

Andhra Cements Limited



DUNCAN GOENKA
REPORTJUNCTION.COM

68th Annual Report 2005-2006

BOARD OF DIRECTORS

- | | |
|-----------------------------|------------------------|
| 1. Mr. G P GOENKA. | - Chairman |
| 2. Mr. J JAYARAMAN | - Nominee - BOB |
| 3. Mr. K N BHANDARI | - Nominee - IDBI |
| 4. Dr. A L ANANTHANARAYANAN | - Director |
| 5. Dr. SUSHIL CHANDRA | - Director |
| 6. Mr. M S RAMAKRISHNA | - Director |
| 7. Mr. SHRIVARDHAN GOENKA | - Executive Director |
| 8. Mr. R. K. BHARGAVA | - Director |
| 9. Mr. VIKASH GOENKA | - Nominee - ICICI BANK |
| 10. Mr. AMITAVAMONDAL | - Director |
| 11. Mr. P C NALWAYA | - Managing Director |

**COMPANY SECRETARY
& GM - LEGAL**

Mr. G. Tirupati Rao

AUDITORSBrahmayya & Co.,
Chartered Accountants
VijayawadaLodha & Co.,
Chartered Accountants
Hyderabad.**BANKERS**Bank of Baroda
Canara Bank
Andhra Bank
Syndicate Bank
Vijaya Bank
State Bank of India**Contents:****Page No.**

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FINANCIAL INSTITUTIONS

ICICI Bank Ltd

REGISTERED OFFICEDurga Cement Works
Durgapuram
Dachepalli - 522 414
Guntur (A.P)**UNITS**Durga Cement Works
Durgapuram (A.P)Visaka Cement Works
Visakhapatnam (A.P)**DEMAT REGISTRARS
& SHARE TRANSFER AGENTS**CIL Securities Ltd.
214, Raghav Ratna Towers
Chirag Ali Lane, Abids
Hyderabad - 500 001
Ph: 040-23202465

NOTICE

NOTICE is hereby given that the Sixty Eighth Annual General Meeting of the Members of the Company will be held on Thursday the 22nd March 2007 at 12.30 PM at the Registered Office of the Company at Durga Cement Works, Durgapuram, Dacheipalli – 522 414, Guntur District (AP) to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the 18-months period ended 30th September 2006 and the Balance Sheet as at that date, together with 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 re-appointment.
3. To appoint M/s. Brahmayya & Co., Chartered Accountants and M/s Lodha & Co., Chartered Accountants to hold office as joint Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

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

“RESOLVED THAT Mr. Shrivardhan Goenka, who was appointed as an additional Director of the Company by the Board of Directors, with effect from 27th July 2006, who holds office upto the date of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act 1956, and in respect of whom the Company has received a notice from a member under Section 257 of the Companies Act, 1956 in writing proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company.”

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

“RESOLVED THAT Mr. R.K.Bhargava, who was appointed as an additional Director of the Company by the Board of Directors, with effect from 27th July 2006, who holds office upto the date of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act 1956, and in respect of whom the Company has received a notice from a member under Section 257 of the Companies Act, 1956 in writing proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retirement by rotation.”



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

"RESOLVED THAT Mr. Amitava Mondal, who was appointed as an additional Director of the Company by the Board of Directors, with effect from 27th July 2006, who holds office upto the date of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act 1956, and in respect of whom the Company has received a notice from a member under Section 257 of the Companies Act, 1956 in writing proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retirement by rotation."

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

"RESOLVED THAT Mr. P.C.Nalwaya, who was appointed as an additional Director of the Company by the Board of Directors, with effect from 27th July 2006, who holds office upto the date of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act 1956, and in respect of whom the Company has received a notice from a member under Section 257 of the Companies Act, 1956 in writing proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company."

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and 314 and other applicable provisions, if any, of the Companies Act, 1956, read with the schedule XIII thereof as amended up to date and subject to approval of the Central Government and such other approvals as may be required, the consent of the Members be and is hereby accorded for the appointment and payment of remuneration to Mr. Shrivardhan Goenka as Executive Director for a period of 3 years commencing from 1st August, 2006 on the following terms and conditions:

(1)	Basic Salary	-	Rs.85,000/- per month
(2)	Performance Pay	-	Rs.3,40,000/- per annum (payable quarterly)
(3)	Special Allowance	-	Rs.20,000/- per month
(4)	Housing	-	Furnished Company accommodation or House Rent Allowance of Rs.20,000/- per month
(5)	Reimbursement of Gas & Electricity	-	At actuals
(6)	Flat Maintenance and Flat Decoration	-	At actuals



- | | | |
|------|---|--------------------------------------|
| (7) | Reimbursement of annual membership fee of one Professional Institute | |
| (8) | Reimbursement of one Credit Card annual fees | |
| (9) | Membership subscription of one club | |
| (10) | Entertainment Expenses | - Rs.4,000/- per month |
| (11) | Books and Periodicals | - Rs.1,000/- per month |
| (12) | Free telephone facilities or reimbursement of telephone expenses at residence including payment of rentals, local calls and long distance official calls. | |
| (13) | Provident Fund/Leave Encashment –as per the rules of the Fund/ Company and Gratuity at the end of the tenure. | |
| (14) | Leave – 35 days per annum | |
| (15) | Medicals – At actuals for self and family (including dependent parents) | |
| (16) | Leave Travel Assistance | - one month's basic salary per annum |
| (17) | Personal Accident Insurance | - as per Company rules |
| (18) | Company car with petrol and maintenance | - At actuals |
| (19) | Driver's and Cleaner's wages | - Rs.3500/- per month |
| (20) | Driver's and Cleaner's bonus | - Rs.3500/- per annum |
| (21) | Driver's and Cleaner's uniform | - Rs.3500/- per annum |

Perquisites mentioned in Items 4,5,6,7,8,9,10,11,12,15,17,18,19,20 and 21 above in the aggregate will stand restricted to an amount equivalent to annual basic salary.

The following will not be included in computing the ceiling on perquisites as aforesaid:

- i) Company's contribution towards Provident Fund as per the rules of the Company.
- ii) Gratuity at the rate of half month's salary for each year of service; and
- iii) Encashment of leave at the end of the tenure.

The appointment is terminable by giving three months notice in writing by either side or payment of three months' salary and applicable allowances in lieu thereof.

"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 Mr.Shrivardhan Goenka as minimum remuneration, including perquisites and all other benefits".

"RESOLVED FURTHER THAT in the event of any modification in the Guidelines, or Ceilings on Managerial Remuneration by the Central Government, consent of the Members be and is hereby accorded to the Remuneration Committee and the Board of Directors, to fix remuneration and /or perquisites of Mr.Shrivardhan Goenka, subject to compliance of such guidelines or ceilings as may be specified and subject to the approval of the Central Government and/ or such other approvals as may be required."



"FURTHER RESOLVED THAT the Remuneration Committee of the Board of Directors be and is hereby authorized to alter and/or vary such terms and conditions of his appointment including remuneration in such manner as may be agreed to by and between the Board and Mr. Shrivardhan Goenka, within the limits specified in Schedule XIII of the Companies Act, 1956."

"RESOLVED FURTHER THAT, for the purpose of giving effect to this Resolution, the Board be and is hereby authorized 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."

"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."

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269 and 309 and other applicable provisions, if any, of the Companies Act, 1956, read with the schedule XIII thereof as amended up to date and subject to approval of the Central Government and such other approvals as may be required, the consent of the Members be and is hereby accorded for the appointment and payment of remuneration to Mr. P.C. Nalwala as Managing Director for a period of 3 years commencing from 11th August, 2006 on the following terms and conditions:

(1)	Basic Salary	-	Rs. 1,00,000/- per month (The increments will be as may be decided by the Board / Committee from time to time).
(2)	Performance Pay	-	Rs. 10,00,000/- per annum (Payable half yearly)
(3)	Special Allowance	-	Rs. 50,000/- per month
(4)	Housing	-	Furnished Company accommodation Or House Rent Allowance of Rs.60,000/- per month
(5)	Reimbursement of Gas & Electricity	-	At actuals
(6)	Reimbursement of annual membership fee of one Professional Institute		
(7)	Reimbursement of one Credit Card annual fees		
(8)	Membership subscription of two clubs.		
(9)	Entertainment Expenses		-Rs.10,000/- per month
(10)	Books and Periodicals		-At actuals



- (11) Free telephone facilities or reimbursement of telephone expenses at residence including payment of rentals, local calls and long distance official calls.
- (12) Provident Fund/Gratuity/Leave Encashment -as per the rules of the Fund/Company.
- (13) Leave - as per the rules of the Company.
- (14) Medicals - At actuals for self and family (including dependent parents), subject to a limit of one month's basic salary, per annum.
- (15) Leave Travel Assistance -one month's basic salary per annum.
- (16) Personal Accident Insurance - as per Company rules
- (17) Two Company maintained cars - At actuals
- (18) Driver's and Cleaner's wages - At actuals
- (19) Watchmen / guards at residence - Rs. 8,000/- per month

Perquisites mentioned in Items 4,5,6,8,10,14,15 and 16 above in the aggregate will stand restricted to an amount equivalent to annual basic salary.

The following will not be included in computing the ceiling on perquisites as aforesaid:

- i) Company's contribution towards Provident Fund as per the rules of the Company ;
- ii) Gratuity at the rate of half month's salary for each year of service; and
- iii) Encashment of leave at the end of the tenure.

The appointment is terminable by giving three months' notice in writing by either side or payment of three months' salary and applicable allowances in lieu thereof.

"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 Mr. P.C. Nalwaya as minimum remuneration, including perquisites and all other benefits".

"RESOLVED FURTHER THAT in the event of any modification in the Guidelines, or Ceilings on Managerial Remuneration by the Central Government, consent of the Members be and is hereby accorded to the Remuneration Committee and the Board of Directors, to fix remuneration and/or perquisites of Mr. P.C. Nalwaya subject to compliance of such guidelines or ceilings as may be specified and subject to the approval of the Central Government and/or such other approvals as may be required."

"FURTHER RESOLVED THAT the Remuneration Committee / the Board of Directors be and is hereby authorized to alter and/or vary such terms and conditions of his appointment including remuneration in such manner as may be agreed to by and between the Board and Mr. P.C. Nalwaya, within the limits specified in Schedule XIII of the Companies Act, 1956."

"RESOLVED FURTHER THAT, for the purpose of giving effect to this Resolution, the Board be and is hereby authorized 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."

"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."

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

"RESOLVED THAT consent of the company be and is hereby accorded pursuant to the section 293 (1)(a) and other applicable provisions, if any, of the companies Act 1956, to the Board of Directors to mortgage and / or create charge on all the immovable properties together with all buildings and structures thereon and all plant and machinery, attached to the earth or permanently fastened to anything attached to the earth (hereinafter collectively referred to as 'the said immovable properties') as security for the due repayment, discharge and redemption by the company on first charge basis to ICICI Bank Ltd for its loan of Rs. 40 crores.

"FURTHER RESOLVED THAT the Board be and is hereby authorized to finalise and execute the documents and other deeds, papers and writings for creating the aforesaid mortgage / charge and to do all such acts, deeds and things, as may be necessary or expedient for creation of the charge".

By Order of the Board

Place: Hyderabad

Date : 29.12.2006

G. TIRUPATI RAO

Company Secretary & GM – Legal

Registered Office:

Durga Cement Works

Durgapuram, Dachepalli – 522414

Guntur District (AP)

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The Proxy form duly completed must be lodged at the Registered Office of the Company at least 48 hours before the time fixed for the meeting.
3. Explanatory Statement pursuant to the provisions of section 173 (2) of the Companies Act, 1956 is annexed hereto and forms part of the notice.
4. Pursuant to Clause 49 of the Listing Agreement, the particulars of Directors seeking appointment / reappointment at the meeting are annexed.
5. Members are requested to notify immediately their change of address, if any, to their Depository Participants (DPs) in respect of their shareholding in Demat Accounts and to the Company's Share Transfer Registrars in respect of their shareholding in physical segment by mentioning folio nos. etc.
6. Members/Proxies should bring the attendance slip sent herewith duly filled in for attending the meeting.
7. The Register of Members and Share Transfer Books of the Company will remain closed from 17.03.2007 to 22.03.2007 (both days inclusive) for the purpose of the Annual General Meeting of the Company.
8. Members desiring any information as regards the accounts are requested to write to the Company at least 10 days before the date of the Meeting, so as to enable the Management to keep the information ready.
9. Members are requested to kindly bring their copies of the Annual Report to the Meeting. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting.
10. M/s CIL Securities Ltd, 214, Raghava Ratna Towers, Chirag Ali lane, Abids, Hyderabad – 500001, Tel No. 040-23202465, Fax No. 040-66661267, continues to act as RTA to undertake all investor-servicing activities for the share in demat and physical segments. Investors are requested to write to RTA on all share related matters i.e transfer, transmission, change of address, nomination, power of attorney, demat / remat etc.

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

Item No. 4,5,6 & 7

Mr.Shrivardhan Goenka, Mr.R.K.Bhargava, Mr.Amitava Mondal and Mr.P.C.Nalwaya were appointed by the Board of Directors as Additional Directors of the Company with effect from 27th July, 2006. As per the provisions of Section 260 of the Companies Act, 1956, the aforesaid persons hold office only upto the date of the ensuing Annual General Meeting of the Company and are eligible for appointment. The Company has received separate notices Under Section 257 of the Companies Act, 1956 along with requisite deposit of Rs.500 for each of the aforesaid persons proposing their candidature as Directors of the Company.

Mr.Shrivardhan Goenka, Mr.R.K.Bhargava, Mr.Amitava Mondal and Mr.P.C.Nalwaya are interested in their respective appointments. Mr.G.P.Goenka is interested in the resolution concerning the appointment of Mr.Shrivardhan Goenka as Director. Subject to the above no other Director is concerned or interested in the passing of the resolutions under item Nos. 4,5,6 and 7 of the Notice.

The Board commends the resolutions under the set items for approval of the Members.

Details regarding Mr.Shrivardhan Goenka, Mr.R.K.Bhargava, Mr.Amitava Mondal and Mr.P.C.Nalwaya their brief resume are given in the annexure to this Notice.

Item No. 8 & 9

The Board has appointed Mr.Shrivardhan Goenka as Executive Director and Mr.P.C.Nalwaya as Managing Director for a period of three years with effect from 1st August, 2006 and 11th August, 2006 respectively, on the terms and conditions as detailed in item Nos. 8 and 9 of the Notice. The payment of remuneration as stipulated in the said items has been approved by resolutions passed by the Remuneration Committee of Directors and the Board of Directors of the Company and will be subject to the approval of the Central Government and such other approvals as may be required.

The approval of the Members is sought in terms of item Nos. 8 and 9 of the Notice in respect of the appointment and payment of remuneration to Mr.Shrivardhan Goenka and Mr.P.C.Nalwaya.

The Board commends the resolutions under the said items for approval of the Members. Mr.Shrivardhan Goenka and Mr.P.C.Nalwaya are deemed to be concerned or interested in the resolution under item Nos. 8 and 9 respectively. Mr.G.P.Goenka is interested in the resolution under item No. 8 of the Notice, being related to Mr.Shrivardhan Goenka. Subject to the above, no other Director is concerned or interested in the passing of the resolutions under Item Nos. 8 and 9 of the Notice.

This may be treated as compliance with the provisions of Section 302 of the Companies Act, 1956.