME

The Company has approached the Corporate Debt Restructuring Cell for the restructuring of the Debts. The CDR cell has approved the restructuring package. The package provides for the Business restructuring and Debt restructuring. Under the business restructuring the company has been advised to hive off its Cement operations into a Subsidiary. Debt restructuring provides for (i) the reduction of interest to 13% p.a. (ii) conversion of working capital loan into working capital Term Loan (iii) conversion of outstanding interest into Funded interest term loan(FITL) and (iv) revision of repayment schedule.

SCHEME OF ARRANGEMENT BETWEEN THE COMPANY AND THE RAIN INDUSTRIES LIMITED

To salvage the deteriorating situation and to pull back the Company from the brink of financial crisis, the management of Priyadarshini Cement Limited and the lenders/financial institutions/Banks have worked out restructuring package. The said restructuring package aims



at i) Reviving the Company ii) improving stakeholders value iii) giving financial support to the Company and iv) Reorganising the manufacturing and trading business into separate entities to increase business focus and enhance growth and thereby improve stakeholders value. The package proposes to hive off the cement business into a subsidiary, so as to enable the company to arrest further erosion of network.

As per the Restructuring package approved by the Corporate Debt Restructuring Cell, your Company has, subject to all approvals and sanction of Hon'ble High Court of Andhra Pradesh, entered into a scheme of arrangement with Rain Industries Limited for Hiving of its Cement business.

The said Scheme of Arrangement is approved by the members at a meeting convened by the Hon'ble High Court of Andhra Pradesh held on 27th January, 2004 and subsequently sanctioned by Hon'ble High Court of Andhra Pradesh on 4th August, 2004 and the Scheme is effective from 1st April, 2003(appointed date). The Certified copy of the Court order is filed with the Registrar of Companies, Andhra Pradesh on 30th August, 2004. As per the Scheme of Arrangement, Rain Industries Limited has allotted 1,47,50,000 Equity Shares at a price of Rs.52/- (Rs.10/- face value + Rs.42/- premium) to Priyadarshini Cement Limited on 25th September, 2004 towards consideration otherwise than cash for the Transfer of the Assets and Liabilities.

FUTURE OUTLOOK

The future outlook for the Company is good with the increase in prices and Demand for Cement. The Government has once again renewed its faith in infrastructure and housing for putting the economy in growth mode in view of the potential of both the sectors to

generate the employment and revenue. Accordingly, apart from the ongoing work on the Golden Quadrilateral and East, West, North, South Corridors project, which have been the mainstay of the current growth in cement demand, new investments have been lined up for road projects and for upgrading the facilities at major airports and seaports to international level. The Government has similarly been following a policy of encouraging investment in the Housing sector through various sops. With all these positive steps taken by the Government the demand for the Cement is going to increase.

EXTENSION OF FINANCIAL YEAR

The Registrar of Companies, Andhra Pradesh vide its letter No.RAP/EXTN/210(4)/1693/2003, Dated 7th May, 2003 has granted extension of Financial year upto 30th September, 2003. Hence the Financial Statements are prepared for 18 months (i.e., from 1st April, 2002 to 30th September, 2003).

DIVIDEND

In view of the accumulated loss during the previous Financial year, the Board of Directors does not recommend any dividend on the Equity Shares.

LISTING OF EQUITY SHARES

The Company's Equity shares are listed at The Hyderabad Stock Exchange Limited (Regional Stock Exchange), 6-3-654, Somajiguda, Hyderabad, The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001, and the company has paid the Listing Fees to the said Stock Exchanges.

SUBSIDIARY COMPANY

A statement of Priyadarshini Cement Limited (Holding Company) interest in Rain Industries



Limited (Subsidiary Company), Financial Statements, Directors Report and Auditors Report of Rain Industries Limited are enclosed as required under Section 212 of the Companies Act, 1956.

CONSOLIDATED FINANCIAL STATEMENTS

As prescribed by Accounting Standards-21 issued by the Institute of Chartered Accountants of India, the Audited Consolidated Financial Statements are annexed.

FIXED DEPOSITS

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

DIRECTORS

In order to reconstitute the Board, Sri T.Subbarami Reddy resigned on 26th July 2003, Sri K.Ramamurthy resigned on 19th July 2003, Sri C.N.Gangadaran resigned on 28th July 2003, Sri Thomas Mathew resigned on 26th July 2003 and Nomination of Sri V.S.V. Nagesh Kumar from the Directorship of the Company has been withdrawn by the ICICI Bank on 16th Oct. 2003.

As per the terms and conditions of the Corporate Debt Restructuring package approved by the Corporate Debt Restructuring Cell, Sri N P Subramanian was appointed as Nominee Director by ICICI Bank on 12th January, 2004, Sri P S Ravendernath was appointed as Nominee Director by ICICI Bank on 23rd January, 2004, Sri N. Jagan Mohan Reddy was appointed by the Board of Directors of the Company at their meeting held on 28th July, 2003 as the Managing Director of the Company for a period of 5 years w.e.f. 14th November, 2003, Sri N. Radha Krishna Reddy resigned as Managing Director of the Company w.e.f. 14th November, 2003 but continues to be

the Director, the appointment of Sri N Jagan Mohan Reddy as the Managing Director was approved by the shareholders at the 29th Annual General Meeting held on 11th March, 2004 and Sri N. Radhakrishna Reddy, Director of the Company who retires by rotation and being eligible offer himself for reappointment and he was re-appointed at the 29th Annual General Meeting held on 11th March, 2004. Sri V Prakash was appointed as Nominee Director by ICICI Bank on 9th April, 2004.

AUDITORS

M/s.Prayaga & Co., Chartered Accountants Statutory Auditors of the Company, who retires at the ensuing Annual General Meeting have not offered themselves for re-appointment. Your Company proposes to appoint M/s. Price Water House, Chartered Accountants as its Statutory Auditors from the conclusion of the ensuing adjourned 29th Annual General Meeting till the conclusion of the next Annual General meeting.

M/s.Price Water House, Chartered Accountants have confirmed that their appointment, if made, shall be in accordance with the provisions of Section 224(1B) of the companies Act, 1956.

DIRECTORS RESPONSIBILITY STATEMENT AS REQUIRED UNDER SECTION 217(2AA) OF THE COMPANIES ACT, 1956:

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956, with respect to the Directors' Responsibility Statement, the Board of Directors of the Company hereby confirms:

- (i) That in the preparation of the Annual Accounts for the Financial year ended 30th September, 2003, the applicable accounting standards have been followed;
- (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 state of affairs of the Company as at 30th September, 2003 and of Profit and Loss Account of the Company for the period ended 30th September, 2003;

- (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 Annual Accounts for the Financial Year ended 30th September, 2003 on a going concern basis.

AUDIT COMMITTEE

Consequent to the resignation of Sri C N Gangadaran and Sri K Ramamurthy and replacement of Sri K K Apte Nominee Director of IDBI by Sri A B Telang, the Audit Committee was reconstituted and presently the Audit Committee consists of the following Directors namely Sri N P Subramanian- Chairman, Sri A B Telang, Sri P S Ravendernath and Sri V Prakash, all the members of the Audit committee are Non-Executive-Independent Directors.

CORPORATE GOVERNANCE

The Company has implemented the procedure and has adopted practices in conformity with the Code of Corporate Governance enunciated in Clause-49 of the Listing Agreement with the Stock Exchanges.

A Separate report on Corporate Governance and Management discussion and analysis is annexed as a part of the Annual Report along with the Auditor's Certificate on its compliance.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND 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 are given in Annexure-I and form part of this report.

EMPLOYEES

Company has no employee whose remuneration exceeds the limits prescribed under Section 217(2A) of the Companies Act, 1956. Hence, the information required under the said section, read with the Companies (Particulars of the Employees) Rules, 1975, has not been given in the report.

ACKNOWLEDGEMENTS

The Directors take this opportunity to place on record their sincere thanks to the Banks and Financial Institutions, Insurance Companies, Central and State Government Departments and the shareholders for their support and co-operation extended to the Company from time to time.

Directors are pleased to record their appreciation of the sincere and dedicated services of the employees and workmen at all levels.

for and on behalf of the Board of Directors

N Radhakrishna Reddy
Chairman

N. Jagan Mohan Reddy
Managing Director

Place: Hyderabad

Date : 01.10.2004



ANNEXURE TO DIRECTORS' REPORT

Information 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 and forming part of Directors Report for the period ended 30th September, 2003.

A. CONSERVATION OF ENERGY.

- (a) Energy conservation measures taken:

Unit-I (Ramapuram Village)

Retrofitting of Raw mill fan impeller is done to increase the efficiency and capacity.

Unit-II (Sreepuram Village)

A Team of Engineers employed at the factory are engaged in monitoring on a continuous basis to find out the 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

Unit-I (Ramapuram Village)

- i) Retrofitting of Cooler 1st grate into CIS-MFR(proposed)
- ii) Energy auditing done to check the power consumption of all Electrical motor.
- iii) Compressor air utilization auditing done to optimize compressor air.
- iv) Studies are being made to incorporate Automation Expert system in our mills section.

Unit-II (Sreepuram Village)

- i) Installation of blender in Cement mill circuit for producing blended fly ash based PPC.

- ii) Replacement of three blowers with one number in house fabricated high efficiency blower in kiln feed circuit to reduce power consumption.
- iii) Modification in cooler bullnose and increased height to reduce castable damages, increase kiln availability in turn to reduce fuel and power consumptions.
- iv) Installation of distribution baffle plate in twin cyclone gas distribution system to reduce re-circulation dust in turn energy saving on preheater fan.
- v) Installation of hot air furnace in Cement mill circuit to make use of wet fly ash for increasing PPC production volumes in turn to reduce energy consumption.
- vi) Modification of clinker breaker discharge chute to avoid jammings, enhance the kiln availability in turn to reduce fuel and power consumption.

Approximately Rs.30.00 Lakhs was invested to carry out the above modifications.

- (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.

Unit-I (Ramapuram Village)

- i. Raw mill production increased from 180 Tonnes per Hour to 200 Tonnes per Hour.
- ii. By retrofitting of Cooler 30 K.Cal/kg.clinker Special heat reduction anticipated.

Unit-II (Sreepuram Village)

The proposals which are implemented in the current Financial year, resulted in a saving of about Rs.20.00 Lakhs per annum.