

— 18TH —
ANNUAL REPORT
1999-2000



HEMADRI CEMENTS LIMITED



BOARD OF DIRECTORS

SRI S.N.KILARU	MANAGING DIRECTOR
SRI G.V.NAGESWARA RAO	NOMINEE OF IDBI
SRI HEMANSU ROY	NOMINEE OF APIDC
SRI K.KOTESWARA RAO	DIRECTOR
SRI K.GOPI PRASAD	DIRECTOR
SRI U.VENKATESWARA RAO	DIRECTOR

AUDITORS

M/s.KARVY & COMPANY
Chartered Accountants
Road No.4, Banjara Hills,
Hyderabad - 500 034.

COST AUDITORS

M/s.NARASIMHA MURTHY & CO.,
104, Pavani Estate,
Y.V.Rao Mansion,
Himayatnagar,
Hyderabad - 500 029.

BANKERS

Bank of Baroda

ADMINISTRATIVE OFFICE

8-3-677/57A/658, Plot No.57
Sri Krishnadevaraya Nagar
Street No.6, Yellareddyguda
Hyderabad - 500 073.

REGD. OFFICE & FACTORY

Vedadri Village
Jaggaihpeta Mandal
Krishna District
Andhra Pradesh.

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**NOTICE**

NOTICE is hereby given that the 18th Annual General Meeting of the Company will be held on Saturday the 30th September, 2000 at 2.30 P.M. at the Registered Office of the Company Vedadri Village, Jaggaiahpet Mandal, Krishna District to transact the following business:

ORDINARY BUSINESS :

01. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March 2000, the Balance Sheet as at that date and the Directors' and Auditors' Report thereon.
02. To elect a Director in place of Shri K.Koteswara Rao who retires by rotation and is being eligible offers himself for re-appointment.
03. To elect a Director in place of Shri Hemansu Roy who retires by rotation and is being eligible offers himself for re-appointment.

04. SPECIAL RESOLUTION :

To appoint auditors for the current year and fix their remuneration and if thought fit to pass the following resolution as a Special Resolution with or without modifications.

"RESOLVED that M/s. KARVY & COMPANY, Chartered Accountants, Hyderabad be and are hereby appointed as the Auditors of the Company to hold office until the conclusion of the next Annual General Meeting on remuneration as may be determined by the Board of Directors in addition to actual travelling and out of pocket expenses."

SPECIAL BUSINESS:

To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution.

"RESOLVED THAT Shri U.Venkateswara Rao, who was appointed as an Additional Director of the Company by the Board of Directors and who ceases to hold office under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director, be and is hereby appointed as a director of the Company, liable to retire by rotation."

BY ORDER OF THE BOARD OF DIRECTORS

Place : HYDERABAD,
Date : 11-08-2000.

S.N.KILARU
MANAGING DIRECTOR

**NOTES:**

01. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy, need not be a member.
02. The share transfer books of the Company shall remain closed from 22nd September, 2000 to 30th September, 2000 both days inclusive.
03. Members/proxies should bring the attendance slip sent herewith duly filled in for attending the Meeting.

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

Shri U.Venkateswara Rao was appointed as an Additional Director, vide article 36(e) of the Articles of Association of the Company, on 30th October, 1999 by the Board of Directors of the Company. According to the provisions of Section 260 of the Companies Act, 1956 he holds office as a 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 a member signifying his intention to propose Mr.U.Venkateswara Rao appointment as a Director. The Board considers it desirable that the Company should continue to avail itself of Mr.U.Venkateswara Rao's service.

None of the Directors of the Company other than Shri U.Venkateswara Rao has any concern or interest in the said resolution.

BY ORDER OF THE BOARD OF DIRECTORS

Place : HYDERABAD,
Date : 11-08-2000.

S.N.KILARU
MANAGING DIRECTOR

**DIRECTORS' REPORT :**

To

The Members,

Your Directors have pleasure in presenting the EIGHTEENTH ANNUAL REPORT and the audited accounts for the financial year ended March 31, 2000.

FINANCIAL RESULTS :

	<u>Rs. in lakhs</u>	
	<u>1999-2000</u>	<u>1998-99</u>
Sales and other income	1878.24	2634.52
Loss before interest and depreciation	221.87	12.37
Interest	474.77	400.21
Loss before depreciation	696.64	412.58
Depreciation	91.09	90.68
Net Loss	787.73	503.26

PERFORMANCE :

The Company produced during the year 1,22,233 MTs of Clinker and 1,23,972 MTs of Cement as against 1,53,846 MTs of Clinker and 1,68,236 MTs of Cement in the previous year.

The Company has incurred a net Loss of 787.73 during the year, as against net Loss of Rs.503.26 lakhs in the previous year.

FUTURE OUTLOOK :

The present Cement prices are unable to meet even variable cost of production forcing the Company to stop its operations completely from 1st June 2000 onwards.

Consequent to the order of B.I.F.R., the Operating Agent (IDBI) announced for disposal/lease/merger of plant on 17-04-2000. The Company has not received any further information from O.A.

INDUSTRIAL RELATIONS AND STAFF WELFARE :

Industrial Relations with staff and workmen remained harmonious and cordial.

POLLUTION CONTROL :

The Company has adequate pollution control equipment and also developed various plantations around the factory premises.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUT GO :**

Statements containing particulars pursuant to Section 217 (e) of the Companies Act, 1956, read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are annexed hereto and form part of this report.

DIRECTORS :

Shri K.Koteswara Rao and Shri Hemansu Roy who retires by rotation and are eligible for re-appointment.

Sri G.Venkateswara Rao resigned from the Board w.e.f. 01-05-2000.

Sri U.Venkateswara Rao was co-opted on the Board w.e.f. 30th October, 1999, will retire at the ensuing Annual General Meeting of the Company. The Company has received notice under Section 257 of the Companies Act, proposing his nomination as Director.

With respect to comment of Auditor's Report the company is confident of realising debts which are more than one year.

PARTICULARS OF EMPLOYEES :

There are no employees falling within the perview of Section 217(2A) of the Companies Act, 1956 during the year.

AUDITORS :

M/s. KARVY & COMPANY Chartered Accountants, the present Auditors retire at this meeting and are eligible for re-appointment.

COST AUDITOR :

The Central Government of India ordered Cost Audit for the Company under section 233 B of the Companies Act and M/s.Narasimha Murthy & Company, Cost Accountants, Hyderabad are appointed as Cost Auditors for the year 1999-2000.

Y2K COMPLIANCE :

Your directors wish to inform you that steps were taken to ensure that all existing operating systems, hardware setup machinery & equipments in use are Y2K complaint. There was no problem faced during the transaction.

ACKNOWLEDGEMENT :

Your Directors would like to place on record their appreciation for the guidance and support received from I.D.B.I., I.F.C.I., I.C.I.C.I., Bank of Baroda and various departments of State and Central Governments.

Your Directors also places on record their appreciation of the services rendered and co-operation extended by all the employees of the Company.

BY ORDER OF THE BOARD OF DIRECTORS

Place : HYDERABAD,
Date : 11-08-2000.

S.N.KILARU
MANAGING DIRECTOR



**ANNEXURE TO DIRECTORS' REPORT
FORM - A**

CONSERVATION OF ENERGY

A. POWER AND FUEL CONSUMPTION		1999-2000	1998-99
1. ELECTRICITY:			
a)	Purchases		
	Units	46,10,027	50,45,332
	Total amount Rs.	2,04,33,375	2,07,97,306
	Rate/Unit Rs.	4.43	4.12
(b)	Own Generation		
(i)	Through Diesel Generation		
	Units	1,25,89,959	1,71,83,495
	Units per Ltr. of Diesel Oil	3.49	3.46
	Cost/Unit Rs. (Fuel only)	3.04	2.77
2. COAL:			
	Quantity (Tonnes)	29,796	39,171
	Total Cost Rs.	4,61,63,005	5,77,78,935
	Average Rate (Rs.)	1,549.30	1,474.82
3. FURNACE OIL:			
	Quantity (K. Ltrs.)		
	Total Amount	N.A	N.A
	Average Rate		
4. OTHER/INTERNAL GENERATION:			
	Quantity		
	Total Cost	N.A	N.A
	Rate/Unit		
B. CONSUMPTION PER UNIT OF PRODUCTION:			
Standards		1999-2000	1998-99
(if any)			
Products (with details unit)		1,23,972 MTs	1,68,236 MTs
Electricity Consumption			
per tonne of Cement	140 Units	133.54 Units	134.83 Unts
Coal Consumption			
per tonne of Cement	0.25 MTs	0.2437 MTs	0.2546 MTs.
	at an average	at an average	at an average
	Cal.value of	Cal.value of	Cal. value of
	4000 Kcal/Kg.	4760 Kcal/Kg	4760 Kcal/Kg.

TECHNOLOGY ABSORPTION FROM FOREIGN COUNTRIES:

During the year the Company had no occasion to absorb any foreign technology.

FOREIGN EXCHANGE EARNINGS AND OUT GO :

During the year the company had no foreign exchange earnings and out go.



FORM - B

	1999-2000	1998-99
A. RESEARCH AND DEVELOPMENT (R & D)		
1. Specific areas in which R & D carried out by the Company :	Nil	Nil
2. Benefits derived as a result of the above R & D :	Nil	Nil
3. Future plan of action :	Nil	Nil
4. Expenditure on R & D		
a) Capital		
b) Recurring		
c) Total		
d) Total R & D expenditure as a percentage of total turnover :	Nil	Nil
B. TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION.		
1. Efforts, in brief, made towards Technology absorption, adaption and innovation. :	Nil	Nil
2. Benefits derived as a result of the above efforts e.g., product improvement, cost reduction, product development, import substitution etc. :	Nil	Nil
3. In case of imported technology (Imported during the last 5 years reckoned from the beginning of the financial year). Following information may be furnished.		
a) Technology imported. :		
b) Year of import. :		
c) Has technology been fully absorbed. :		
d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action. :		
	Nil	Nil

BY ORDER OF THE BOARD OF DIRECTORS

Place : HYDERABAD,
Date : 11-08-2000S.N.KILARU
MANAGING DIRECTOR

**AUDITORS' REPORT**

To

The Members of
M/s. HEMADRI CEMENTS LIMITED

We have examined the attached Balance Sheet of M/s. Hemadri Cements Limited as at 31st March, 2000 and the attached Profit and Loss Account & Cash flow statement for the year ended on that date with the books of the Company and report that :

1. As required by the Manufacturing and other Companies (Auditor's Report) Order 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order, to the extent applicable to the Company.
2.
 - a) We have obtained all the information and explanations which, to the best of our knowledge, and belief, were necessary for the purpose of our audit.
 - b) In our opinion, proper books of accounts as required by law have been kept by the Company, so far as it appears from our examination of such books.
 - c) The Balance Sheet and Profit and Loss Account and the cash flows referred to in this Report are in agreement with the books of account.
 - d) In our opinion the Balance Sheet and Profit and Loss Account dealt with by this report complied with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e) In our opinion and to the best of our information and explanations given to us, the said Balance Sheet and Profit and Loss Account read thereon together with the notes gives the information required by the Companies Act, 1956, in the manner so required and subject to Note No.10 of Schedule - O regarding the recoverability of unsecured debts amounting to Rs.59.88 lakhs over due for over one year we are able to give a true and fair view :
 - i) in so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March, 2000.

AND

- ii) in so far as it relates to the Profit and Loss Account, of the LOSS of the Company for the year ended on that date.

For **KARVY & COMPANY**
Chartered Accountants

Place : Hyderabad,
Date : 11-08-2000.

K. AJAY KUMAR
PARTNER

**ANNEXURE**

- i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. These fixed assets have been physically verified by the management. No material discrepancies have been noticed on such verification.
- ii) None of the fixed assets have been revalued during the year.
- iii) The stock of raw materials, finished goods, stores, spare parts and other materials of the Company have been physically verified at frequent intervals during the year by the management.
- iv) The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- v) No material discrepancies have been noticed on such physical verification as compared to book records.
- vi) In our opinion and on the basis of our examination, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles except that, as per past practice excise duty on stock of finished goods is not considered as part of cost, as recommended by the Institute of Chartered Accountants of India. (Refer to Note No.9 of Schedule-O). The valuation of stocks is on the same basis as in the previous year.
- vii) The Company has taken unsecured loans from parties listed in the register maintained under section 301 of the Companies Act, 1956 (1 to 1956). There is no interest on the said loans. The other terms and conditions of the said unsecured loans are not prima facie prejudicial to the interest of the Company.
- viii) The company has not granted any loans secured or unsecured to companies, firms or other parties as listed in the register maintained under Section 301 of the Companies Act, 1956.
- ix) The parties to whom the loans or advances have been given by the Company, are in the nature of staff advances which do not bear any interest. The principal amounts are being repaid by the parties as stipulated.
- x) In our opinion and according to the information and explanations given to us there are adequate internal control procedures commensurate with the size and nature of its business with regard to purchase of stores, raw-materials, components, plant and machinery, equipment and other assets and for the sale of goods.
- xi) In our opinion and according to the information and explanations given to us the transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in Registers maintained under Sec.301 and aggregating during the period to Rs.50,000/- or more in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices for such goods, materials or services or the prices at which transactions for similar goods or services have been made with other parties.
- xii) Unserviceable or damaged stores, raw-materials or finished goods, are determined and provisions for the loss wherever necessary has been made in the accounts.
- xiii) The company has not accepted any deposits from the public under Section 58A of the Companies Act, 1956.



- xiv) The Company has no by-products and it has maintained reasonable records for the sale and disposal of realisable scrap.
- xv) In our opinion, the Company has an Internal Audit System Commensurate with the size of the Company and the nature of its business.
- xvi) We have broadly reviewed the books of accounts maintained by the company in pursuance to the order made by the Central Government for the maintenance of cost records under section 209 (1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed records have been maintained. We have not, however made a detailed examination of these records.
- xvii) The Company is depositing the Provident Fund dues with the appropriate authorities, even though there is some delay in payment. The over due amount as on 31st March, 2000 is Rs.6 lakhs. As explained to us, the provisions of Employees State Insurance Act are not applicable to this Company for the time being.
- xviii) There were no undisputed amounts payable in respect of Income-tax, Wealth-tax, Customs duty and Excise duty as at 31st March, 2000 which were outstanding for a period of more than six months from the date they became payable. In respect of sales tax, the undisputed amount payable and outstanding for a period of more than six months as at 31-03-2000 is Rs.124.39 lakhs.
- xix) According to the information and explanations given to us, no personal expenses of employees or directors have been charged to the Profit and Loss Account, other than those payable under contractual obligation or in accordance with generally accepted business practices.
- xx) The Company is a Sick Industrial Company within the meaning of clause (0) of sub-section(1) of section-3 of the Sick Industrial Companies (Special Provisions) Act, 1985 (1 of 1986).

For **KARVY & COMPANY**
Chartered Accountants

Place : Hyderabad,
Date : 11-08-2000.

K.AJAY KUMAR
PARTNER

**BALANCE SHEET AS AT 31ST MARCH 2000**

	Schedule Ref.	As at 31-3-2000 Rs.	As at 31-3-'99 Rs.
SOURCE OF FUNDS:			
Share Capital	A	56,700,000	56,700,000
Reserves & Surplus	B	57,256,630	61,698,820
Secured Loans	C	265,144,757	218,834,823
Unsecured Loans	D	18,305,653	18,305,653
TOTAL		397,407,040	355,539,296
APPLICATION OF FUNDS:			
Fixed Assets	E		
Gross Block		357,802,804	355,503,959
Less: Depreciation		173,933,389	160,123,200
Net Block		183,869,415	195,380,759
Capital Works-in-Progress	F	942,753	950,990
Investments	G	6,029,700	6,029,700
CURRENT ASSETS, LOANS & ADVANCES:			
	H		
I. Inventories		14,406,815	13,881,802
II. Sundry Debtors		16,238,047	26,599,659
III. Cash and Bank Balance		858,844	2,970,408
IV. Loans & Advances		14,319,289	20,012,880
		45,822,995	63,464,749
Less: Current Liabilities and Provisions		45,083,815	37,477,282
Net Current Assets		739,180	25,987,467
Misc. expenses not written off (Capital issue expenses)		887,519	887,519
Profit & Loss Account		204,938,473	126,302,862
TOTAL		397,407,040	355,539,296
NOTES ON ACCOUNTS:	O		

As per our Report of even date
for KARVY & COMPANY
Chartered Accountants

K. AJAY KUMAR
PARTNER

Place: HYDERABAD
Date : 11-08-2000

for and on behalf of the Board

S.N.KILARU
MANAGING DIRECTOR

K.GOPI PRASAD
DIRECTOR


PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2000

	Schedule Ref.	Current year Rs.	Previous year Rs.
INCOME			
Sales		185,876,948	262,573,544
Other Income	J	1,948,218	879,385
Increase/(Decrease) in stock	K	1,714,907	(2,673,062)
		<u>189,540,073</u>	<u>260,779,867</u>
EXPENDITURE:			
Materials consumed	L	32,180,726	38,812,431
Power & Fuel		106,086,204	126,201,654
Excise duty		29,000,675	44,210,867
Mfg., Admn. & Selling exps	M	43,804,503	52,016,389
Finance charges	N	48,132,445	40,796,345
Add: Depreciation	13,810,189	13,776,480	
Less: Transfer from Revaluation reserves	4,701,190	4,708,537	9,067,943
		<u>9,108,999</u>	<u>9,067,943</u>
		<u>268,313,552</u>	<u>311,105,629</u>
Loss for the Year		78,773,479	50,325,762
Prior year adjustments		(137,868)	1,634,011
		<u>78,635,611</u>	<u>51,959,773</u>
Add Brought forward Loss		126,302,862	74,343,089
Loss Carried forward to Balance Sheet		<u>204,938,473</u>	<u>126,302,862</u>

NOTES ON ACCOUNTS: O

As per our Report of even date
for KARVY & COMPANY
Chartered Accountants

K. AJAY KUMAR
PARTNER

Place: HYDERABAD
Date : 11-08-2000

for and on behalf of the Board

S.N.KILARU
MANAGING DIRECTOR

K.GOPI PRASAD
DIRECTOR



	As at 31-3-2000 Rs.	As at 31-3-99 Rs.
SCHEDULE - A		
SHARE CAPITAL:		
Authorised 1,00,00,000 Equity Shares of Rs.10/- each.	100,000,000	100,000,000
<u>Issued, Subscribed and paid up</u>		
56,70,000 Equity Shares of Rs.10/- each fully paid up	56,700,000	56,700,000
TOTAL	56,700,000	56,700,000
SCHEDULE - B		
RESERVES & SURPLUS:		
<u>Capital Reserve</u>		
Opening balance	1,753,000	1,000,000
Additions during the year	259,000	753,000
	<u>2,012,000</u>	<u>1,753,000</u>
<u>Mining Welfare Subsidy</u>		
Opening Balance	974,250	958,000
Add:Received during the year	--	16,250
	<u>974,250</u>	<u>974,250</u>
<u>Revaluation Reserve:</u>		
Opening Balance	58,971,570	63,680,107
Less: Additional Depreciation on Revalued Assets	4,701,190	4,708,537
	<u>54,270,380</u>	<u>58,971,570</u>
TOTAL	57,256,630	61,698,820



	As at 31-3-2000 Rs.	As at 31-3-99 Rs.
SCHEDULE - C		
SECURED LOANS:		
A. Term Loans from:		
Industrial Development Bank of India	85,000,681	85,000,681
Industrial Finance Corporation of India Ltd.	14,320,387	14,320,387
The Industrial Credit & Investment Corpn.of India Ltd.	16,952,821	16,952,821
	<u>116,273,889</u>	<u>116,273,889</u>
B. Funded Interest		
I.D.B.I	1,881,000	1,881,000
I.C.I.C.I	2,428,598	2,428,598
	<u>4,309,598</u>	<u>4,309,598</u>
C. Cash Credit from BOB	4,934,446	4,822,799
D. Interest accrued and due	139,626,824	93,428,537
TOTAL	<u><u>265,144,757</u></u>	<u><u>218,834,823</u></u>

SCHEDULE - D**UNSECURED LOANS:**

From Directors	2,204,000	2,204,000
From Shareholders	5,796,245	5,796,245
	<u>8,000,245</u>	<u>8,000,245</u>
Interest Free Sales Tax Loan	10,305,408	10,305,408
TOTAL	<u><u>18,305,653</u></u>	<u><u>18,305,653</u></u>

SCHEDULE - E

FIXED ASSETS

Depreciation of Assets	GROSS BLOCK			DEPRECIATION BLOCK			NET BLOCK	
	As at 01-04-99	Additions	TOTAL	As at 01-04-99	For the Year	TOTAL	As at 31-3-2000	As at 31-3-99
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
LAND	3,876,027	-	3,876,027	-	-	-	3,876,027	3,876,027
BUILDINGS	39,898,353	-	39,898,353	11,582,828	1,017,639	12,600,467	27,297,886	28,315,525
PLANT & MACHINERY	272,521,181	2,221,675	274,742,856	127,215,328	10,746,377	137,961,705	136,781,151	145,305,853
ELECTRICAL INSTALLATIONS	36,196,381	-	36,196,381	18,866,988	1,918,511	20,785,499	15,410,882	17,329,393
FURNITURE & FIXTURES	1,198,899	77,170	1,276,069	932,729	62,225	994,954	281,115	266,170
VEHICLES	942,938	-	942,938	730,882	54,902	785,784	157,154	212,056
CONSTRUCTION MACHINERY	480,450	-	480,450	443,371	5,158	448,529	31,921	37,079
WORKSHOP EQUIPMENT	389,730	-	389,730	351,074	5,377	356,451	33,279	38,656
TOTAL	355,503,959	2,298,845	357,802,804	160,123,200	13,810,189	173,933,389	183,869,415	195,380,759
PREVIOUS YEAR	352,503,869	3,123,454	355,503,959	146,463,154	13,776,480	160,123,200	195,380,759	206,040,715





	As at 31-3-2000 Rs.	As at 31-3-99 Rs.
SCHEDULE - F		
CAPITAL WORKS-IN-PROGRESS:		
Buildings	130,243	130,243
Advance for capital works	812,510	812,510
	942,753	950,990
SCHEDULE - G		
INVESTMENTS		
<u>Long Term</u>		
(a) NON TRADE: UNQUOTED		
Equity shares in HCL AGRO POWER LTD (Nos.600000 equity shares of Rs.10/- each fully paid up)	6,000,000	6,000,000
IDBI Deep Discount Bonds 11 Nos. @ Rs.2700/- each fully paid up)	29,700	29,700
	6,029,700	6,029,700
SCHEDULE - H		
CURRENT ASSETS, LOANS & ADVANCES:		
i) Inventories		
As certified by the Management		
Stores & Spares	7,845,795	9,509,985
Raw Material	446,240	256,548
Packing Material		
(a) At Factor	520,138	397,988
(b) With Consignment Agents	31,920	2,870
	552,058	400,858
Coal	590,354	456,950
Work-in-Progress	2,717,568	1,719,068
Finished Goods		
(a) Stock at Factory	1,886,400	1,502,393
(b) With Consignment Agents	368,400	36,000
	2,254,800	1,538,393
TOTAL	14,406,815	13,881,802



	As at 31-3-2000 Rs.	As at 31-3-99 Rs.
ii) SUNDRY DEBTORS: (Unsecured)		
For over six months considered good	9,393,763	20,030,702
For over six months considered doubtful	5,634,888	3,249,777
Other debts considered good	6,844,284	6,568,957
	<u>21,872,935</u>	<u>29,849,436</u>
Less: Provisions for doubtful debts	5,634,888	3,249,777
TOTAL	<u>16,238,047</u>	<u>26,599,659</u>
iii) CASH AND BANK BALANCE:		
Cash in hand	25,164	32,341
Balance With Scheduled Banks:		
In Current Accounts	719,480	2,823,866
In Margin Money Deposit Accounts	114,200	114,200
TOTAL	<u>858,844</u>	<u>2,970,407</u>
iv) LOANS & ADVANCES: (Unsecured, considered good recoverable in cash or in kind or for value to be received)		
Advance to suppliers	3,281,485	3,726,485
Advance for expenses	102,742	287,071
Advance to staff	126,320	186,409
Deposits	9,125,555	12,968,415
Prepaid expenses	1,324,265	2,114,333
Tax deducted at source	358,922	730,167
TOTAL	<u>14,319,289</u>	<u>20,012,880</u>



	As at 31-3-2000 Rs.	As at 31-3-99 Rs.
SCHEDULE - I		
CURRENT LIABILITIES & PROVISIONS:		
Creditors for capital works	700,000	700,000
Creditors for Trade	8,789,467	7,789,965
(a) Due to small scale undertaking	3,154,032	2,938,874
(b) Due to others	5,635,435	4,851,091
Creditors for expenses	9,109,311	4,443,631
Creditors for other finance	20,519,871	14,907,035
Deposits	1,568,245	1,526,545
Advance from customers	3,348,918	7,296,188
Interest accrued but not due	1,048,003	813,918
TOTAL	45,083,815	37,477,282



	As at 31-3-2000 Rs.	As at 31-3-99 Rs.
SCHEDULE - J		
OTHER INCOME:		
Profit on Sale of Assets	—	36,173
Scrap sales	533,712	354,593
Interest earned (TDS 60498 P.Yr. 55852)	353,250	279,260
Credit balances written back	807,406	39,869
Insurance claims received	253,850	169,490
TOTAL	1,948,218	879,385
SCHEDULE - K		
INCREASE/(DECREASE) IN STOCK:		
1. Work-in-Progress		
Opening Stock	1,719,068	5,200,083
Closing Stock	2,717,568	1,719,068
	998,500	(3,481,015)
2. Finished Goods		
Opening Stock	1,538,393	730,440
Closing Stock	2,254,800	1,538,393
	716,407	807,953
INCREASE/(DECREASE) (1+2)	1,714,907	(2,673,062)
SCHEDULE - L		
MATERIALS CONSUMED		
A) Raw Material		
Opening Stock	251,198	830,326
Add: Purchases	21,806,414	25,194,878
TOTAL	22,057,612	26,025,204
Less: Closing stock	415,454	251,198
CONSUMPTION:	21,642,158	25,774,006
B) Packing Material		
Opening Stock	400,858	287,846
Add: Purchases	10,689,768	13,151,437
TOTAL	11,090,626	13,439,283
Less: 1. Closing stock	520,138	397,988
2. Packing on Consgrmnt stk	31,920	2,870
	552,058	400,858
CONSUMPTION	10,538,568	13,038,425
TOTAL CONSUMPTION (A + B)	32,180,726	38,812,431



	As at 31-3-2000 Rs.	As at 31-3-99 Rs.
SCHEDULE - M		
MANUFACTURING, ADMINISTRATIVE & SELLING EXPENSES:		
Manufacturing:-		
Personnel cost:		
Salaries & Wages and bonus	10,879,648	10,888,647
Contribution to P.F & other funds	1,493,129	1,543,287
Staff Welfare	3,542,607	3,114,489
	<u>15,915,384</u>	<u>15,546,423</u>
Consumable Stores	8,141,732	9,893,257
REPAIRS & MAINTENANCE:		
Buildings	142,213	158,817
Plant & Machinery	2,472,280	2,951,436
Other Assets	759,374	1,095,835
	<u>3,373,867</u>	<u>4,206,088</u>
Material handling	1,434,220	2,034,836
Factory maintenance	65,346	125,433
Carriage inwards	218,542	721,271
Administrative Expenses:-		
Travelling & Conveyance	981,804	1,013,999
Insurance	1,292,805	1,328,230
Rent	56,957	79,805
Rates & Taxes	91,411	206,758
Printing & Stationery	279,306	370,300
Postage & Telephones	763,637	717,482
Vehicle Maintenance	157,021	237,075
Electricity charges	245,021	158,037
Office maintenance	8,382	37,535
Listing fees	38,250	38,250
Service charges	592,869	585,496
	<u>4,507,463</u>	<u>4,772,967</u>
Balance carried forward	29,149,091	32,527,308



	As at 31-3-2000		As at 31-3-99	
	Rs.		Rs.	
Balance brought forward	4,507,463	29,149,091	4,772,967	32,527,308
Legal & Professional charges	212,736		232,733	
Directors' sitting fee	1,300		1,500	
Directors' remuneration	420,000		405,484	
Payment to Auditors:				
1. As Auditors	50,000		50,000	
2. For tax Matters	25,000		20,000	
3. For other services	10,000		30,000	
4. For expenses	2,250		2,250	
		52,28,749		55,14,934
		34,377,840		38,042,242
SELLING EXPENSES:-				
Loading charges	370,980		502,183	
Advertisement	116,927		485,009	
Commission on Sales	4,952,500		6,308,897	
Sales Promotion expenses	113,600		210,933	
		5,554,007		7,507,022
		39,931,847		45,549,264
OTHER ITEMS:				
General Expenses		1,176,365		954,890
Provisions for doubtful debts		2,385,111		3,249,777
Bad Debts Written off		311,180		2,262,458
TOTAL		43,804,503		52,016,389
FINANCE CHARGES:				
Interest on fixed loans		46,433,638		37,678,069
Interest on other loans		1,044,804		2,343,029
Bank charges		654,003		775,247
TOTAL		48,132,445		40,796,345

**SCHEDULE - O****NOTES ON ACCOUNTS:****01. SIGNIFICANT ACCOUNTING POLICIES:****Basis of Presentation:**

The Company follows the Mercantile system of Accounting and recognises income and expenditure on accrual basis. The Accounts are prepared on historical cost basis, modified by revaluation of certain fixed Assets as a going concern, and are consistent with generally accepted accounting principles.

Fixed Assets:

Fixed Assets are capitalised at cost including freight, installation charges and other incidental expenses. Fixed Assets are stated at cost together with resultant write-up due to revaluation as there may be.

- a) Land: At Cost
- b) Other Assets: Cost less depreciation

Investments:

Investments being long term in nature are valued at cost of acquisition. (Adjustment for increase/decrease in the value of investment, if any, will be accounted for on realisation of the investment.)

Capital work-in-progress :

The cost incurred for fixed assets under construction/installation are included under capital work-in-progress and the same are classified to the respective assets on the completion.

Depreciation :

- i) Depreciation on Buildings, Plant & Machinery and Electrical installations is provided on straight line method and on written down value method on other assets at the rates prescribed in Schedule XIV of the Companies Act, 1956.
- ii) Depreciation on assets added during the year is charged on pro-rata basis from the month in which it is acquired and upto the month in which it is discarded as the case may be.
- iii) In the case of revalued assets the difference between the depreciation based on revaluation and the depreciation charged on historical cost is transferred from revaluation reserve to Profit and Loss account.

Inventories :

- a) Raw Materials, Stores and Spare parts are valued at cost.
- b) Work-in-progress and finished goods are valued at lower of cost or net realisable value.

Sales :

Sale of goods is recognised at the point of despatch of finished goods to customers. Sales are inclusive of excise duty but exclusive of sales tax.

Retirement Benefits :

Contribution to provident fund is made through the Regional Provident Fund Commissioner. The Company has an arrangement with Life Insurance Corporation of India to administer its gratuity scheme. Other benefit are accounted on actual cost to the company.



Contingencies and events occurring after the balance sheet :

Accounting for contingencies (gains and losses) arising out of contractual obligations, are made only on the basis of mutual acceptances.

Events occurring after the date of the Balance Sheet are considered upto the date of approval of the accounts by the Board where material.

02. Contingent Liabilities not provided for:

Claims against the Company not acknowledged as debt and not provided for:

a) The Company has purchased the rights for land measuring 2.2 acres valued at Rs.17,334/- in the year 1985 and was registered in the name of the Company, subsequently it has come to the notice of the Company that the land was assigned to the Andhra Pradesh Government and the party cannot relinquish his right. The Company has made an application to the revenue authorities to assign the land in favour of the Company. As the matter is still pending no provision has been made in the accounts of the Company.

b) On account of Bank Guarantee Rs.4.91 lakhs (previous year Rs.4.91 lakhs).

c) The Company has received a notice from Grama Panchayat Vedadri in the financial year 1998-99 for Rs.2,78,732/- house tax from 1996-97 to 1998-99 and the Company has paid Rs.1,49,688/- and applied to District Collector, Krish Dist. for waiver of the balance tax amount of Rs.1,29,044/-.

d) Sales tax matters pertaining to financial years

1991-92 - Rs.5.24 lakhs (Previous Year Rs.5.24 lakhs)

1992-93 - Rs.7.13 lakhs (Previous Year Rs.7.13 lakhs)

1993-94 - Rs.4.28 lakhs (Previous Year Rs.4.28 lakhs) in respect which the Company is in appeal.

03. Estimated amount for contracts remaining to be executed on Capital Account and not provided for Rs.12 lacs (Rupees Twelve lacs only) (Previous year Rs.10 lakhs (Rupees Ten lakhs only)).

04. Secured Loans:

a) Term Loans of Rs.1205.83 lakhs (Rupees Twelve Crore Five lakhs Eighty Three thousand only) from Industrial Development Bank of India, Industrial Finance Corporation of India and Industrial Credit and Investment Corporation of India Limited are secured by a Joint equitable mortgage by deposit of the title deeds of all immovable properties with Industrial Development Bank of India in favour of the said financial institutions and hypothecation of all movable properties both present and future subject to prior charge on the said movable properties, in favour of the Company's Bankers for working capital.

b) The term loans from all the above said institutions rank paripassu among themselves.

c) Industrial Development Bank of India, Industrial Finance Corporation of India, and Industrial Credit and Investment Corporation of India Limited have the option to convert at par a portion of their term loan into fully paid up equity shares which may be exercised during the tenure of the loan.

d) Confirmations of balances held with IDBI., ICICI & IFCI as on 31-03-2000 are not received by the Company.

e) Working Capital limits to the extent of Rs.180 lakhs from Bank of Baroda are secured by hypothecation of raw materials, work-in-progress, finished goods, stocks and book debts



and the cash credit is further secured by as a second charge by a equitable mortgage by deposit of title deeds of all immovable properties and is guaranteed.

However the limit is reduced to Rs.46 lakhs during the financial year 1998-99.

- f) Term loan to the extent of Rs.464.01 lakhs included in (a) payable to Industrial Development Bank of India, Industrial Finance Corporation of India Limited, and Industrial Credit and Investment Corporation of India Limited is guaranteed by unconditional and irrevocable guarantee of Shri S. N. Kilaru Managing Director of the Company, Shri G.Mohan Rao and Shri K.V.S. Varma which is joint and several.
- g) Term loans of Rs.741.82 lakhs included in (a) payable to Industrial Development Bank of India and the Industrial Credit and Investment Corporation of India Limited are guaranteed by unconditional and irrevocable guarantees of Shri S.N.Kilaru, Managing Director and Shri K.Gopi Prasad, Director of the Company.
05. There are no confirmations received from the parties to whom advances for land were given in the year 1997-98.

06. Particulars of remuneration to Directors :

	Current year	Previous year
	Rs.	Rs.
a) Sri S.N.Kilaru, Managing Director Salary	420,000	405,484
Other Benefits	Nil	Nil
TOTAL	420,000	405,484

07. Details of amounts due to small scale industrial undertakings exceeding Rs.1,00,000/- and outstanding for more than 30 days to the extent such parties have been identified from the available documents/information.

Sl.No.	Name of the Party
(1)	M/s.Associated Engineer
(2)	M/s.Krishna Products (P) Ltd.
(3)	M/s.Panchavati Poly Fibres Ltd.
(4)	M/s.Archon Engineering Co. Ltd.
(5)	M/s.Balaji Industrial Products.

08. Information pursuant to the provisions of paragraphs, 3, 4C and 4D of part-II of schedule VI of the companies Act, 1956 (As certified by the Management to the extent applicable).



DESCRIPTION	1999 - 2000		1998 - 1999	
	QTY.IN MTS.		QTY.IN MTS	
a) Installed Capacity Cement	181,500 MTs	per Annum	181,500 MTs	per Annum
Actual Production Cement	123,972 MTs	per Annum Value (Rs.)	168,236 MTs	per Annum Value (Rs.)
b) Turnover:				
Cement (including self consumption)	123,375 MTs	182,615,622	167,563 MTs	26,073,974
Clinker Sales	3,139 MTs	3,261,326	2,077 MTs	1,838,570
		185,876,948		262,573,544
c) Opening stock of finished goods	1,282	1,538,393	609	730,440
Closing stock of finished goods	1,879	2,254,800	1,282	1,538,393
	=====	=====	=====	=====
d) Materials Consumed:				
Lime Stone	171,402	13,759,992	216,779	15,770,552
Gypsum	5,045	3,667,864	6,863	4,165,975
Bauxite	7,518	3,121,014	11,255	5,100,361
Others		1,093,288		737,118
TOTAL		21,642,158		25,774,006
Packing Materials(No.of Bags)	2,478,656	10,538,568	3,354,022	1,303,8425
Stores & Spares	—	8,141,732	—	9,893,257
	%	Value(Rs.)	%	Value(Rs.)
e) Value of imported and indigenous raw materials, components, spare parts and other materials.				
Raw Materils:				
Imported	NIL	NIL	NIL	NIL
Indigenous	100%	2,16,42,158	100%	2,57,74,006
Spare Parts & Other Materials:				
Imported	NIL	NIL	NIL	NIL
Indigenous	100%	1,86,80,300	100%	2,29,31,682
09.	As per past practice the excise duty payable on finished goods is accounted for on clearance of goods from factory. The amount of excise duty payable on finished goods not cleared from factory as at 31-3-2000 estimated at Rs.4,38,200/- (previous period Rs.56,400/-). However, non-accounting of this liability will not effect loss for the year.			



10. Sundry Debtors amounting to Rs. 59.88 lakhs outstanding for more than one year are subject to confirmation.
11. The Company has to pay Rs.61.38 lakhs towards instalment of sales tax deferment loan during 2000-2001.
12. Schedule A to O form an integral part of accounts.
13. Previous year's figures have been regrouped wherever necessary to conform to the current year's classification.
14. ADDITIONAL INFORMATION REQUIRED UNDER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

A) Registration No.	-	2995
B) State code	-	01
C) Balance sheet date	-	31-03-2000

II. CAPITAL RAISED DURING THE YEAR

	RUPEES
A) Public issue	NIL
B) Rights issue	NIL
C) Bonus issue	NIL
D) Private placement of Non convertible Debentures	NIL

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

	RUPEES
A) Total liabilities	397,407,040
B) Total Assets	397,407,040
C) Sources of funds:	
1) Paid-up capital	56,700,000
2) Reserves and surplus	57,256,630
3) Secured loans	
a) Debentures	—
b) Term loans and working capital facilities	265,144,757
c) Short term loans for new projects	
4) Unsecured loans	18,305,653
D) Application of funds:	
1) Net fixed assets (including capital w.i.p)	184,812,168
2) Investments	6,029,700
3) Net current assets	739,180
4) Miscellaneous expenditure	887,519
5) Accumulated losses	204,938,473

IV. PERFORMANCE OF COMPANY

A) Turnover	189,540,073
B) Total Expenditure	268,175,684



C) Loss	78,635,611
D) Earning per share	—
E) Dividend rate	—

V. GENERIC NUMBERS OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY

A) 1) Item code	25231000
2) Product description	CEMENT
B) 1) Item code	25231000
2) Product description	CLINKER

As per our Report of even date
For **KARVY & COMPANY**
Chartered Accountants

for and on behalf of the Board

K.AJAY KUMAR
Partner

S.N.KILARU
Managing Director

Place : Hyderabad,
Date : 11-8-2000.

K. GOPI PRASAD
DIRECTOR

CASH FLOW STATEMENT FOR 31-03-2000

	2000	Rs. 1999
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	(78,635,611)	(51,959,773)
ADJUSTMENTS FOR:		
Depreciation	9,108,999	9,067,943
Interest	47,478,442	40,021,098
Profit on sale of asset	—	(36,173)
Operating profit before working capital changes	(22,048,170)	(2,906,905)
ADJUSTMENTS FOR CHANGES IN		
Trade and other receivables	16,055,203	11,926,632
Inventories	(525,013)	1,591,453
Trade payables	7,371,182	4,520,071
Cash generated from operations	853,203	15,131,251
Interest paid	(1,044,804)	(2,343,029)
Net cash from/(used in) operating activities	(191,602)	12,788,222

**B. CASH FLOW FROM INVESTING ACTIVITIES:**

Purchase of fixed assets	(2,290,608)	(2,218,380)
Sale of fixed assets	—	43,103
Net cash (used in) investing activities	<u>(2,290,608)</u>	<u>(2,175,277)</u>

C. CASH FLOW FROM FINANCING ACTIVITIES:

Proceeds from welfare subsidy	259,000	769,250
Proceeds from long term borrowings	—	(4,250,000)
Proceeds from short term borrowings	<u>111,647</u>	<u>(4,902,921)</u>
Net cash (used in)/generated financing activities	<u>370,647</u>	<u>(8,383,671)</u>
Net increase/(decrease) in cash and cash equivalents	(2,111,563)	2,229,274
Cash and cash equivalents (Opening balance)	2,970,407	741,133
Cash and cash equivalents (Closing balance)	<u>858,844</u>	<u>2,970,407</u>

for and on behalf of the Board

S.N.KILARU
MANAGING DIRECTOR

Place : Hyderabad,
Date : 11-8-2000.

K. GOPI PRASAD
DIRECTOR

AUDITORS CERTIFICATE

We have verified the above cash flow statement of Hemadri Cements Limited derived from the audited annual financial statements for the year ended March 31, 2000 and found the same to be drawn in accordance therewith and also with the requirements of Clause 32 of the listing agreements with stock exchanges.

As per our Report of even date

For **KARVY & COMPANY**
Chartered Accountants

Place: Hyderabad,
Date : 11-08-2000.

K. AJAY KUMAR
PARTNER



HEMADRI CEMENTS LIMITED
 Regd. Office & Factory: Vedadri Village, Jaggaiahpet Mandal
 Krishna District, Andhra Pradesh

PROXY FORM

I/We _____ in the district
 of _____ being a member(s) of the above named Company, hereby
 appoint _____
 _____ of _____ in the district _____ as my/our proxy to attend
 and vote for me/us on my/our behalf of the Annual General

Meeting of the Company to be held on 30th September, 2000 at 2-30 p.m and at any adjournment thereof.

Signed _____

Date _____

Affix 30 Paise Revenue Stamp

Folio No. _____

Note: Proxies must reach the Company's Registered Office not less than 48 hours before the time fixed for the meeting.

HEMADRI CEMENTS LIMITED
 Regd. Office & Factory: Vedadri Village, Jaggaiahpet Mandal
 Krishna District, Andhra Pradesh

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL. JOINT SHAREHOLDERS MAY OBTAIN ADDITIONAL ATTENDANCE SLIP ON REQUEST.

Name & Address of the Shareholder

Folio No. _____

I hereby record my presence at the **ANNUAL GENERAL MEETING** of the Company held at the Registered Office of the Company Vedadri Village, Jaggaiahpet Mandal, Krishna District at 2-30 P.M on 30th September, 2000.

SIGNATURE OF THE SHAREHOLDER OR PROXY

BOOK- POST

PRINTED MATTER



If undelivered please return to :
HEMADRI CEMENTS LIMITED
Regd. Office & Factory : Vedadri Village,
Jaggaiahpet Mandal,
Krishna District, Andhra Pradesh.

PLEASE NOTE :
No gift/coupons
will be given at the
AGM