

Andhra Cements Limited



DUNCAN GOENKA

66th Annual Report 2003-2004

BOARD OF DIRECTORS

G.P. Goenka – Chairman

V.C.Chaturvedi – BIFR Nominee

K.N. Bhandari – IDBI Nominee

Punit Saxena – UTI Nominee

J. Jayaraman – Bank of Baroda
Nominee

Dr. A.L.Ananthanasayanan

Dr. Sushil Chandra

M.S. Ramakrishna

N.P.S Shinh – Managing Director
(upto 30.04.2004)

A.S. Jatkar – Managing Director
(w.e.f. 01.06.2004)

COMPANY SECRETARY & HEAD (LEGAL)

K. Majumder

AUDITORS

Brahmayya & Co.
Chartered Accountants
Vijayawada

Lodha & Co.
Chartered Accountants
Hyderabad

BANKERS

Bank of Baroda
Canara Bank
Andhra Bank
Syndicate Bank
Vijaya Bank
State Bank of India

REGISTERED OFFICE

Sri Durga Cement Works
Sri Durgapuram – 522 414
Guntur (A.P.)

Contents: Page No.

Notice 1

Directors' Report 8

Corporate Governance 19

Auditors' Report 27

Balance Sheet 34

Profit & Loss Account 35

Schedules 36

Statement of
Accounting Policies/ 47
Notes to Accounts

Balance Sheet Abstract
and Company's Profile 58

Cash Flow Statement 59

PHYSICAL SHARE TRANSFERS

Secretarial Department
II Floor, Chandralok Complex
111, Sarojini Devi Road
Secunderabad - 500 003

DEMAT REGISTRARS & SHARE TRANSFER AGENTS

CIL Securities Ltd.
214, Raghav Ratna Towers
Chirag Ali Lane, Abids
Hyderabad - 500 001

UNITS (IN A.P.)

Sri Durga Cement Works
Sri Durgapuram

Sri Visaka Cement Works
Visakhapatnam

Sri Kanaka Durga Cement Works
Vijayawada

**Notice to Shareholders**

NOTICE is hereby given that the **Sixty - Sixth Annual General Meeting** of the Company will be held at the **Registered Office at Sri Durga Cement Works, Sri Durgapuram - 522 414, Guntur District, (A.P) on Friday, the 5th November, 2004 at 12.00 noon** to transact the following business:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2004 and Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Dr Sushil Chandra who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Dr A L Ananthanarayanan who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint M/s. Brāhmayya & Co., Chartered Accountants and M/s. Lodha & Co., Chartered Accountants as Joint Auditors, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS :

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

“RESOLVED THAT Shri Anand S Jatkar, who was appointed as Additional Director of the company w.e.f. 1st June, 2004 by the Board of Directors and holds office as per Section 260 of the Companies Act, 1956, upto the date of this Annual General Meeting and in respect of whom the Company has, pursuant to Section 257 of the Companies Act, 1956, received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company”.

6. **To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :**

- i. “RESOLVED that subject to approval of the Shareholders/Members at the General Meeting by Special Resolution, the Central Government under Sections 198, 269, 309 and other applicable provisions of the Companies Act, 1956, and any other approval, as may be necessary, appointment/remuneration of Shri Anand S Jatkar as Managing Director

56th Annual Report 2003-2004

for the period of 3 years commencing from 1st June 2004 be fixed as set out below :

- | | | |
|------------------------------|---|--|
| a) Salary | : | Salary of Rs.1,50,000 per month in the range of Rs.1,50,000-2,25,000. The increments as may be decided by the Committee/Board from time to time. |
| b) Housing | : | Fully furnished residential accommodation. |
| c) Medical | : | Expenses on actual basis in India and Overseas for self, spouse and dependents. |
| d) L T A | : | One month's salary. |
| e) Provident Fund | : | 10% of the salary. |
| f) Superannuation | : | 15% of the salary. |
| g) Gratuity | : | 15 days salary for each completed year of service based on last drawn salary. |
| h) Leave/other Rules | : | As applicable to Employees at ACL. |
| i) Newspapers & Magazines | : | Actuals. |
| j) Conveyance | : | Two cars with drivers for official use. |
| k) Clubs | : | Membership of any two clubs. |
| l) Entertainment | : | On actual basis at outside and at residence. |
| m) Other Perks | : | Electricity, Gas and Water charges will be borne by the Company. |
| n) Watchman | : | Security Guards at residence. |
| o) Servants | : | Two servants for household work. |
| p) Domestic/Over-seas Travel | : | As per rules applicable to MD's in Duncan Goenka Group Companies. |
| q) Housing Loan | : | As per Company rules, applicable to MD's in Duncan Goenka Group. |
| r) General | : | The rules regarding Leave, Travel etc. will be as applicable at Andhra Cements Limited. |

- ii. "RESOLVED FURTHER that in the event of absence or inadequacy of profits in the relevant financial year, such remuneration as set out herein above be paid to Shri Anand S Jatkar as minimum remuneration, including perquisites and all other benefits".

Andhra Cements Limited



- iii. "RESOLVED FURTHER that in the event of any modification in the Guidelines or Ceilings on Managerial Remuneration by the Central Government, the Committee and/or the Board of Directors, be and is hereby authorised to decide the remuneration and/or perquisites of Mr Anand S Jatkar, in their absolute discretion think fit, within such guidelines or ceilings as may be specified subject to such approval of the Central Government or any other authority wherever applicable and for which consent of the Company as required under various provisions of the Companies Act, 1956, be and is hereby approved".
- iv. "FURTHER RESOLVED that the Committee and/or the Board of Directors be and is hereby authorised to make/accept, with the consent of Shri Anand S Jatkar such modifications in the terms and conditions of his appointment as the Committee and/or Board may think fit and as may be suggested by the Central Government and/or any other competent authority(s)".
- v. "RESOLVED FURTHER that the terms and conditions as set out above and as may be finalised be treated as an abstract of the agreement between Shri Anand S Jatkar and the Company pursuant to S.302 of the Companies Act, 1956".
- vi. "RESOLVED FURTHER that, for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all such acts, matters, deeds and things and to take all such steps and to do all such things and give all such directions as the Board may consider necessary, expedient or desirable and also to settle any question or difficulties that may arise in such manner as the Board in its absolute discretion may deem fit and take all steps which are incidental and ancillary in this connection."
- vii. "RESOLVED FURTHER that, for the purpose of all the powers, authorities and approvals conferred under the above Resolutions, any such power or authority may be exercised, if and to the extent to which and in accordance with any delegation of powers by the Board of Directors to a Committee of the Board, by such Committee and the expression "Board" wherever used herein before shall include such Committee of the Board."

By Order of the Board
For ANDHRA CEMENTS LIMITED

Place : Hyderabad
Date : 16-09-2004.

(K. Majumder)
Company Secretary & Head (Legal)

Registered Office:
Sri Durga Cement Works
Sri Durgapuram 522 414
Guntur District. (A.P)

56th Annual Report 2003-2004

Notes:

1. The Register of Members and Share Transfer Books of the Company will remain closed from 03.11.2004 to 05.11.2004 (both days inclusive).
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORMS DULY COMPLETED SHOULD BE DEPOSITED AT THE COMPANY'S REGISTERED OFFICE AT LEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. The equity shares of the Company are listed on :

The Stock Exchange, MUMBAI
25th Floor,PJ Towers
Dalal Street, Fort
MUMBAI - 400 001
4. The share transfer instruments, complete in all respects, should be sent to CIL Securities Ltd, 214, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad - 500 001 OR Secretarial Department, II Floor, Chandralok Complex, 111, Sarojini Devi Road, Secunderabad - 500 003 well in advance so as to reach the Company prior to book closure. Shares under any defective transfer (unless defect is removed prior to book closure) and/or instruments of transfer received during the period of book closure shall be considered after re-opening of the books.
5. Members are requested to intimate any change in their address to the Company immediately with the postal pin code.
6. Members attending the meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the meeting hall. Attendance at the Annual General Meeting will not be allowed without production of the attendance slip duly signed.
7. Persons attending the Annual General Meeting are requested to bring their copies of the Annual Reports as the practice of distribution of copies of the Annual Report at the meeting has been discontinued.
8. For any further information regarding the aforesaid Accounts, advance intimation be given and the members are requested to ensure that the same

Andhra Cements Limited



reaches the Registered Office of the Company at least 7 days before the date of the ensuing Annual General Meeting.

9. In terms of Section 109(A) of the Companies Act, 1956 the Shareholder/ Debenture holder of the Company may nominate a person to whom the shares or debentures held by him shall vest in the event of death.

In case you wish to avail the nomination facility in respect of shares/ debentures held by you, please write to the Company to obtain the nomination form.

10. From April 1, 2003, CIL Securities Ltd., had become RTA to undertake all investor servicing activities for both demat and physical segments.

Please address all your future correspondence on all share-related matters (like transfer, transmission, change of address, nomination, power of attorney, demat, remat etc.) directly to CIL. Any document/communication received at our office on any of the above will be forwarded by us to the RTA.

11. The equity shares of the Company are available for trading in demat form as connectivity is available with Central Depository Services Limited (CDSL) and National Securities Depository Limited (NSDL). ISIN No. is : INE 666EO 1012 for both the Depositories.

Shareholders are requested to avail this facility and get their share holding converted into dematerialised form by sending the Dematerialization Request Form (DRF) along with the share certificates through their Depository Participant (DP) at the following address :

CIL Securities Ltd,
214, Raghava Ratna Towers,
Chirag Ali Lane, Abids,
Hyderabad - 500 001

OR

Secretarial Department
II Floor
Chandralok Complex
111, Sarojini Devi Road
Secunderabad - 500 003

12. Additional information in terms of Clause 49 of Listing Agreement on Directors being re-appointed :

56th Annual Report 2003-2004

A brief resume of the Director offering himself for re-election is given below:

Name of Director	Age	Qualification	Date of Appointment	Expertise	Directorships as on 31-03-2004	Chairman / Member of the Committees as on 31-03-2004
i) Dr. Sushil Chandra	66 Years	M.A., Ph.D.	29-07-2003	Management Consultant: Business Policy Organisation / Restructuring / Human Resources	Exim Bank	Nil
ii) Dr.A.L. Ananthanarayanan	58 Years	B.Tech (Hons) IIT, Kharagpur. Ph.D in Finance and Business Management, University of Columbia, Canada	29-07-2003	General Management	Rockwell Industries Ltd National Standard India Ltd (Managing Director)	Nil
iii) Shri. Anand S Jatkari	59 Years	B.E. (Mech), REC, Bhopal, PG. Diploma in Business Management (St.Xavier, Mumbai) PG. Diploma in Industrial Engineering (V.J.T.I) AMP (Harvard, USA)	01-06-2004	General Management	Nil	Nil

MEMORANDUM OF INTEREST

1. Dr Sushil Chandra is deemed to be interested in Resolution No.2
2. Dr Ananthanarayanan is deemed to be interested in Resolution No.3
3. Shri Anand S Jatkari is deemed to be interested in Resolution Nos. 5 & 6.



Explanatory Statement as required Under Section 173(2) of the Companies Act, 1956 :

ITEM Nos. 2 & 3

In view of the vast and varied experience of Dr Sushil Chandra and Dr A L Ananthanarayanan as mentioned in the foregoing pages, your Directors are of the opinion that their re-election will be useful for the Company, and, therefore, commend the resolution(s) for approval.

ITEM Nos. 5 & 6

In view of the expertise and rich experience of Shri Anand S Jatkar, Managing Director who has obtained specialised training in U.K and Germany and has extensively travelled to USA, Europe and Far-Eastern countries for negotiations, finalisation of turn-key contracts for modernization/expansion etc., your Directors are of the opinion that his appointment will be immensely useful for the Company, and, therefore, commend the resolution(s) for approval.

Report Junction.com

By Order of the Board
For **ANDHRA CEMENTS LIMITED**

Place : Hyderabad
Date : 16.09.2004

(**K. Majumder**)
Company Secretary & Head (Legal)

Registered Office:

Sri Durga Cement Works
Sri Durgapuram 522 414
Guntur District (A.P)

56th Annual Report 2003-2004

Report of the Directors

To
THE MEMBERS,

Your Directors present the SIXTY-SIXTH Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2004.

FINANCIAL RESULTS

	Year ended 2003 - 04 (Rs.Crs)	Year ended 2002- 03 (Rs.Crs)
Gross Sales	125.6	134.2
Net Sales	99.9	107.9
Interest	16.5	14.0
Cash Profit/(Loss)	(26.9)	(19.0)
Depreciation	1.6	1.9
Extra-ordinary Income	0.1	7.3
Deferred Tax Liability/(Asset)	(0.3)	(5.5)
Net Profit/(Loss)	(28.1)	(8.0)

DIVIDEND

Your Directors regret their inability to propose any dividend in view of the accumulated losses of the Company.

PERFORMANCE

In the year under review, cement prices continued to be under pressure in the first half due to lower demand. However, prices have shown improvement in the second half of the year and the trend is continuing.

OPPORTUNITIES & THREATS

The demand for Cement grew by about 5.5% during the year, and is likely to be sustained in the current year.

The capacity expansion possibilities with low cost balancing investment, reducing the interest cost by OTS based on sale of surplus assets, and the improved market scenario in East and export potential are seen as opportunities for growth for your Company.