



Andhra Cements Limited

DUNCAN GOENKA

71st Annual Report 2009-2010

BOARD OF DIRECTORS

- | | |
|---|------------------------|
| 1. Shri. G P GOENKA | - Chairman |
| 2. Shri. J JAYARAMAN | - Director |
| 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. R. K. BHARGAVA | - Director |
| 8. Shri. AMITAVA MONDAL | - Director |
| 9. Shri. SHRIVARDHAN GOENKA | - Executive Director |
| 10. Shri. RAKESH KUMAR
(upto 22-01-2010) | - Spl. Director - BIFR |
| 11. Shri. P. C. NALWAYA
(upto 26-03-2010) | - Managing Director |
| 12. Shri. P.K. GOYENKA
(From 05-04-2010 to 27-07-2010) | - Executive Director |

COMPANY SECRETARY & GM - LEGAL

Mr. G. Tirupathi Rao

AUDITORS**Lodha & Co**
Chartered Accountants
Secunderabad.**Chaturvedi & Parteners**
Chartered Accountants
New Delhi.**BANKERS**Bank of Baroda
Canara Bank
Andhra Bank
Syndicate Bank
Vijaya Bank**FINANCIAL INSTITUTIONS**Housing Development Finance
Corporation Ltd.Infrastructure Development
Finance Company Ltd.**Contents:****Page No.**

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REGISTERED OFFICEDurga Cement Works
Durgapuram
Dachepalli - 522 414
Guntur Dist. (A.P)
Ph & Fax : 08649-257429**UNITS**Durga Cement Works
Durgapuram (A.P)Visakha 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 Seventy First Annual General Meeting of the Members of the Company will be held on Monday, the 30th August, 2010 at 2.00 PM at the Registered Office of the Company at Durga Cement Works, Durgapuram, Dachepalli – 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 year ended 31st March, 2010 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 a Director in place of Shri G.P. Goenka, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. A.L. Ananthanarayanan, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

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 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 Shri P.K. Goyenka, as Executive Director of the Company for a period of 3 years with effect from 5th April, 2010 on the following terms and conditions and remuneration:

1	Basic Salary	Rs. 6,00,000/- pm
2	Performance Pay (payable half yearly)	Rs. 25,00,000/- pa
3	Car and Driver – Provided by the Company for the use of Company's business only	
4	Telephone at residence / mobile – at actual for rental, local calls and long distance official calls only	
5	Membership subscription – Allocation of two of the existing club memberships. Monthly / Annual subscription to be borne by the Company.	
6	Leave encashment and Gratuity	As per rules of the Company

The appointment is terminable by either side by giving six months notice in writing or payment of six months basic salary in lieu thereof. However, the Board may accept resignation at any time.

"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.K. Goyenka as minimum remuneration, including all perquisites and other benefits".

"RESOLVED FURTHER 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 ceilings of remuneration in such manner as may be agreed to by and between the Board and the Executive Director 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."

7. 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 re-appointment of and payment of remuneration to Shri Shrivardhan Goenka as Executive Director for further period of 3 years commencing from 1st August, 2010 on the following terms and conditions:

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	Car with Driver for the Company's business only	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



Perquisites mentioned item Nos 10 to 15 in aggregate shall stand restricted to an amount equivalent to Rs. 4.00 lacs per annum (i.e two months basic salary).

The appointment is terminable by either side by giving six months notice in writing or payment of six months basic salary in lieu thereof. However, the Board may accept resignation at any time.

"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 all perquisites and other benefits".

"RESOLVED FURTHER 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 ceilings of remuneration in such manner as may be agreed to by and between the Board and the Executive Director 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."

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 section 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) (hereinafter referred to as "the Act") and subject to the relevant provisions of the Memorandum & Articles of Association of the Company, the Listing Agreement entered into by the Company with the Stock Exchange where the shares of the Company are listed, the applicable regulations/ guidelines/ clarifications issued by The Securities and Exchange Board of India ("SEBI"), the Reserve Bank of India ("RBI"), all other applicable laws, regulations and subject to approval of the lenders, if any, and subject to all such approvals, permissions or sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions or sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board", which expression shall be deemed to include any Committee constituted / to be constituted by the Board to exercise its powers, including the powers conferred by this Resolution), the consent of the Company be and is hereby accorded to the Board to offer, issue and allot, from time to time, in one or more tranches, upto 77,64,401 equity shares of Rs. 10/- each and the aggregate amount shall not exceed Rs. 18.64 crores, to M/s Housing Development Finance Corporation Ltd (HDFC Rs. 7.46 crores) and M/s Infrastructure Development Finance Company Ltd, (IDFC Rs. 11.18 crores) by way of preferential issue as per the SEBI (ICDR) Regulations 2009, in such manner and on such terms and conditions as may be determined by the Board in its absolute discretion, by way of conversion of outstanding obligation (i.e interest and other charges) payable to them, as specified in the explanatory statement and at a price not being less than the higher of the following:

- (i) The average of the weekly high and low of the closing prices of the shares quoted on the stock exchange during the six months preceding the "relevant date", or

- (ii) The average of the weekly high and low of the closing prices of the shares quoted on a stock exchange during the two weeks preceding the "relevant date".

The relevant date for the purpose shall be 31st July, 2010.

RESOLVED FURTHER THAT the equity shares to be issued and allotted in terms of this resolution shall rank pari passu in all respects with the then existing equity shares of the Company and be listed on stock exchange where the shares of the Company are listed.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorised on behalf of the Company to take all actions and do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient for the issue or allotment of aforesaid Securities and listing thereof with the stock exchange as appropriate and to resolve and settle all questions and difficulties that may arise in the proposed issue, offer and allotment of the Securities, utilization of the issue proceeds and to do all acts, deeds, matters and things in connection therewith and incidental thereto as the Board, in its absolute discretion, may deem necessary, expedient, proper or desirable and to settle all questions, difficulties or doubts that may arise in this regard at any stage without requiring the Board to seek any further consent or approval of the Members or otherwise to and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorized to make on its own accord or to accept such amendments, modifications, variations and alterations as the GOI/RBI/SEBI or any other regulatory authority may stipulate in that behalf.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the power herein conferred by this resolution to any director or directors or to any committee of directors or any other executive(s) or officer(s) of the Company to give effect to the aforesaid resolution."

By Order of the Board

Place: New Delhi

Date : 30.07.2010

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 23.08.2010 to 30.08.2010 (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. 6

Shri P.K. Goyenka was appointed as an Additional Director of the Company by the Board of Directors w.e.f. 5th April, 2010. Pursuant to section 260 of the Companies Act, 1956, Shri P.K. Goyenka, holds office only up to the Annual General Meeting. Shri P.K. Goyenka was also appointed as Executive Director of the Company for a period of 3 years effective from 5th April, 2010 on the terms and conditions as set out in the resolution, subject to the approval of the Central Government and shareholders of the Company. However, he has resigned and ceased to be a Director of the company w.e.f 27.07.2010.

As per the provisions of sections 198, 269 and 309 read with Schedule XIII to the Companies Act, 1956, the appointment and remuneration paid to Executive Director requires the approval of the shareholders in General Meeting by way of a special resolution.

The approval of the Members is sought in terms of item Nos. 6 of the Notice in respect of the appointment of and remuneration paid to Shri P.K. Goyenka.

Details regarding Shri P.K. Goyenka and his brief resume are given in the annexure to this Notice. This may be treated as compliance with the provisions of Section 302 of the Companies Act, 1956.

The Board recommends the resolutions under the item 6 for approval of the Members.

None of the directors of the Company is, in any way, concerned or interested in the said Resolution.

Item No. 7

Shri Shrivardhan Goenka was appointed as Executive Director of the Company with effect from 1st August, 2007 for a period of 3 years on a basic salary of Rs. 2,00,000/- per month and performance pay of Rs. 9,60,000/- per annum along with other allowances and perquisites, which was also approved by the shareholders at the Annual General Meeting held on 20.09.2008. Shri Shrivardhan Goenka's present term of appointment shall be ended on 31st July, 2010.

Considering the increase in operations and turnover of the company during these period and contribution made by Shri Shrivardhan Goenka as Executive Director in his tenure, the Board proposed to re-appoint him as Executive Director for further period of 3 years with effect from 1st August, 2010.

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The approval of the Members is sought in terms of item No. 7 of the Notice in respect of the appointment of and payment of remuneration to Shri Shrivardhan Goenka.

The Board recommends the resolutions under the item 7 for approval of the Members.

Shri Shrivardhan Goenka is deemed to be concerned or interested in these resolutions. Shri G.P.Goenka is interested in these resolutions being related to Shri Shrivardhan Goenka. Except to the above Directors, no other Director is concerned or interested in these resolutions.

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

Item No. 8

To facilitate and retain the resources of the Company to meet its requirements, your Board of Directors ("Board") in its meeting held on 30th July 2010, subject to approval of the Members and other requisite statutory approvals, has proposed to offer for subscription by way of preferential allotment of 77,64,401 equity shares of Rs. 10/- each. The Company has availed various financial facilities from M/s Housing Development Finance Corporation Ltd (HDFC) and M/s Infrastructure Development Finance Company Ltd (IDFC) now, it is proposed to convert its outstanding obligation (i.e interest and other charges) payable to them to the extent of Rs.18.64 crores (HDFC Rs.7.46 crores and IDFC Rs.11.18 crores) into 77,64,401 equity shares in accordance with the Preferential Issue guidelines contained in Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (herein after referred to as the "Preferential Issue Guidelines") including any statutory modification(s) or re-enactment thereof for the time being in force. With this issue of shares, the Company shall be benefited by retaining its resources to meet its requirements.

Other disclosures in terms of Clause 7.3 of the Preferential Issue Guidelines:

- (i) **The object(s) of the issue through preferential offer:**
To facilitate and retain the resources of the Company to meet its requirements.
- (ii) **Intention of the Promoters/ Directors/ Key Management Persons to subscribe to the offer:**
No Promoters /Directors /Key Management Persons of the company intend to subscribe to the present preferential offer.
- (iii) **Shareholding pattern before and after the preferential issue:**

CATEGORY	Pre-Preferential issue as at 30.06.2010		Post-Preferential Issue	
	No. of Equity shares (*)	Percentage	No. of Equity shares (*)	Percentage
A. Promoters Group	96792199	69.62	96792199	65.94
B. Non-Promoter Holding				
1 FII	7390000	5.32	7390000	5.03
2 Mutual funds, Banks & FIs				
a) HDFC	5999700	4.31	9106778	6.20
b) IDFC	8740000	6.29	13397323	9.13
c) Others	582941	0.42	582941	0.40
Sub Total	15322641	11.02	23087042	15.73
3 Others				
a) Bodies Corporate	8974493	6.46	8974493	6.11
b) Public	10544082	7.58	10544082	7.18
Sub Total	19518575	14.04	19518575	13.30
GRAND TOTAL	139023415	100.00	146787816	100.00



(*) Shares of face value Rs.10/- each.

The shareholding & percentages have been worked out after considering issue of equity shares and assuming that there is no further increase in share capital till allotment of these shares.

(iv) **Proposed time within which the allotment shall be completed:** The allotment of the equity shares would be completed within the time prescribed under the Preferential Issue Guidelines.

(v) **The identity of the proposed allottee and the percentage of post preferential issue capital that may be held by them :**

	Name of the proposed Allottee	No. of equity shares proposed to be allotted(*)	% of proposed allotment on expanded capital
1.	Housing Development Finance Corporation Limited Ramon House, H. T. Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai 400 020	31,07,078	2.12
2.	Infrastructure Development Finance Company Limited, Naman Chambers, C-32, G Block, Bandra Kurla Complex, Bandra (East), Mumbai-400051	46,57,323	3.17

* Face value of Rs.10/- each

The percentages have been worked out after considering issue of equity shares and assuming that there is no further increase in share capital till allotment of shares.

(vi) **Price:** The equity shares to be issued will be at a price being not less than higher of the following:

- The average of the weekly high and low of the closing prices of the shares quoted on the stock exchange during the six months preceding the "relevant date", or
- The average of the weekly high and low of the closing prices of the shares quoted on a stock exchange during the two weeks preceding the "relevant date".

(vii) **Relevant Date:** The "relevant date" for determining the issue price of the equity shares to be allotted shall be 31st July, 2010, being the date which is 30 days prior to the date of this Annual General Meeting.

(viii) The equity shares to be issued and allotted by the Company as above shall rank *pari passu* in all respects with the then existing equity shares of the Company. The equity shares shall be subject to the Memorandum and Articles of Association of the Company.

(ix) The outstanding obligation of interest and other charges payable by the Company to HDFC and IDFC shall be adjusted against the issue price of the equity shares and shall be considered as fully subscribed the issue. No fresh funds are infused by the HDFC and IDFC towards issue price for subscription of the issue.

(x) **Lock in:** The Securities issued as above shall be subject to such lock in period as specified in Preferential Issue Guidelines as amended up to date.

(xi) A copy of the Certificate from M/s Chaturvedi & Partners, Chartered Accountants, Statutory Auditors of the Company, certifying that the issue of the equity shares are being made in accordance with the requirements Preferential Issues as contained in



the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, will be available for inspection at the Registered Office of the Company on all working days except Saturdays between 11.00 a.m. to 1.00 p.m. before the date of AGM.

There will not be any change in the management control or constitution of the Board of Directors subsequent to the allotment of the equity shares on preferential basis.

The Special Resolution has been proposed under the provisions of section 81 (1A) of the Companies Act, 1956 ("Act") in view of the fact that the shares will be offered to persons who may or may not be the existing members. Further, under the Listing Agreement with stock exchange, the Company, in the first instance, is required to offer all shares to be issued for subscription, pro-rata to the existing equity shareholders unless they decide otherwise in a General Meeting. Since, the equity shares are not issued to all the existing Members of the Company, prior approval of the Members is required in General Meeting by a Special Resolution.

The Board recommends the resolution under item no. 8 for approval of the Members.

None of the directors of the Company is, in any way, concerned or interested in the said Resolution.

By Order of the Board

Place: New Delhi

Date : 30.07.2010

G. TIRUPATHI RAO

Company Secretary & GM – Legal

Registered Office:

Durga Cement Works

Durgapuram, Dacheipalli – 522414

Guntur District (AP)