

ANJANI PORTLAND CEMENT

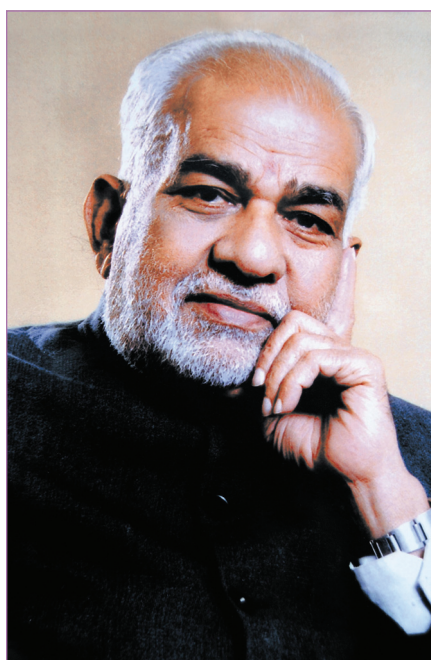
Reviving the Legacy of Dr BV Raju

Three decades ago, Padma Bhushan Dr BV Raju came into limelight by promoting Raasi Cement and Sri Vishnu Cement, which created history in cement industry, particularly in Andhra Pradesh.

In late 90s, his grandson - KV Vishnu Raju entered the cement sector by reviving a sick mini plant - Shez Cements and renamed it as Anjani Portland Cement. In 2010, Anjani became a major plant with a capacity of 1.3 million tonnes and is now setting up a cement plant in Karnataka. Vishnu Raju seems to be reviving the legacy of late Dr BV Raju in cement sector.

The Hyderabad based Anjani Portland Cement Limited is slowly emerging as one of the professionally managed cement companies in Andhra Pradesh. KV Vishnu Raju, the erstwhile Managing Director of Raasi Cement Ltd, heads the company as Chairman & Managing Director. He is fortunate to be the eldest grandson of the well known cement technologist, entrepreneur and visionary founder of Raasi Group – Dr BV Raju. Vishnu Raju seems to be making efforts to repeat the success story of his illustrious grandfather in cement industry.

The Anjani Cement was formerly known as Shez Cements Ltd, which was originally incorporated on December 17, 1983 as Shez Chemicals Limited for setting up a 300 TPD rotary kiln mini cement plant. Later in October 1985, its name was changed to Shez Cements Limited. The plant was set up at a cost of Rs 33 crores, commenced trial runs in



Late Dr BV Raju

1997. Unfortunately, the plant could not operate for a long time owing to various problems including the lack of sufficient working capital. Resultant, the plant was shut down.

In December 1999, Vishnu Raju, then 37 years, along with his sister Mrs Vanitha Datla, then 34 years, and RVRL Narsimha Raju, then 38 years, joined hands as promoters and acquired the ailing Shez Cements from its original promoters - Syed Badruddin Shez and his associates. They changed the company's name from Shez Cements to Anjani Portland

Cement Limited (APCL), effective from October 6, 1999. Anjani is the name of Lord Hanuman who is well known as a remover of hurdles.

The new management, headed by Vishnu Raju as Managing Director, revived the company. They pumped in sufficient funds and commenced the commercial production within nine months of takeover.

Under Vishnu Raju's stewardship, Anjani Cement became one of the best managed cement companies in the State. By the year 2010, it changed its status from a mini to major plant by expanding capacity to 1.3 million tonnes. In the year 2006-07, the company declared its maiden dividend.

Anjani has the unique distinction of being the second company from Andhra Pradesh to expand its manufacturing operations to neighbouring State of Karnataka. It is in the process of setting up a one million tonne capacity green-field cement plant. The first company from the State to go to Karnataka is Sagar Cements Limited, which is implementing a 5.5 million tonnes cement project as a joint venture with Vicat of France. Originally, Sagar Cement too was started as a mini cement plant in early 80s.

Shez Cements' Acquisition

It was in the month of April 1998



MINI TO MAJOR CEMENT PLANTS

Anjani's cement plants at a glance

Sl No	Cement Plants	District	State	Capacity MTPA Jan 2010	Capacity MTPA Jan 2012	Year
1	Anjani Portland Cement	Nalgonda	Andhra Pradesh	1.20	1.30	1997
Under Implementation						
2	Anjani Cement (Karnataka)	Bijapur	Karnataka	-----	1.00	-----

MTPA - Million Tonnes Per Annum, Year - Year of first commissioning

when Vishnu Raju received a call from Sivaraman, the then General Manager of IFCI-Hyderabad suggesting him to have a look at the plant of Shez Cements. Vishnu Raju visited the plant on May 17, 1998, along with R Kunjithapatham, who had a very long association with the cement industry and a very close associate of his grandfather. They made an objective assessment of the plant's viability and found the same technically sound and viable.

During an interview to "Industrial Chronicle" in 2001, Vishnu Raju had recalled: "We went and saw the plant against the advice of our friends and well wishers, who were of the opinion that this plant could not be revived. But to our surprise, we found it technically quite satisfactory as it had a 5-stage pre-heater with precalciner. However,

we sought a second technical opinion from an independent agency like National Council for Cement & Building Materials (NCB), which also found the plant technically sound. Raw material wise, it had the deposits of good quality lime stones spread over 162 acres with a lease period of 20 years."

Soon after visiting the plant, Vishnu Raju became interested in taking over the company and as a first step, on April 3, 1999; he entered into an agreement with the original promoters - Syed Badruddin Shez and his associate for acquiring their entire equity of 25 lakh shares at Rs 5 each. This represented 19.50 per cent of the company's total issued capital. Two months later, he made an open offer to the shareholders of the company for another 20 per cent of its equity

at Rs 5 per share. With this, Vishnu Raju became a major shareholder of the company as his total share holding increased to 39.50 per cent.

Vishnu Raju found that the company's term loans of Rs 19 crores taken by the original promoter had become huge at Rs 38 crores with the accumulation of the interest and penal interest. Though he was quite convinced about the plant's technical viability, he wanted it should be financially viable too. For this, he held discussions with the lending institutions, namely IDBI, IFCI and ICICI for one time settlement. He requested them to waive off the 50 per cent of simple interest and penal interest fully.

Recalls Vishnu Raju: "The financial institutions considered my proposal and gave us a substantial relief from the accumulated interest. They waived





KV Vishnu Raju, Chairman & Managing Director

off the penal and simple interest to the extent of Rs 17 crores. With this reduction, the outstanding debt came down from Rs 38 crores to Rs 21 crores, which we paid to the institutions as one time settlement. For this, Rs 19.80 crores were borrowed from a consortium of four banks, namely; State Bank of India - Rs 5 crores, State Bank of Hyderabad - Rs 4 crores, Punjab National Bank - Rs 5 crores and Vysya Bank - Rs 5.80 crores. In fact, this was a unique financing arrangement that too for cement industry, which was on the negative list of the financial institutions.”

Cement Plant

Anjani's cement plant is located at Chintalapalem village in Gudimalkapuram, Mellachervu mandal in Nalgonda district. Spread over 30 acres of land, it was set up in technical collaboration with Nihon Cement Company Limited, Japan, a world leader in cement technology.

This included a 5-stage suspension pre-heater rotary kiln with a pre-calciner, which made it the then most modern plant among the mini cement plants.

After a long gestation, the company commenced the commercial production on 29th December 1999. It was lucky to get the very first batch of good quality clinker, which normally takes some time from plant to plant. The first six months, the plant faced teething problems but by July 2000, its operations were stabilized at 100 per cent capacity utilisation.

By 2001, the plant's original capacity of 300 TPD was increased to 600 TPD (0.19 million tonnes) and in later years to 0.3 million tonne. The year 2005 saw an uptrend in cement industry and the company increased its capacity further to 0.52 million tonnes (1700 TPD) at a cost of Rs 25 crores. However, by maintaining the capacity utilization above the rated capacity, the plant

produced up to 0.6 million tonne of cement annually.

To increase its market share further, the company added unit II with a capacity of 0.7 million tonne through brown-field expansion, which was commissioned on March 24, 2010. This has not only expanded the plant's total capacity to 1.2 million tonnes, but also changed its status of being a mini cement plant to a major plant. At present, the plant has a capacity of 1.3 million tonnes.

Karnataka Plant

Anjani Cement promoted a sister concern Anjani Cement (Karnataka) Limited for setting up a one million tonne green-field plant in Bijapur district of Karnataka. It will also have a captive power plant of 18 MW.

Captive Power

In the year 2000-01, the company acquired Vennar Ceramics Limited, a 2.7 MW gas based power generating



PVRL Narasimha Raju, Executive Director

company to cater to the cement plant's 60 per cent power requirements.

Markets

Anjani Cement is a popular brand in south India for its quality and commitment to service. With its exemplary growth in production, the company has captured the market in Andhra Pradesh and competes with the national players in the industry. The company has now extended its reach to Tamil Nadu, Orissa and Karnataka as well as made forays into the markets of Maharashtra. An excellent dealer network system ensures successful spread and sales of the cement within and outside the State.

Review of Operations

In the financial year of 2010-11, the company produced 0.65 million tonnes of cement, which was compared to the previous year production of 0.50 million tonnes, has registered an increase of 31 per cent. The cement sold during the year under review stands at 0.64 million tonnes compared to 0.49 million tonnes in the previous year showing an increase of 29 per cent.

The gross sales in terms of value

during the year under review were at Rs 223.80 crores as against Rs 151.47 crores during the previous year translating into an increase of 48 per cent. Similarly, the profit before tax for the year amounts to Rs 129.49 crores against Rs 20.79 crores during the previous year. The profit after tax stands at Rs 0.58 crores compared to Rs 11.69 crores in the previous year.

Eventful Year of 2010

The year of 2010 was an eventful year

for the company as that year, it moved to a new spacious corporate office – Anjani Cement Centre in the heart of the city. It launched Anjani Studio – the first of its kind in cement industry. It became an ISO 9001:2008 certified company. It also inaugurated BV Raju Institute of Cement Technology, which is an innovative venture to train the rural youth in cement technology and production so they can get employment in cement plants.

Anjani's CSR Efforts

Anjani has set up an English medium school within two years of its operation in Nalgonda district and spends Rs 40 lakhs annually. It has provided 400 shelters to poor families free of cost and gives them health-education, supplies drinking water, subsidized food grains and cement for dwelling units. The company also takes up construction and maintenance of roads, culverts, parks and temples. It donated rupees one crore worth of cement to support the AP Government's Housing Scheme.

In recognition of its praiseworthy work in discharging Corporate Social Responsibility (CSR), the company has received FAPCCI Award for "Excellence in Corporate Social Responsibility" for the year of 2009-10.

Anjani Cement Studio

The company has taken its services



Anjani's representatives receiving FAPCCI Award from the Chief Minister of Andhra Pradesh.

Professional Profiles

KV Vishnu Raju, Chairman & Managing Director

Son of a leading surgeon - Dr KSN Raju, Vishnu Raju, 50, has over 20 years of experience in cement industry. After his graduation in chemical engineering from Regional Engineering College (now NIT), Tiruchirapalli, he did his post graduation from Michigan Technological University in United States. In March 1989, he began his career as chemical engineer with EI Dupont De Nemours and served this company for over two years. In 1992, he returned to India and joined his grand father's company - Raasi Cements as Executive Director with charge of administration, purchase and technical matters. Later in September 1995, he became Raasi's youngest Managing Director and remained so till June 1998, when the company was acquired by India Cements.

Vishnu Raju is also Chairman for Sri Vishnu Educational Society, which runs a number of educational institutions at Bhimavaram in West Godavari district, Narasapur in Medak district and Hyderabad offering BE, M Tech, B Pharma, M Pharma, Dental, MCA, MBA courses.

PVRL Narasimha Raju, Executive Director

PVRL Narasimha Raju, 51, a commerce graduate from Osmania University, has been associated with Anjani Portland Cement Limited as promoter Director since 1999. He has extensive experience in marketing and finance in industries like cement, construction, ceramics and agri-business. He is actively involved in the company's marketing activities. He is also instrumental in execution of Vennar Ceramics power plant.

to the common man through the unique concept of **Anjani Cement Studio**, which is the first of its kind in the country. This Studio was initially set up at Hyderabad and later at the thriving and high growth potential towns of Kakinada and Bhimavaram to cover East and West Godavari districts of Andhra Pradesh.

Nirmaan Sanjeevani

Another innovative and pioneering project by Anjani Cement that has evoked excellent response from the customers is the "**Nirmaan Sanjeevani**" – the **Mobile Concrete Solutions**. This is a specialized 'testing laboratory on wheels' for all cement and concrete related quality testing needs and queries of the end use customer. This customer support initiative is an innovative concept wherein the lab is made available at the construction site to support the customer through all stages of construction. The value added services

provided to the customers includes: vastu tips, house plan, estimation, architectural services, etc.

BV Raju Institute of Cement Technology

Dr BV Raju Institute of Cement Technology (BVRICT), the brainchild of KV Vishnu Raju, is established to train the rural youth of Nalgonda district, which is the biggest cement cluster in Andhra Pradesh. This region has a vast employment potential in cement plants as there is a huge

demand for trained manpower.

The BVRICT is a real tribute to late Padmabhushan Dr BV Raju, who was a doyen of cement industry in India. He was not only the promoter of Raasi Cement Group; he was also an inspiration for many entrepreneurs to enter into cement sector. Now the BVRICT, which is set up in his memory, will play an important role of training the rural youth for meeting the requirements of the cement industry.

Anjani Powder Research Center

Anjani Powder Research Centre (APRC) is a major initiative by Anjani Cement Group as part of its continuous innovations. The APRC was established on November 4, 2009, and is fully equipped with *state-of-the-art* research and testing facilities to carry out the complete physical and chemical analysis of the cement quality of Anjani Cement brand vis-a-vis other cement brands on regular basis to continuously innovate and improve the company's product quality. This Centre also caters to the needs of other powder based manufacturing industries like pharmaceuticals, paints, ceramics, glass, etc to test and analyze their quality standards.

Legacy of BV Raju

The late BV Raju, who started his career as a low grade employee in the cement industry, owing to his hard work and sincerity, became the Chairman & Managing Director of Cement Corporation of India (CCI). During his stewardship, CCI was one of the best performing public sector

Anjani's performance at a glance

Particulars	Unit	2010-11	2009-10
Cement Capacity	MTPA	1.2	1.2
Cement Production	Mn Tons	0.65	0.50
Cement Sold, Volume	Mn Tons	0.64	0.49
Cement Sold, Value	Rs Crs	223.80	151.47
Profit Before Tax	Rs Crs	1.29	20.79
Profit After Tax	Rs Crs	0.58	11.69
Dividend	Rs	0.80	1.0

enterprises. At the age of 60 plus, BV Raju became an entrepreneur and founded the well known Raasi Group in 80s. Within a short span of 15 years, the Raasi Group established half a dozen companies, namely: Raasi Cement Ltd, Sri Vishnu Cements Ltd, Raasi Refractories Ltd, Raasi Ceramics Ltd, and Raasi Finance and Investments Ltd. For his outstanding services to industry, the Government of India honoured BV Raju with the Padma Bhushan, while JNTU -



Management Team

SVS Shetty, CEO

A gold medalist in mechanical engineering from NIT (REC) at Suratkal in Karnataka, SVS Shetty has over 38 years of rich techno-commercial experience in all areas of operations like marketing, finance, human resources and commercial departments in engineering, chemical, cement and processing industries. He has held several senior positions in companies like Bakelite Hylam Ltd as Executive President; Andhra Cements Ltd – President; Hyderabad Engineering Works - Joint Executive Director & CEO. He is associated with Anjani Portland Cement Limited as CEO since 2008.

RVA Narasimha Rao, Chief Financial Officer

RVA Narasimha Rao, a chartered accountant by profession, has over 26 years of rich experience in banking, finance, accounting, taxation, secretarial functions, internal and management audit, corporate budgeting, MIS, planning and risk management etc. Prior to joining Anjani Cement in 2009, he held senior positions in companies like Hemadri Cements Ltd, Coromandel Cements Ltd (now Bheema Cements), Telangana Paper Mills Ltd, Sri Vishnu Cements Ltd, Coromandel Fertilizers Ltd and Lanco Infra Ltd.

SN Raju, Sr Vice President - Operations

SN Raju, a diploma holder in technical engineering, has over 45 years of rich experience in cement industry. He has served major cement plants like Dalmia Cements Ltd, CCI and Vishnu Cements Ltd in various capacities.

Ch. Gandhi Raju, Vice President - Marketing

Ch. Gandhi Raju, a post graduate in Business Administration, has an experience of over 27 years in cement industry. Before joining Anjani Portland Cements Ltd in 1999, served cement companies like NCL and Sri Vishnu Cements Ltd.

N Venkat Raju, Asst Vice President – Works

N Venkat Raju, a post graduate in chemistry from Andhra University, started his career as a management trainee with Raasi Cements Ltd and became its Deputy General Manager – Production. He has 23 years of rich experience in cement industry in areas like production, QC, process, R&D etc. He joined Anjani Cement in 2009 and is now its Assistant Vice President of Works.

Hyderabad awarded him the honorary doctorate.

Under the leadership of BV Raju, during the period of 80s and 90s, the Raasi Cement and Sri Vishnu Cement had grown very fast and earned a respectable place in the Indian cement industry. But unfortunately, in late 90s, some close associates of Dr Raju sold their equity to the Chennai based India Cements, which acquired the management control of both the companies. Later India Cements merged Raasi Cement with itself as Vishnupuram plant in Nalgonda district and sold Sri Vishnu Cement to Zuari Cement.

During his lifetime, BV Raju inducted his eldest grandson - KV Vishnu Raju (eldest daughter's son) in his flagship company - Raasi Cement and trained him well under his personal supervision. In late 90s, Vishnu Raju entered the cement sector by reviving a sick mini cement plant, which is today known as Anjani Cement.

- by Nimit Agarwal

Acknowledgement

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- Editor