



**Andhra Cements Limited**

**DUNCAN GOENKA**

**69th Annual Report 2006-2008**

**BOARD OF DIRECTORS**

1. Shri. G P GOENKA	- Chairman
2. Shri. J JAYARAMAN	- Nominee - BOB
3. Shri. K N BHANDARI	- Director
4. Dr. A L ANANTHANARAYANAN	- Director
5. Dr. SUSHIL CHANDRA	- Director
6. Shri. M S RAMAKRISHNA	- Director
7. Shri. SHRIVARDHAN GOENKA	- Executive Director
8. Shri. R. K. BHARGAVA	- Director
9. Shri. AMITAVA MONDAL	- Director
10. Shri. RAKESH KUMAR	- Special Director - BIFR
11. Shri. P C NALWAYA	- Managing Director

**COMPANY SECRETARY  
& GM - LEGAL**

Mr. G. Tirupathi Rao

**AUDITORS****Brahmayya & Co.,**  
Chartered Accountants  
Vijayawada**Lodha & Co.,**  
Chartered Accountants  
Secunderabad.**BANKERS**Bank of Baroda  
Canara Bank  
Andhra Bank  
Syndicate Bank  
Vijaya Bank  
State Bank of India**FINANCIAL INSTITUTIONS**Housing Development Finance  
Corporation Ltd.Infrastructure Development  
Finance Company Ltd.**REGISTERED OFFICE**Durga 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**Contents:****Page No.**

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## NOTICE

NOTICE is hereby given that the Sixty Ninth Annual General Meeting of the Members of the Company will be held on Saturday the 20th September 2008 at 11.30 a.m 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 31<sup>st</sup> March, 2008 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 Shri G.P. Goenka, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Dr. A.L. Ananthanarayanan, who retires by rotation and being eligible, offers himself for re-appointment.
4. 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:

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

"RESOLVED THAT Shri K.N. Bhandari, who was appointed as an additional Director of the Company by the Board of Directors, with effect from 21<sup>st</sup> August, 2007, 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 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 of and payment of remuneration to Shri Shrivardhan Goenka as Executive Director for a period of 3 years commencing from 1<sup>st</sup> August,2007 on the following terms and conditions:

## Annual Report 2006-08



1	Basic Salary	Rs. 2,00,000/- pm
2	Special allowance	Rs. 50,000/- pm
3	HRA or furnished accommodation	Rs. 80,000/- pm
4	Conveyance allowance	Rs. 40,000/- pm
5	Entertainment allowance	Rs. 20,000/- pm
6	Watchman/guard expenses	Rs. 10,000/- pm
7	Performance pay (payable half-yearly)	Rs. 9,60,000/- pa
8	Medical allowance (for self & family)	Rs. 2,00,000/- pa
9	LTA	Rs. 2,00,000/- pa
10	Reimbursement of Gas & Electricity	At actuals
11	Reimbursement of annual membership fee of one Professional Institute	At actuals
12	Reimbursement of One Credit Card Annual Fee	At actuals
13	Books and periodicals	At actuals
14	Membership subscription of one club	At actuals
15	Free Telephone facility or reimbursement of telephone bills	At actuals
16	Provision of Car with Driver	At actuals
17	Reimbursement of entertainment expenses for official purpose	At actuals
18	PF/Leave encashment/ Gratuity	As per the rules of the company
19	Personal Accident Insurance	As per the rules of the company

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 Shri 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 Shri 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 / 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 Shri 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."

7. 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 of and payment of remuneration to Shri P.C.Nalwaya as Managing Director for a period of 3 years commencing from 11<sup>th</sup> August, 2007 on the following terms and conditions:

		From 11.08.2007 To 31.12.2007	From 01.01.2008 To 10.08.2010
1	Basic Salary	Rs. 1,25,000/- pm	Rs. 1,75,000/- pm
2	Special allowance	Rs. 50,000/- pm	Rs. 83,333/- pm
3	HRA or furnished accommodation-	Rs. 60,000/- pm	Rs. 75,000/- pm
4	Entertainment allowance	Rs. 10,000/- pm	Rs. 11,667/- pm
5	Watchman/guard expenses	Rs. 8,000/- pm	Rs. 10,000/- pm
6	Performance pay (payable half-yearly)	Rs. 11,00,000/- pa	Rs. 11,00,000/- pa
7	Medical allowance (for self & family)	Rs. 1,25,000/- pa	Rs. 1,75,000/- pa
8	LTA	Rs. 1,25,000/- pa	Rs. 1,75,000/- pa
9	Reimbursement of Gas & Electricity	At actuals	At actuals
10	Reimbursement of annual membership fee of one Professional Institute	At actuals	At actuals
11	Reimbursement of One Credit Card Annual Fee	At actuals	At actuals
12	Books and periodicals	At actuals	At actuals
13	Membership subscription of Two clubs	At actuals	At actuals
14	Free Telephone facility or reimbursement of telephone bills	At actuals	At actuals
15	Provision of Car with Driver	At actuals	At actuals
16	Reimbursement of entertainment expenses for official purpose	At actuals	At actuals
17	PF/Leave encashment/ Gratuity	As per the rules of the company	As per the rules of the company
18	Personal Accident Insurance	As per the rules of the company	As per the rules of the company



The appointment is terminable by giving three month's 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 Shri 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 Shri 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 Shri 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."

By Order of the Board

Place : Mumbai

Date : 27.06.2008

G. TIRUPATHI 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 13-09-2008 to 20-09-2008 (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. 040-23203028, 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. 5**

Shri K.N. Bhandari was a Nominee Director of IDBI and withdraws his nomination w.e.f 21.08.2007. Considering the valuable services rendered by Shri K.N. Bhandari during his tenure as a Nominee of IDBI, he was inducted as Additional Director with effect from 21.08.2007. As per the provisions of Section 260 of the Companies Act, 1956, and he hold office only upto the date of the ensuing Annual General Meeting of the Company and are eligible for re-appointment. The Company has received notice under section 257 of the Companies Act, 1956 along with requisite deposit of Rs.500/- proposing their candidature as Director of the Company.

Shri K.N. Bhandari is interested in his appointment and no other Director is concerned or interested in the passing of the resolutions under item No. 5 of the Notice.



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

Details regarding Shri K.N. Bhandari and his brief resume are given in the annexure to this Notice.

#### Item No. 6 & 7

Shri P.C. Nalwaya was appointed as Managing Director of the Company w.e.f. 11.08.2006 for a period of 3 years on a basic salary of Rs. 1,00,000/- per month and performance pay of Rs. 10,00,000/- per annum along with other allowances and perquisites. Shri Shrivardhan Goenka was appointed as Executive Director of the Company w.e.f. 01.08.2006 for a period of 3 years on a basic salary of Rs. 85,000/- per month and performance pay of Rs. 3,40,000/- per annum along with other allowances and perquisites. The Shareholders also have approved the both the appointments at Annual General Meeting held on 22.03.2007.

Considering the substantial increase in operations and turnover of the company during the previous year and contribution made by Shri P.C. Nalwaya as Managing Director and Shri Shrivardhan Goenka as Executive during their tenure, the Board proposed to revise their remuneration terms of appointment as mentioned in the resolutions. The payment of remuneration as stipulated in the said resolutions has been approved by the Remuneration Committee of Directors and the Board of Directors of the Company, subject to 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. 6 and 7 of the Notice in respect of the appointment of and payment of remuneration to Shri Shrivardhan Goenka and Shri P.C.Nalwaya.

The Board commends the resolutions under the said items for approval of the Members. Shri Shrivardhan Goenka and Shri P.C.Nalwaya are deemed to be concerned or interested in the resolution under item Nos. 6 and 7 respectively. Shri G.P.Goenka is interested in the resolution under item No. 6 of the Notice, being related to Shri Shrivardhan Goenka. subject to the above, no other Director is concerned or interested in the passing of the resolutions under Item Nos. 6 and 7 of the Notice.

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

**By Order of the Board**

**Place : Mumbai**

**Date : 27.06.2008**

**G. TIRUPATHI RAO**

**Company Secretary & GM – Legal**

**Registered Office:**

Durga Cement Works

Durgapuram, Dachepalli – 522414

Guntur District (AP)





## ANNEXURE

*Details of Directors seeking appointment at the forthcoming Annual General Meeting of the Company (Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange)*

Particulars	Shri G.P. Goenka	Dr. A.L. Ananthanarayanan	Shri K.N. Bhandari	Shri Shrivardhan Goenka	Mr.P.C.Nalwaya
Date of Birth	11.10.1940	26.06.1946	01.03.1942	09.08.1975	20.07.1952
Date of Appointment	01.06.1994	29.07.2003	23.10.2007	27.07.2006	27.07.2006
Qualifications	B.Sc.	B.Tech (Hon) - IIT - K Ph. D in Fin & Bankg.	B.A, LL.B.	MBA (USA)	B.Com , FCA
Expertise in specific functional area	Industrialist of all India repute	Finance & General Management.	Finance & Insurance Management	Management, Financial Administration and Marketing	Corporate Planning, Management, Finance and Marketing
Directorships held in other public companies	Duncans industries Ltd. Energy Development Co. Ltd. Jay Shree Tea & Inds. Ltd. NRC Ltd. Star Paper Mills Ltd. Stone India Ltd. Unimers India Ltd	Rock Well Inds Ltd. National Standard (India) Ltd. National Standard Tyre Moulds India Ltd. Bakelite Resins & Foams Ltd. Panel Boards & Laminates Ltd. Bakelite Hylam Laminates (India) Ltd.	Sheristi Infrastructure Dev. Corp. Ltd. Hindalco Inds Ltd. Agriculture Ins. Co. of India Ltd. Bank of Rajasthan Ltd. Saurashtra Cements Ltd. Su-raj Diamonds & Jewellery Ltd. Credence Logistics Ltd.	Albert Trading Pvt.Ltd. Continuous Forms[ Calcutta] Ltd. Gujarat Carbon & Industries Ltd. Marleybone Travels & Resorts Pvt Ltd. NRC Ltd. Octave Technologies Pvt Ltd. Odyssey Travels Ltd. Pallmall Edusystems and Medicare Services Pvt.Ltd. Star Paper Mills Ltd. Stone India Ltd. Unimers India Ltd.	Nil
Chairmanship/ Membership of Board Committees of other public companies	Nil	Rock Well Industries Ltd	Agriculture Ins. Co. of India Ltd.	Star Paper Mills Ltd. Unimers India Ltd. Member Audit Committee.	Nil
Number of shares held	Nil	Nil	Nil	Nil	Nil

## DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the 69<sup>th</sup> Annual Report and the Audited Statement of Accounts of the Company for the 18 Months period ended 31<sup>st</sup> March, 2008. ( The Accounting Year for 2006-07 has been extended to 18 months i.e. from 01.10.2006 to 31.03.2008 for which necessary approval has been received from ROC.A.P. vide SRN No. A23245731)

(Rs in crores)

FINANCIAL RESULTS	Current Period 2006-08 (18 months)	Previous Period 2005-06 (18 months)
Gross Sales	515.39	122.83
Net Sales	442.54	101.39
Interest	16.09	27.38
Cash Profit/(Loss)	73.31	(21.99)
Depreciation	1.29	1.66
Extra-ordinary Income	0.20	65.01
Deferred Tax (Liability)/Asset	2.13	(0.92)
Fringe Benefit Tax	(0.40)	(0.27)
Net Profit	73.96	40.17

### DIVIDEND

In view of the carried forward losses, your Directors regret their inability to propose any dividend for the period under review.

### OPERATIONS

During the period under review production of cement at 16.19 lakh tons for the 18 months period as against installed capacity of 14.22 lakh tons per annum, resulted in capacity utilization of 76%. Initially the production in both the plants has been effected due to adverse market conditions. There were many pending critical maintenance jobs were carried out during the year resulting frequent shutdowns and stoppage of kiln and hence, the lower capacity utilization during the year.

### PLANT UPGRADATION/EXPANSION PROJECT

Your company has undertaken upgradation/expansion project to increase the total plant capacity from 1.40 million tones per annum to 3.50 million tones per annum with a project cost of Rs. 402 crores. The project cost has been met out of internal accruals and term loans from HDFC and IDFC. After this upgradation the cement production capacity will increase from 0.80 million tons per annum to 2.00 million tons per annum at Durga Cement Works (DCW) situated at Guntur District, AP and from 0.60 million tones per annum to 1.50 million tones per annum at Visaka Cement Works (VCW) situated at Vizag, AP.