
PANYAM CEMENTS & MINERAL INDUSTRIES LIMITED



**53rd
ANNUAL REPORT
2008 - 2009**

Panyam Cements &
Mineral Industries Limited

BOARD OF DIRECTORS

S.P.Y. REDDY
Chairman

S. SREEDHAR REDDY
Managing Director

V. RAMNATH

D. KRISHNA MOHAN

A.V. NARASIMHA REDDY

DR. R. K. PRASAD SUNKARA

A. SATHYA BHUSHANA RAO
(Alternate Director to Dr.R.K.Prasad
Sunkara)

**REGISTRAR & SHARE
TRANSFER AGENTS**

XL Softech Systems Limited
3, Sagar Society, Road No.2,
Banjara Hills, Hyderabad - 500 034

Phone Nos : 23545913/14/15
Fax No : 040-23553214

CENTRAL ADMINISTRATIVE OFFICE :
Plot No.188, Phase II,
Kamalapuri Colony,
Hyderabad 500 073.
Telephone Nos.040-23555317
Fax No.040-23555316
E-mail:panyamcementcao@gmail.com.
Website:panyamcements.net

AUDITORS

Brahmayya & Co.
Chartered Accountants
Adoni 518 301.

COST AUDITORS

Parankusam & Co.
Cost Accountants
Plot No. 802,
64th Street,
10th Sector, K.K. Nagar,
Chennai - 600 078.

BANKERS

Indian Overseas Bank
Adarshnagar
Hyderabad - 500 063.

REGISTERED OFFICE

C-1, Industrial Estate
Bommalasatram,
Nandyal - 518 502
Kurnool District, A.P.

Telephone Nos.08514-222274
Fax No. : 08514-243350

CEMENT WORKS:

Cementnagar - 518 206
Kurnool District, A.P.

Telephone No. : 08516-274638
Fax No. : 08516-274644
E-mail : panyamcement@gmail.com

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PANYAM CEMENTS & MINERAL INDUSTRIES LIMITED

Registered Office::C-1 Industrial Estate
Nandyal, Kurnool District - 518 502. A.P.

NOTICE

Notice is hereby given that the Fifty third Annual General Meeting of the Members of the Company will be held on Saturday, the 29th August, 2009 at 12.00 Noon at the Conference Hall of Nandi Group, Industrial Estate, Nandyal, Kurnool District, A.P. to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March 2009, and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors.
2. To appoint a director in place of Sri S.P.Y.Reddy, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a director in place of Sri V.Ramnath, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint auditors and fix their remuneration. The retiring Auditors M/s Brahmayya and Co., Chartered Accountants, Adoni are eligible for reappointment.

Special Business:

5. To consider and if thought fit to pass the following resolution with or without modifications as an Ordinary Resolution:

"RESOLVED that Sri A.V.Narasimha Reddy of Tirupathi who was appointed as an Additional Director of the Company by the Board of Directors of the company and who holds office up to the date of the ensuing Annual General Meeting under section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable for retirement by rotation."

6. To consider and if thought fit to pass the following resolution with or without modifications as a Special Resolution:

"RESOLVED that in accordance with the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government, if necessary, Sri S.Sreedhar Reddy be and is hereby re appointed as Managing Director of the Company for a period of five years with effect from 30th October, 2009 to look after the day to day affairs of the company subject to the superintendence, guidance and directions of the Board of Directors of the Company on the following terms and conditions as set out below as approved by the Remuneration Committee at their meeting held on 15th July, 2009 and subject to the changes as may be suggested / approved by the Central Government, if necessary:

A) Remuneration:

The Company shall pay to Sri S.Sreedhar Reddy in consideration of the performance of his duties a salary of Rs.1,25,000/-(Rupees One lakh and twenty five thousand only) per month.

B) Perquisites:

In addition to the salary as above, Sri S.Sreedhar Reddy shall be entitled to the following perquisites:

Category "A"

i) Housing:

Sri S.Sreedhar Reddy shall be entitled to house rent allowance upto 60% of the salary.

Expenditure on furniture, water, gas and furnishing will be evaluated as per the Income Tax Rules, 1962.

ii) Medical Reimbursement:

Expenses actually incurred for Sri S.Sreedhar Reddy and his family shall be reimbursed subject to a ceiling of one month's salary in a year or three months salary over a period of three years.

iii) Leave Travel Concession:

For Sri S.Sreedhar Reddy and his family once in a year incurred in accordance with any rule specified by the Company.

iv) Club Fees :

Fees of clubs subject to a maximum of two clubs provided no life membership or admission fee shall be paid.

v) Personal Accident Insurance: As per the rules of Company policy.

Category "B"

i) Provident Fund and Superannuation Fund:

Contribution to the Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act. This will not be included in the computation of the ceiling on perquisites.

ii) Gratuity shall not exceed one half month's salary for each completed year of service.

Category "C"

Provision of car and telephone:

Sri S.Sreedhar Reddy shall be entitled to a motor car for use on company's business and telephone at residence. However use of car for private purpose and personal long distance calls on telephone shall be billed by the company to him.

"RESOLVED FURTHER that in pursuance of the provisions of Section 198(4) of the Companies Act, 1956, Sri S.Sreedhar Reddy, Managing Director of the Company be paid the said remuneration as a minimum remuneration in the event of absence or inadequacy of profits in any financial year in accordance with the provisions of Section II of Part II of Schedule XIII to the Companies Act, 1956.

RESOLVED FURTHER that Sri. S.Sreedhar Reddy, Managing Director shall be entitled to reimbursement of all actual expenses or charges including travel, entertainment or other out-of pocket expenses incurred by him for and on behalf of the Company, in furtherance of its business and objects.

FURTHER RESOLVED that Sri S.P.Y.Reddy, Chairman or Sri A.V.Narasimha Reddy, Director of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things as they may, in their absolute discretion deem desirable, necessary, expedient, usual or proper to implement this resolution including making requisite application and submit the necessary documents, if necessary, to the Central Government for seeking the approval for reappointment and to file the necessary forms with the Registrar of Companies, Andhra Pradesh, Hyderabad in accordance with the provisions of the Companies Act, 1956."

By order of the Board of Directors

For Panyam Cements & Mineral Industries Limited

Place : Hyderabad

Date : 15th July, 2009.

**S. SREEDHAR REDDY
Managing Director**

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 AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies, in order to be effective, must be received at the Registered Office of the company not less than 48 hours before the commencement of the meeting.
3. The Register of Members and the Share Transfer Books of the Company remain closed from 24.08.2009 to 29.08.2009 (both days inclusive).
4. **Information as required by clause 49 (VIA) of the Listing Agreement:**

As required by clause 49(VIA) of the Listing Agreement with the Stock Exchange, the information relating to the Directors proposed to be appointed/reappointed is provided hereunder:

Sri S.P.Y.Reddy, aged about 59 years, is an Engineering Graduate from Regional Engineering College, Warangal and worked in M/s.Baba Automic Research Centre, Mumbai from 1973 to 1977. He is the Chairman of Nandi Group of Companies, including M/s.S.P.Y.Agro Industries Limited. He is having about 30 years of industrial experience in various fields. His guidance and services are immense for further growth of the company.

Sri V.Ramnath, aged about 51 years, is an Engineering Graduate in Civil and is having about 25 years of industrial experience having worked in different capacities/position. His services are immense for the growth of the Company.

Sri A.V.Narasimha Reddy, aged about 33 years, is an Engineering Graduate in Electronics and Communications and having about 12 years of industrial experience.

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

Item No.5:

Sri A.V.Narasimha Reddy of Tirupathi was appointed as an Additional Director of the Company on 1st June, 2009 by the Board of Directors of the Company. According to the provisions of Section 260 of the Companies Act, 1956, Sri A.V.Narasimha Reddy holds office as Director only upto the date of the ensuing Annual General Meeting. As required by Section 257 of the Companies Act, 1956, a notice has been received from a member signifying his intention to propose his appointment as a Director of the Company.

Sri A.V.Narasimha Reddy, aged about 33 years, is an Engineering Graduate having about 12 years of industrial experience.

Sri A.V.Narasimha Reddy is deemed to be concerned or interested in the proposed resolution. None of the other Directors are interested in the proposed resolution.

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Item No.6:

The present tenure of office of Sri S.Sreedhar Reddy, who was appointed as Managing Director of the Company will be expired on 29th October, 2009.

Sri S.Sreedhar Reddy, aged about 33 years is an Engineering Graduate in Electronics and Communications. He is having about nine years of industrial experience. Sri S.Sreedhar Reddy has put in his best efforts in reviving the company during his tenure as Managing Director of the Company and put the company back on rails.

Sri S.Sreedhar Reddy is also the Managing Director of S.P.Y.Agro Industries Limited, 145000 Litres Per day grain based ethanol project and he is instrumental in implementing the project successfully.

The Board of Directors of the Company at its meeting held on 15th July, 2009 has unanimously approved the re appointment of Sri S.Sreedhar Reddy as a Managing Director of the Company for a further period of five years with effect from 30th October, 2009. He will be paid remuneration and other perquisites as proposed in the resolution, subject to the approval of the Central Government, if required.

The relative resolution is submitted for members' consideration and approval pursuant to Sections 269, 309 and other applicable provisions, if any, of the Companies Act, 1956.

This explanation together with the accompanying notice is and should be treated as an abstract under section 302 of the Companies Act, 1956 in respect of the re-appointment of Sri S.Sreedhar Reddy, Managing Director of the Company.

Inspection: The draft agreement to be entered into with Sri S.Sreedhar Reddy as Managing Director of the Company for a period of five years is available for inspection at the Company's Registered Office on any working day during office hours.

Memorandum of Interest: Except Sri S.P.Y.Reddy and Sri S.Sreedhar Reddy, none of the Directors of the company are interested or concerned in the said resolution.

By order of the Board of Directors

For Panyam Cements & Mineral Industries Limited

Place : Hyderabad
Date : 15th July, 2009.

S. SREEDHAR REDDY
Managing Director

DIRECTORS' REPORT :

To
The Members

Your Directors present the 53rd Annual Report and Audited Statement of Accounts for the year ended 31st March, 2009:

FINANCIAL RESULTS :

	Year ended 31 st March 2009	(Rs.in lakhs) Year ended 31 st March 2008
Income :		
Gross Sales	21537.18	18733.49
Other Income	1931.09	638.12
	<u>23468.27</u>	<u>19371.61</u>
Profit before interest and depreciation	5962.03	5547.22
Less : Interest	1472.92	734.04
Less : Depreciation	332.53	304.34
	<u>4156.58</u>	<u>4508.84</u>
Net Profit before Deferred Revenue Expenses and prior period expenses / income		
Less : Deferred Revenue Expenses Written off	282.86	282.86
Less : Prior Period Expenses / Income	(-) 3.66	28.15
Net Profit for the year before Tax	<u>3877.38</u>	<u>4197.83</u>
Provision for Tax - Fringe Benifit Tax	10.00	7.00
- Income Tax for the year	400.00	-
- Income Tax for earlier years	20.84	-
Net profit after Tax	<u>3446.54</u>	<u>4190.83</u>
Loss brought forward from previous year	<u>(8706.19)</u>	<u>(12897.02)</u>
Loss carried to Balance Sheet	<u>(5259.65)</u>	<u>(8706.19)</u>

The performance of the Cement Unit during the year under review was satisfactory. The unit has produced 503252 M.Tonnes of cement as against 471105 M.Tonnes in the previous year registering a capacity utilization of 95% as against 89% in the previous year.

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The gross sales for the year has increased to Rs.21537.18 lakhs as against Rs.18733.49 lakhs in the previous year representing an increase of 15%. The net profit for the year was Rs.3446.54 lakhs as against Rs.4190.83 lakhs in the previous year. The increase in turnover was on account of higher volume of sales transactions and the decrease in the net profit was on account of increase in the cost of coal prices.

As mentioned in the last year's report the developer, M/s..Bhimshankar Realtors Private Limited have obtained all the permissions/sanctions from the State and Central Government and also from Bangalore Development Authority for construction of residential apartments. The Developer has launched the project on 22nd August, 2008 and have completed up to basement and ground floor level in two blocks and the civil works are under progress in other blocks.

During the year under report, the company has disposed off the total land, buildings and structures of Chemical Division and paid all the dues.

DIVIDEND:

Your Directors regret their inability to recommend any dividend on Equity Shares in view of the carry forward losses. Consequently the payment of dividend in respect of Redeemable "C" Cumulative Preference Shares held by the Financial Institutions also has been passed over.

PUBLIC DEPOSITS:

The Company has not accepted any public deposits under Section 58-A of the Companies Act, 1956.

CURRENT WORKINGS AND PROSPECTS:

The working of the Cement Unit is satisfactory and the management is focusing on the cost reduction measures by savings in power and fuel which are yielding good results.

Cement demand out look for the current financial year is also on the increasing trend on account

of boom in construction and infrastructural activities. The Government of India and State Governments have been taking various steps to promote industrial growth by implementing various housing and infrastructural projects like housing schemes, major irrigation projects, national and state highways, air ports and ports etc. These measures will boost the demand for cement.

MODERNISATION OF THE CEMENT UNIT:

The company has undertaken modernization of the cement unit by enhancing the capacity of the Kiln No.1 from 550 M.Tonnes per day to 1800 TPD with a capital cost of about Rs.70.00 crores. Indian Overseas Bank has sanctioned a term loan of Rs.15.00 crores and working capital limits of Rs.6.00 crores to the company.

The civil works have been almost completed and part of the plant and machinery have started arriving at the site. The erection work is under progress. The project is likely to be completed by the end of the current financial year.

AUDITORS REPORT:

As regards non-provision of gratuity liability on actuarial valuation in respect of Cement Division employees, the gratuity liability is provided on retirement of employees on a consistent basis.

As regards non-remittance of undisputed statutory dues as mentioned in para (ix) of Annexure to Auditors' Report and interest dues to debenture holders as mentioned in para (xi) of the Annexure to the Report, the company is clearing the statutory dues in a phased manner and the dues to banks, financial institutions and debenture-holders have been cleared, except interest dues to one of the debenture-holders for which negotiations are in progress.

EMPLOYEES :

Your Directors wish to place on record their sincere appreciation of the whole-hearted co operation extended and the valuable contribution made by the employees at all levels.

**Panyam Cements &
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There were no employees drawing remuneration more than the sum prescribed pursuant to Section 217 (2-A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

AUDITORS:

M/s.Brahmayya & Co., Chartered Accountants, Adoni, the Company's statutory auditors retire at the conclusion of the ensuing Annual General Meeting and are eligible for re appointment.

DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Sri S.P.Y.Reddy and Sri V.Ramnath will retire by rotation and being eligible offer themselves for re appointment.

Sri P.V.Satyanarayana Murthy has resigned as a Director of the Company with effect from 28th April, 2009 and the same has been accepted by the Board.

The Board has co-opted Sri A.V.Narasimha Reddy, an Engineering Graduate from Tirupathi as an Additional Director of the Company on 1st June, 2009 and who holds office upto the conclusion of the ensuing Annual General Meeting.

The present tenure of office of Sri S.Sreedhar Reddy as Managing Director of the Company will expire on 29th October, 2009. The Board of Directors has considered and reappointed him as Managing Director of the company for a further period of five years with effect from 30th October, 2009.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirements under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility statement, it is hereby confirmed :

- a) that in preparation of the accounts for the financial year ended 31st March, 2009, the applicable accounting standards have been followed along with proper explanation

relating to material departures;

- b) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the statement of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- c) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) that the Directors have prepared the accounts for the financial year ended 31st March, 2009 on a "going concern" basis.

AUDIT COMMITTEE:

The Audit Committee at present has only two Directors viz. Sri D.Krishna Mohan and Sri A.V.Narasimha Reddy. Sri D.Krishna Mohan is the Chairman of the Audit Committee.. The management is taking steps to induct a member on the Audit Committee. All are independent and non executive directors . The Audit Committee met four times during last year and reviewed the audit reports.

CORPORATE GOVERNANCE:

Pursuant to clause 49 of the Listing Agreement, the mandatory requirements relating to Corporate Governance were to be complied with by the Company. Accordingly your Company has taken adequate steps to ensure that all mandatory provisions of Corporate Governance in terms of clause 49 to the Listing Agreement with the Stock Exchange are complied.

A separate report on Corporate Governance is being incorporated as a part of the Annual Report along with a certificate from the Auditors of the Company regarding compliance of the conditions