

# 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

V. SURESH KUMAR

A. SREENIVASULU REDDY

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 : 040-23545913/14/15  
Fax No : 040-23553214  
Email:xlfield@rediffmail.com

# 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 AUDITOR

Aruna Prasad  
Cost Accountant  
Plot No. 802,  
64<sup>th</sup> Street,  
10th Sector, K.K. Nagar,  
Chennai - 600 078.

# BANKERS

State Bank of India  
Main Branch  
Nandyal

State Bank of Hyderabad  
Overseas Branch  
Somajiguda  
Hyderabad

Indian Overseas Bank  
Adarsh Nagar,  
Hyderabad

# REGISTERED OFFICE

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

Telephone Nos.08514-222274  
Fax No. : 08514-243106

# CEMENT WORKS:

Cementnagar - 518 206  
Kurnool District, A.P.

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

# 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 Fifth Annual General Meeting of the Members of the Company will be held on Thursday, the 15<sup>th</sup> September, 2011 at 11.30 A.M., at the Conference Hall of Nandi Group, Industrial Estate, Nandyal, Kurnool District, A.P. to transact the following business:

# Ordinary Business

- To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March 2011, and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors.
- To appoint a director in place of Sri A.V.Narasimha Reddy, who retires by rotation and being eligible offers himself for re-appointment.
- To appoint a director in place of Sri S.P.Y.Reddy, who retires by rotation and being eligible offers himself for re-appointment.
- To appoint auditors and fix their remuneration. The retiring Auditors M/s. Brahmayya and Co., Chartered Accountants, Adoni are eligible for reappointment.

# Special Business:

- To consider and if thought fit to pass the following resolution with or without modifications as an Ordinary Resolution:  
"RESOLVED that Sri V. Suresh Kumar who was appointed as an Additional Director of the Company by the Board of Directors of the Company and who holds office upto 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.
- To consider and if thought fit to pass the following resolution with or without modifications as an Ordinary Resolution:  
"RESOLVED that Sri A. Sreenivasulu Reddy who was appointed as an Additional Director of the Company by the Board of Directors of the Company and who holds office upto 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.
- 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 FEMA (Transfer of Issue of Security by a person resident outside India) Regulations, 2000 or any other applicable law, and subject to the Statutory approval, if required, the consent of the company be and is hereby accorded for the investment by Foreign Institutional Investors (FII) in the equity share capital of the Company, either by direct investment or by purchase or otherwise by acquiring from the market under portfolio investment scheme on repatriation basis, upto 40% of the paid-up equity share capital of the Company.

RESOLVED FURTHER THAT the Board of Directors or a Committee thereof be and is hereby authorized to do all such acts, deeds & things as may be necessary, proper and expedient for the purpose of giving effect to this resolution and for the matters connected therein or incidental thereto."

**By Order of the Board of Directors**  
For Panyam Cements & Mineral Industries Ltd

S.Sreedhar Reddy  
Managing Director

Place: Hyderabad  
Dt:- 30<sup>th</sup> May, 2011

**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 12.09.2011 to 15.09.2011 (both days inclusive).
4. Explanatory Statement in respect of Items Nos.5, 6 and 7 pursuant to the provisions of Section 173(2) of the Companies Act, 1956 is enclosed.
5. 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 /re-appointed is provided hereunder:

Sri A.V.Narasimha Reddy, aged about 35 years, is an Engineering Graduate in Electronics and Communications and having about 14 years of industrial experience in different fields.

Sri S.P.Y.Reddy, aged about 61 years is an Engineering Graduate from Regional Engineering College, Warangal and worked in M/s. Baba Atomic Research Centre, Mumbai from 1973 to 1977. He is the Chairman of Nandi Group of Companies and the said Group is having manufacturing activities in PVC pipes, Cement and Distilleries.

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

**Item No.5:**

Sri V. Suresh Kumar was appointed as an Additional Director of the Company on 30<sup>th</sup> May, 2011 by the Board of Directors of the Company. According to the provisions of Section 260 of the Companies Act, 1956, Sri V. Suresh Kumar holds office 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 V. Suresh Kumar, aged about 37 years has obtained his degree i.e. B.E. in Computer Science and M.Sc. in Physics from BITS, Pilani. He got extensive experience in managing projects in VLSL. He has extensively travelled to Japan, Germany and USA and gained vast experience. His vast experience will be an added advantage to the growth of the company.

Except Sri V.Suresh Kumar, Sri S.P.Y.Reddy and Sri S.Sreedhar Reddy, none of the other Directors are interested in the proposed resolution.

**Item No.6:**

Sri A.Sreenivasulu Reddy was appointed as an Additional Director of the Company on 30<sup>th</sup> May, 2011 by the Board of Directors of the Company. According to the provisions of Section 260 of the Companies Act, 1956, Sri A.Sreenivasulu Reddy holds office 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.Sreenivasulu Reddy, aged about 34 years has obtained his Degree in Engineering (E.C.E) from S.V. University during 1997. He worked in the roles of People Manager, Project Lead and Developer at world class semi conductor companies. He has successfully executed the projects spanning with teams across multiple countries. He has worked in U.S.A for close to 10 years. Sri A. Sreenivasulu Reddy has got over all experience of 13 years. His vast experience will be an added advantage to the growth of the company.

Except Sri A.Sreenivasulu Reddy, none of the other Directors are interested in the proposed resolution.

**Item No.7:**

The Reserve Bank of India had through its Master Circular dated July 1, 2006 on Foreign Investments in India permitted the companies to increase limit of investments by Foreign Institutional Investors (FII) up to the sectoral cap or statutory limit as applicable, by passing a resolution by its Board of Directors followed by a special resolution to that effect by its General Body. The sectoral cap applicable to the company is 100% of its paid-up capital.

The resolution at Item No.7 of the notice seeks Shareholders' approval for increase in the permitted FII Investment limits up to 40%. The Board considers the increased investment by FII to be in the interest of the company. The Board recommends the resolution for increasing the maximum limit of FII investment in the company to 40% of the paid up equity capital of the company.

Your Directors recommend the resolution for your approval. None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

**By Order of the Board of Directors**  
For Panyam Cements & Mineral Industries Ltd

S.Sreedhar Reddy  
Managing Director

**Place: Hyderabad**  
**Dt:- 30<sup>th</sup> May, 2011**

**DIRECTORS' REPORT :**

To  
The Members

Your Directors present the 55<sup>th</sup> Annual Report and Audited Statement of Accounts for the year ended 31st March, 2011:

**FINANCIAL RESULTS :**

	Year ended 31 <sup>st</sup> March 2011	(Rs.in lakhs) Year ended 31 <sup>st</sup> March 2010
<b>Income :</b>		
Gross Sales	15826.53	15943.90
Other Income	453.25	956.59
State Incentives	-	447.67
	<u>16279.78</u>	<u>17348.16</u>
Profit before interest and depreciation	913.75	3905.28
Less : Interest	782.30	1212.14
Less :Depreciation	505.16	338.84
Net Profit before Deferred Revenue Expenses and prior period expenses / income	(-) 373.71	2354.30
Less : Deferred Revenue Expenses Written off	-	282.85
Less : Prior Period Expenses / Income	7.49	17.46
Net Profit / (Loss) for the year before Tax	(-) 381.20	2053.99
Provision for Tax - Income Tax for the year	-	600.00
Net profit / (Loss) after Tax	(-) 381.20	1453.99
Loss brought forward from previous year	(-) 3805.66	(5259.65)
Loss carried to Balance Sheet	(4186.86)	(3805.66)

**OPERATIONS:**

The performance of the Cement Unit during the year under review was satisfactory. The company has produced during the year 2010-11 4,01,072 M.Tonnes of cement as against 4,33,034 M.Tonnes in the previous year, registering a capacity utilization of 76% as against 82% in the previous year. During the first half year of 2010-11, there was reduction in production and turnover of cement due to low realizations and recession in the market.

The gross sales for the year under report was Rs.15826.53 lakhs as against Rs.15943.90 lakhs in the previous year. The net loss for the year was Rs.381.20 lakhs as against net profit after tax of Rs.1453.99 lakhs in the previous year. The marginal decrease in turnover for the year 2010-11 was on account of lower volume of sales due to sluggishness in the open market during the first two quarters of the financial year under review. Further there was steep fall in the sale prices of cement due to recession during the first two quarters of the year 2010-11 and thereby for the first half year ended 30.09.2010 the Company incurred a net loss of Rs.879.37 lakhs as against net profit of Rs.1624.25 lakhs in previous half year ended 30<sup>th</sup> September, 2009. However the prices were supportive during last two quarters of the financial year 2010-11. The company has reported a net profit of Rs.498.17 lakhs for the second half of the year 2010-11.

During the year 2010-11, the Developers, M/s.Bhimsankar Realtors Private Limited (Greenage Griha Nirman Private Limited) have completed the construction works of four blocks upto 13<sup>th</sup> floor and the remaining floors construction work is under progress. We have been informed that the first phase of properties will be handed over by March, 2012.

**MODERNISATION OF THE CEMENT UNIT:**

During the year 2010-11, the modernization of Kiln No.1 for increasing its capacity from 550 M.Tonnes per day to 1800 M.Tonnes per day was under trial runs and due to technical problems the kiln was not stabilized. The production of Kiln No.1 will be commenced during second quarter of the current financial year. The Modernisation project was financed by Indian Overseas Bank and State Bank of Hyderabad.

**DIVIDEND:**

Your Directors regret their inability to recommend any dividend on Equity Shares in view of the current year and 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 and 58AA of the Companies Act, 1956.

**CURRENT YEAR PROSPECTS:**

The working of the Cement Unit is satisfactory and the management is contemplating on reduction of consumption cost of power and fuel.

Cement sales continued its momentum during the current financial year. The National Highway Authority of India is planning to take up new highway projects. Further, the infrastructure industry, housing and ports are going to enhance the cement consumption in the coming years. The company expects good demand for cement from other sectors also and over-all the consumption is expected to ease the company's marketing bottlenecks.

Further, the company has successfully completed the Modernisation of Kiln I for increasing the production. In order to meet the requirements of the kiln at enhanced capacity of 1800 TPD, the management has taken all steps to improve the efficiency, productivity and reduce operational costs, create better environment, reduced energy levels and cutting down logistics costs etc. The cost of the project is estimated at Rs. 56.19 crores. The said project was financed by State Bank of India, State Bank of Hyderabad and Indian Overseas Bank. The project works are under implementation.

**AUDITOR'S 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 interest dues to one of the debenture holders are under negotiations with the party.

#### 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.

There are 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 A.V.Narasimha Reddy and Sri S.P.Y.Reddy will retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

The Board has co-opted Sri V.Suresh Kumar, who has obtained degree B.E. in Computer Science and M.Sc., in Physics from BITS Pilani, as an Additional Director of the company on 30<sup>th</sup> May, 2011 and holds office upto the conclusion of the ensuing Annual General Meeting.

The Board has also co-opted Sri A.Sreenivasulu Reddy, who has obtained degree in Engineering (ECE) from S.V. University, as an Additional Director of the company on 30<sup>th</sup> May, 2011 and holds office upto the conclusion of the ensuing Annual General Meeting.

#### 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 31<sup>st</sup> March, 2011, 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 loss 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 31<sup>st</sup> March, 2011 on a "going concern" basis.

#### AUDIT COMMITTEE:

The Audit Committee consists of Sri D.Krishna Mohan, Sri A.V.Narasimha Reddy, A.Sathya Bhushana Rao. 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 Internal Audit Reports and quarterly results.

#### CORPORATE GOVERNANCE:

The 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 incorporated along with a certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance and are given separately as a part of the Directors' Report. Further as a part of the report, "Management Discussion and Analysis" has also been furnished.

#### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING/OUTGO:

The information required under section 217(i)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 with respect to these matters are set out in the Annexure I and forms part of the report.

#### COMPLIANCE WITH LISTING AGREEMENT:

##### Clause 43A:

The Equity/Preference Shares of the Company are listed on the Bombay Stock Exchange Limited and the annual listing fee was paid to the said Stock Exchange.

Cash Flow statement is attached as Annexure II and forms part of this report.

#### ACKNOWLEDGEMENTS:

Your Directors are happy to acknowledge the financial assistance given to the Company by the Banks. Your Directors also express their thanks to the various Central and State Government Departments and the shareholders for their support and help extended during the year.

**By Order of the Board of Directors**  
For Panyam Cements & Mineral Industries Ltd

S.P.Y. REDDY  
Chairman

**Place: Hyderabad**  
**Dt:- 30<sup>th</sup> May, 2011**

**ANNEXURE TO DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011:**
**ANNEXURE I**
**A. Conservation of Energy:**
**(a) Energy conservation measures taken:**

High Efficiency fans are being installed to save energy.

To increase the Mills efficiency AIA liners are being installed in all the seven mills.

**(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:**

High Efficiency separators are being installed for better output and energy saving.

**(c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production:**

Savings on energy thereby reducing the cost of production.

**(d) Total energy consumption per unit of production:**

Particulars given in Form "A" annexed.

**B) Technology Absorption:**

Particulars given in Form "B" annexed.

**C) Foreign Exchange Earnings and Outgo:**
**(a) Activities relating to exports, initiatives taken to increase the export, development of new export market for products and services and export plans:**

No exports were made during the year under review.

**(b) Total foreign exchange used: Rs. Nil**

Total Foreign Exchange earned Rs. Nil

**FORM 'A'**  
**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

Particulars	Unit	CEMENT DIVISION	
		31-03-2011	31-03-2010
A. Power and Fuel Consumption:			
1. Electricity:			
a) Purchased			
Units	000 KWH	53449	62110
Total Amount	Rs. Lakhs	1882.68	1894.77
Average Rate	Rs.per KWH	3.52	3.05
b) Own Generation			
Units	000 KWH	-	-
Units per Litre of Diesel	KWH	-	-
Cost per unit	Rupees	-	-
2 Cost (Mineral Coal C – E Grade)			
Quantity	Tonnes	84920.37	89713
Total Cost	Rs.Lakhs	3681.83	3234.51
Average Rate	Rs.per MT	4335.63	3605.40
3. Furnace Oil			
Quantity	Kilo.Lts	-	-
Total Cost	Rs.lakhs	-	-
Average Rate	Rs.	-	-
B Consumption per unit of Production:			
Electricity	Kwh/tonne of cement	133	143
Coal	Kgs/tonne of cement	210	207

**FORM "B"**
**A. RESEARCH AND DEVELOPMENT (R & D)**
**1. Specific area in which R & D is carried out by the Company:**

The company has not carried out R & D in any specific area.

**2. Benefits derived as a result of the above efforts**

- Not applicable -

**3. Future course of action:**

The Company has a system of continuously evaluating various production processes for up-gradation

**4. Expenditure on R and D:**

No separate amount is incurred in respect of Research and Development.

**B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:**

- Not applicable -

**ANNEXURE - II**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED - 31.03.2011**

(Rs. in Lakhs)

	<u>LESS</u>	<u>ADD</u>	<u>NET</u>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>			
<b>NET PROFIT/LOSS (-) BEFORE TAX</b>			(-) 381.20
ADJUSTMENT FOR :			
Depreciation		505.16	
DRE Written off		0.00	
Extra Ordinary Expenditure / Income			
Dividend Received	0.20		
Interest received/paid	375.55	782.30	
Profit/Loss on sale of Assets/Investments			
Operating Profit before Working Capital Changes	375.75	1287.46	911.71
<b>ADJUSTMENT FOR :</b>			530.51
Trade and other receivables		286.70	
Inventories	88.22		
Trade payables/Working Capital	37.86	1910.22	
Working Capital Changes(Use)	126.08	2196.92	2070.84
Cash generated from Operations			2601.35
Less : Interest paid	782.30		
Dividend Paid	-		
Direct Taxes paid			782.30
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>			1819.05
Extra Ordinary Expenditure / Income			0.00
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchasing / sale of Assets	2720.31		
Purchase / sale of investments			
Interest received		375.55	
Dividend received		0.20	
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	2720.31	375.75	- 2344.56
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>			- 525.51
Share Capital		0	
Repayment of/ Proceeds from Secured/Unsecured borrowings (Net)		496.47	
<b>NET CASHFLOW FROM FINANCING ACTIVITIES</b>	0.00	496.47	496.47
Net Increase in cash and cash equivalents			-29.04
Cash and Cash equivalents as on 01.04.2010			332.09
Cash and Cash equivalents as on 31.03.2011			303.05

For Panyam Cements & Mineral Industries Ltd.  
**S.SREEDHAR REDDY** **S.P.Y.REDDY**  
Managing Director Chairman

**AUDITORS' REPORT**

The above Cash Flow Statement has been prepared on the basis of audited accounts approved by the Board of Directors and is in agreement with the Profit & Loss Account and Balance Sheet as at 31-03-2011

For **BRAHMAYYA & CO.,**  
Chartered Accountants  
Firm's Registration No.000514S

Place : Hyderabad (Camp)  
Date : 30<sup>th</sup> May, 2011

**B. DAIVADHEENAM REDDY**  
Partner  
M.No. 026450

**CORPORATE GOVERNANCE REPORT :**

**1. Company's Philosophy on Code of Governance:**

The Company believes in adopting and adhering to the best corporate practice and continuously evaluate it against each of such practices. The company understands and respects its fiduciary role and responsibility to all stakeholders and strives hard to meet their expectations. We believe that the corporate governance is an important tool for shareholders protection and maximizing their long-term values. Panyam Cements & Mineral Industries Limited functions keeping in tune with this philosophy.

The fundamental objective of company's Corporate Governance is to adopt a methodology, which enhances effectiveness, better utilization of resources, transparency and harmonious relations between various interest groups. The company has been regular in sending its quarterly compliance report on Corporate Governance to Stock Exchange.

**2 Board of Directors:**

The Companies Act, 1956 and the Listing Agreement with Stock Exchange govern the composition of the Board of Directors of the Company.

The Board comprises of a Chairman, Managing Director and four other Directors. Amongst them, Managing Director is only the Executive Director and all others are Non-Executive Directors.

The Board functions either as a full Board or through Committees. The Board and Committees meet at regular intervals. Policy formulation, evaluation of performance and control functions vest with the Board, while the Committees oversee the share transfers and audit functions.

The Board has constituted four committees viz. the Audit Committee, Share Transfer Committee, Shareholders'/ Investors' Grievance Committee and Remuneration Committee.

During the year 2010-11, the company convened five Board Meetings on 29<sup>th</sup> May, 2010; 26<sup>th</sup> July, 2010; 25<sup>th</sup> August, 2010; 30<sup>th</sup> October, 2010 and 12<sup>th</sup> February, 2011.

The composition of Directors and the attendance at the Board Meetings during the year and the last Annual General Meeting as also number of other Directorships and Committee Memberships are given below:

Sl. No.	Name of the Director	Catagory of Directorship	No. of Board Meetings Attended	Attendance at last AGM held on 14-08-2010	No.of other Directorships	No. of Membership Chairmanship in Board / Committess (Including our Company)
1.	Sri S.P.Y.Reddy	Promoter-Chairman	5	Yes	6	3
2.	Sri S.Sreedhar Reddy	Promoter - Managing Director	5	Yes	3	1
3	Sri V.Ramnath	Independent Non-Executive Director	4	No	1	1
4	Sri D.Krishna Mohan	Independent Non-Executive Director	5	Yes	-	3
5	Sri A.V. Narasimha Reddy	Independent Director	3	Yes	2	3
6	Dr.R.K.Prasad Sunkara	NRI-Non-Executive Director	-	No	-	-
7	Sri A.Sathya Bhushana Rao (Alternate Director to Dr.R.K.Prasad Sunkara	Independent Non-Executive Director	4	No	1	2

### 3) Audit Committee:

The Audit Committee met four times during the year i.e. 29<sup>th</sup> May, 2010; 26<sup>th</sup> July, 2010; 30<sup>th</sup> October, 2010 and 12<sup>th</sup> February, 2011.

The role and terms of reference of Audit Committee cover the areas mentioned under clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956 besides other terms as may be referred to by the Board of Directors from time to time.

The company continued to derive immense benefit from the deliberations of the Audit Committee comprising of Sri D.Krishna Mohan; Sri A.V.Narasimha Reddy and Sri A.Sathya Bhushana Rao who are independent and Non-Executive Directors. The minutes of each Audit Committee are placed before and discussed by the Board of Directors of the Company.

The attendance at the Audit Committee Meetings is given below:

Sl. No.	Name of the Member	No. of Meeting Held	No. of Meetings Attended
1	Sri D. Krishna Mohan	4	4
2	Sri A.V. Narasimha Reddy	4	3
3.	Sri A. Sathya Bhushana Rao	4	4

### 4) Remuneration Committee and Policy:

Since there was no change in the remuneration payable to the Managing Director, the committee could not meet during the year under review.

The role of the Committee is to determine the remuneration payable to the whole-time directors taking into account their qualification, experience, expertise, contribution and the prevailing levels of remuneration in companies of corresponding size and stature and recommending the same to the Board for its approval

Details of remuneration to Directors for the year ended 31<sup>st</sup> March, 2011:

#### i) Executive Directors:

The Managing Director has drawn an amount of Rs.15.00 lakhs towards salary for the year ended 31<sup>st</sup> March, 2011

#### ii) Non-Executive Directors:

No remuneration other than sitting fee is paid to Non-Executive Directors.

Remuneration by way of sitting fee for attending Board/Committee Meetings paid to Non Executive Directors during the financial year are as follows:

Name of the Director	Sitting Fee paid (Rs.)
1) Sri A. Sathya Bhushana Rao ..	40,000
2) Sri V. Ramnath ..	38,500
3) Sri A.V. Narasimha Reddy ..	15,000
4) Dr. R.K. Prasad Sunkara ..	10,000
Total	1,03,500

### 5) a) Share Transfer Committee:

During the year 2010-11, the Committee met 17 times. All shares received for transfer were registered in favour of the transferees and dispatched within a month's time, if the documents received were in order.

During the year 2010-2011, there were no requests pending for transfer.

The attendance at the Share Transfer Committee Meetings is given below:

Sl. No.	Name of the Member	No. of Meeting Held	No. of Meetings Attended
1	Sri S. Sreedhar Reddy	17	13
2	Sri D. Krishna Mohan	17	17
3.	Sri A.V. Narsimha Reddy	17	12

### B. Shareholders/Investors' Grievance Committee:

The Shareholders/Investors' Grievance Committee consists of Sri D.Krishna Mohan and Sri A.V.Narasimha Reddy The company is in the process of inducting one more director in the committee at the earliest.

The Committee could not meet during the financial year 2010-11 since there were no complaints/grievances from the shareholders.

### 6) Annual General Meetings:

The last three Annual General Meetings were held as under:

Year	Location	Date	Time
2008	Registered Office C-1, Industrial Estate, Nandyal, Kurnool Dist., A.P.	25.07.2008	12.15 Noon
2009	Registered Office C-1, Industrial Estate, Nandyal, Kurnool Dist., A.P.	29.08.2009	12.00 Noon
2010	Registered Office C-1, Industrial Estate, Nandyal, Kurnool Dist., A.P.	14.08.2010	11.30 A.M.