



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 & Partneres**
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.

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, 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	Dr.Sushil Chandra	Shri G.P. Goenka	Dr. A.L. Ananthanarayanan	Shri P.K. Goyenka	Shri Shrivardhan Goenka
Date of Birth	29.04.1938	11.10.1940	26.06.1946	11.03.1946	09.08.1975
Date of Appointment	29.07.2003	01.06.1994	29.07.2003	05.04.2010	27.07.2006
Qualifications	MA, Ph.D	B.Sc	B.Tech (Hon) – IIT – K Ph. D in Fin & Bankg	M.Tech, MBA(USA)	MBA (USA) .
Expertise in specific functional area	Management Consultant Business Policy Organization and Human Restructuring and Human Resources.	Industrialist of all India Repute.	Finance & General Management.	Technical Expert & General Management	Management, Financial Administration and Marketing
Directorships held in other public companies	<ul style="list-style-type: none"> Ahluwalia Contracts India Ltd. 	<ul style="list-style-type: none"> Duncans industries Ltd. Energy Development Co. Ltd. Jay Shree Tea & Inds. Ltd. NRC Ltd. Star Paper Mills Ltd. Stone India Ltd. Unimers India Ltd 	<ul style="list-style-type: none"> 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. 	Nil.	<ul style="list-style-type: none"> Duncans Agro Chem. .Ltd. Continuous Forms [Calcutta] Ltd. Duncans Tea Ltd. ISG Traders Ltd Odyssey Travels Ltd. Shubh Shanti Services Ltd. Star Paper Mills Ltd. Stone India Ltd. Star Paper Mills Ltd.
Chairmanship / Membership of Board Committees of other public companies	Nil	<ul style="list-style-type: none"> Duncans Industries Ltd. Stone India Ltd.- 	Rock Well Industries Ltd	Nil	
Number of shares held	Nil	Nil	Nil	Nil	2,99,734



Directors' Report

To the Members,

Your Directors have pleasure in presenting the 71st Annual Report and the Audited Accounts of your Company for the Financial Year ended 31st March 2010.

FINANCIAL RESULTS

(Rs in crores)

	Current Year 2009-10	Previous Period 2008-09
Gross Sales	323.27	415.89
Net Sales	294.57	369.06
PBITD	12.28	54.95
Interest	5.66	6.61
Depreciation	1.23	1.11
Operating Profit	5.40	47.22
Extra-ordinary Income	-	13.75
Deferred Tax (Liability)/Asset	42.29	(22.39)
Fringe Benefit Tax	-	0.23
Net Profit	47.69	38.36-

DIVIDEND

The earnings of the Company have been deployed for the up-gradation cum expansion project to enhance the future profitability. Hence, your Directors are unable to recommend any dividend on the shares for the financial year ended 31st March 2010.

OPERATIONS

Production of cement was 10.12 lacs tones for the year as against installed capacity of 14.22 lacs tones representing capacity utilization of 71.17%. Shutdown was taken at clinker plant in end October 2009 onwards for implementation of the project. This has resulted in lower capacity utilization and lower turnover during the year. There were many pending critical maintenance jobs, which were carried out during the year along with plant up-gradation cum expansion project.

PLANT UP-GRADATION CUM EXPANSION PROJECT

Your company has undertaken plant up-gradation cum expansion project to increase the plant capacity from 1.42 mtpa to 3.50 mtpa and the same is under progress. The project cost has been funded partly out of internal accruals and partly through convertible / non-convertible debentures / term loans from Housing Development Finance Corporation Ltd (HDFC) and Industrial Development Finance Company Ltd (IDFC) and to the extent of Rs. 15.55 crores by way of placement of equity warrants through preferential issues. There were frequent disturbances in the State and had adverse effect on the movement of materials / equipments, which consequently led to delay in the implemation of the project. Shutdown at DCW was taken end October 2009 for the erection and installation of equipments to upgrade the clinker capacity. Clinker production has since commenced and there are certain initial teething problems, which are being rectified / attended to. The expansion project of DCW expected to be completed during the current financial year and VCW project thereafter.

OUTLOOK FOR CEMENT INDUSTRY

Outlook for the Cement Industry continues to be moderate in 2010. Growth in the housing sector and infrastructure projects is likely to provide support to the prices and hedge against any demand slowdown in the near future. With the initiatives taken by the Government of India for infrastructure development, cement demand is expected to rise further. The irrigation and housing projects being under taken by the Government of Andhra Pradesh will further increase the demand in the State.

The Company will have the benefit of increased production from its expansion project. Post completion of the project, there would be improvement in operational efficiencies and cost reduction in all areas of production/logistics. The Company continues its endeavor for the sale of blended Cement having better margins. Blended Cement being produced by using industrial waste thereby, protecting environment also.

ALLOTMENT OF OCDs / NCDs / WARRANTS

The Company has issued and allotted the following securities on 9th September, 2009 on preferential basis to fund the project:

- 15,00,000 – Secured Optionally Convertible Debentures (OCDs-A) of Rs. 100/- each to HDFC and IDFC aggregating to Rs.15 crores
- 15,00,000 – Secured Optionally Convertible Debentures (OCDs-B) of Rs. 100/- each to HDFC aggregating to Rs.15 crores
- 10,00,000 – Secured Non-convertible Debentures (NCDs) of Rs. 100/- each to HDFC aggregating to Rs.10 crores
- 65,00,000 –Warrants of Rs. 23.93/- each to Echo Fiscal Services Pvt Ltd, aggregating to Rs. 15.55 crores with a right to convert into fully paid up equity shares

SHARE CAPITAL

On 6th February, 2010 your Company has allotted 65,00,000 equity shares of Rs. 10/- each at a premium of Rs. 13.93 per share aggregating to Rs. 15.55 crores to M/s. Echo Fiscal Services Ltd, upon conversion of warrants in to equity. The issue proceeds have been utilized for the up-gradation cum expansion project of the Company.

Consequent to the above mentioned allotments, the subscribed and paid-up share capital of the company has increased from Rs.132.52 crores to Rs.139.02 crores.

TERM LOANS

Your company has availed term loans of Rs.157.50 crores from HDFC and Rs.162.50 crores IDFC for the purpose of up-gradation cum expansion project, which are being disbursed by them in a phased manner as per the requirement for the project.

STATUS OF BIFR

Your Company implemented the Rehabilitation Scheme (MS-08) and the Hon'ble BIFR discharged the Company from the purview of Sick Industrial Companies (Special Provisions) Act, 1985 vide its Order dated 22nd January 2010.

DIRECTORS

During the year under review the nomination of Shri Rakesh Kumar a Special Director, was withdrawn by the Hon'ble BIFR w.e.f 22.01.2010 and he ceased to be the Director of the Company. Your Directors wish to place on record their sincere appreciation for the valuable services rendered by him during his tenure.



Shri P. C. Nalwaya, submitted resignation from the office of Managing Director / Director of the Company and he ceased to be Managing Director / Director of the Company w.e.f. 26.03.2010.

Dr. Sushil Chandra, Shri G.P. Goenka and Dr. A.L. Ananthanarayanan, Directors of the Company who retire by rotation and being eligible offer themselves for re-appointment.

Shri P.K. Goyenka was inducted as Additional Director on the Board with effect from 05.04.2010. He holds office till the date of Annual General Meeting and is eligible for re-appointment. Further, he also appointed as Executive Director of the Company with effect from 5th April, 2010 to look after the day to day operations of the Company.

HEALTH, SAFETY AND ENVIRONMENT

Health, Safety and Environment aspects continued to be a priority area for the Company. The Company conducts regular safety audits, appoints consultants and experts in the area of safety and implements the recommendations after management discussions. The Company continues to give consideration to environment and is maintaining a nursery of tree plantation activity for environment protection. The Company has taken significant anti-pollution measures by installing bag filters and bag house to control the pollution and has substantially reduce the impact of industrial process on the environment.

AUDITORS

M/s. Lodha & Co, Chartered Accountants and M/s. Chaturvedi & Partners, Chartered Accountants will retire at the ensuing Annual General Meeting. M/s Lodha & Co, and M/s. Chaturvedi & Partners, Chartered Accountants, expressed their willingness and eligibility to continue in office, if appointed by the members as joint auditors for the current year. The proposed auditors have furnished the requisite certificate of eligibility under section 224 (1B) of the Companies Act, 1956. Members are requested to appoint the Auditors and to fix their remuneration.

Auditors' in their report on annual accounts for the year ended 31st March, 2010 made the following qualification having a material impact on the profit of the Company. The Company's reply to the said qualification is as follows.

- The Company lodged various claims against Cement Regulation Authority (CRA) which are far in excess of the amount due to CRA. The Hon'ble High Court of AP has upheld the Company's claim in one of such cases. An amount of Rs. 165.03 lacs has been written back, as in the opinion of the management there would not be any further liability in this regard.

COST AUDITOR

Pursuant to the directives of the Central Government and provisions of section 233 B of the Companies Act 1956, M/s Parankusam & Co. Cost Auditors have been appointed to conduct the Cost Audit for the year 2009-10.

DISCLAIMER OF RESPONSIBILITY REGARDING ACCOUNTS

The Balance Sheet and Profit and Loss Account for the year 1991-92 to 1994-95 have been signed by the Directors of the reconstituted Board in accordance with the BIFR Order dated 16.6.94. The present Directors do not take any personal responsibility for any transactions arising out of the same and of the said accounts as such, excepting to state that these were prepared based on the books of accounts and papers available and scrutinized by the Statutory Auditors. Signing and presentation of accounts will not preclude the Company from disclaiming any transactions that are found to be irregular or not in the bonafide interests of the company.

INSURANCE

All the properties of the Company including its buildings, plant and machinery and stocks are adequately insured.

CORPORATE GOVERNANCE

A report on Corporate Governance together with Management Discussion and Analysis Reports and the certificate of compliance from the Statutory Auditors of the Company confirming compliance with clause 49 of the Listing Agreement with the Stock Exchange are annexed to this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, the Directors hereby confirm:

- a. that in the preparation of the accounts in respect of the year under report, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b. that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit of the Company for the year ended 31st March, 2010;
- c. that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956 for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities, and
- d. that the accounts have been prepared on a going concern basis.

REDEMPTION OF PREFERENCE SHARES

Preference Shares of par value of Rs. 1.94 lacs remain unclaimed. It has not been possible to locate the addresses of the shareholders, despite notices being published in daily newspapers. These are being paid as and when claimed. There is no liability for dividend on these shares.

REPAYMENT OF FIXED DEPOSITS

In accordance with the Modified Rehabilitation Scheme (MS-08) the Company is settling the claims lodged by fixed deposit holders. During the year Fixed Deposits claims amounting to Rs. 0.36 lacs were settled.

REDEMPTION OF DEBENTURES

In terms of MS-08, Debentures amounting to Rs. 0.88 lacs were redeemed during the year. An amount of Rs. 197.22 lacs being balance unclaimed principal remain and deposited with bank, under lien infavour of Debenture Trustees.

INVESTOR EDUCATION AND PROTECTION FUND

As repayment of the matured fixed deposits and debentures are covered by the BIFR Sanctioned Scheme, are not remained unclaimed and unpaid for a period of seven years from the date they became due for payment, and hence, no amounts were required to be transferred to the Investor Education and Protection Fund.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO**

The information required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 with respect to those matters is appended hereto and forms part of this Report.

EMPLOYEES

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, regarding employees is given in Annexure to this Report.

ACKNOWLEDGEMENTS

Your Directors express their sincere gratitude for the continued support and guidance received by the Company from the various State & Central Governments Authorities and other regulatory agencies.

Your Directors would like to acknowledge the continued support and co-operation extended by Government of Andhra Pradesh, Financial Institutions, Banks, Vendors, Distributors, Dealers, valued Customers and the Employees.

For and on behalf of the Board

Place : New Delhi

Date : 28.05.2010

P.K. Goyenka

Executive Director

G. P. Goenka

Chairman

ANNEXURE TO DIRECTORS' REPORT

Information under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2010

A) EMPLOYED THROUGHOUT THE FINANCIAL YEAR AND IN RECEIPT OF REMUNERATION AGGREGATING Rs. 24,00,000/- OR MORE PER ANNUM.

Sl. No.	Name Age (Years)	Designation/ Nature of duties	Remuneration (Rs.Lacs)	Qualification	Experience (Yrs)	Date of Commencement of Employment	Last Employment
1	Shrivardhan Goenka (35) *	Executive Director	65.28	MBA(USA)	9	01.08.2006	Whole-time- Director Duncans Tea Ltd
2	R. Viswanathan (58)	Sr.V.P (Projects)	34.51	B.E.(Mech)	34	17.03.2007	V.P.(Tech) Vasavadatta Cements
3	S.N.Kesari (47)	V.P.(A&CA)	32.75	M.A	27	01.04.1983	First Employment
4	L.Subramaniam (61)	V.P(P&A)	25.92	B.Com, LLB	39	07.05.2007	G.M.(HR) L & T Cement
5	S.S.Sandhu (47)	A.V.P(Mktg)	25.22	M.A	23	20.05.2004	Chief Manager (Mktg) Benani Cements
6	A.K.Agrawal (48)	A.V.P(F&A)	24.85	FCA	28	09.06.2004	DGM (F&A)Welspun Gujarat Stahl Rohren Ltd

**B) EMPLOYED FOR A PART OF THE FINANCIAL YEAR AND IN RECEIPT OF REMUNERATION AGGREGATING Rs. 2,00,000/- OR MORE PER MONTH.**

Sl. No.	Name Age (Years)	Designation/ Nature of duties	Remuneration (Rs.Lacs)	Qualification	Experi- ence (Yrs)	Date of Commence- ment of Employment	Date of end of the Term	Last employment
1	P.C.Nalwaya (57) *	Managing Director	75.00	CA	32	11.08.2006	26.03.2010	
2	P.K.Goyenka (64)	Executive Director	3.09	MTech MBA (USA)	40	16.03.2010		Advisor Al Salam Cement
3	S.C.Bhanot (63)	President	47.76	BE	39	07.11.2008	20.03.2010	
4	K.R.Jangid (51)	V.P (Tech)	17.02	B.E(Mech)	28	03.09.2009		Head Mech Ambuja Cements
5	R.A.Somani (44)	V.P.(Projects)	16.69	B.E(Mech)	22	17.08.2009		Sr.Project Manager Star Cements
6	S.S.Chourasia (47)	V.P. (Operations)	11.22	B.Tech	26	02.06.2008	10.08.2009	
7	K.Gangadhar Rao (65)	V.P. (Engg).	10.10	B.Tech	27	13.10.2008	14.09.2009	

Notes :

- Remuneration includes salary, allowances, contribution to P.F., and perquisites (Including medical, leave travel and leave encashment and monetary value of taxable perquisites) etc
- Non of the employee is related to any director of the company except Mr. Srivardhan Goenka is son of Sri G.P.Goenka Chairman of the company.
- The persons marked (*) work on contractual basis and they render services as per the terms of the contract.

ANNEXURE TO DIRECTORS' REPORT

Information pursuant to Section 217(l)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A. Conservation of Energy :

(a) Energy Conservation measures taken:

- (i) Installation of pre-grinder in raw mill for higher output and lower power consumption.
- (ii) Conventional Cooler replaced with latest technology based IKN cooler for better power consumption and thermal efficiency.
- (iii) High efficiency separators are installed in coal mill and raw mills for higher output and lower specific power consumption.
- (iv) Pneumatic transport system is replaced with belt bucket elevators in kiln feed and raw mill areas.
- (v) Installation of high efficiency cooler ESP Fan with VFDs.
- (vi) Installation of Variable Frequency Drives (VFD) for speed control of cooler fans.
- (vii) Up-gradation of PLC & Automation of PID controls for optimum production.
- (viii) Capacitor banks installed to improve the power factor.
- (ix) Replacement of kiln burner with new energy efficient burner.

(b) Additional investments and proposals considered for reduction of consumptions of energy

- (i) Conventional fans are replaced with high efficiency fans for power reduction in Cement Mill.
- (ii) Proposed Installation of pre-grinder in cement mill for higher output and lower power consumption
- (iii) Variable Frequency Drives (VFD) for Cement Mill – II, ESP Fan.
- (iv) Installation of fly ash silo and handling system to increase production of PPC.
- (v) Pneumatic transport system is replaced with belt bucket elevators.

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

By incorporating various measures in up-gradation cum expansion project, the effective reduction in Power consumption & Coal consumption with plant running to the full capacity will be 13.14 Kwh/MT of Clinker.

(d) Total energy consumption and energy consumption per unit of production: Given in Form 'A' annexed.

B. Technology Absorption, Adaptation and Innovation. : Given in Form –B annexed.

C. Foreign Exchange Earnings & Outgo :	<u>Current Year</u>	<u>Previous Year</u>
i) Total Foreign Exchange outflow (Rs.lacs)	231.78	20.64
ii) Total Foreign Exchange inflow (Rs. lacs)	00.00	530.31

**FORM "A"****Form for Disclosure of particulars with respect to conservation of energy.**

	<u>Current Year</u>	<u>Previous Year</u>
A. Power and Fuel Consumption:		
1. POWER:		
a) Purchased:		
Units (KWH in lacs)	869	1183
Total Amount (in Rs. lacs)	3122	3824
Rate / Unit (in Rs.)	3.59	3.23
b) Own Generation :		
Through D.G. Sets		
Net Units (KWH in lacs)	Nil	Nil
Unit / Lt of Diesel/Furnace Oil	Nil	Nil
Cost / Unit (in Rs.)	Nil	Nil
2. COAL :		
Quantity (Tonnes)	121419	202197
Total Cost (in Rs. lakhs)	4089	7285
Average Rate per MT (Rs.)	3367	3603
3. FURNACE OIL :		
Quantity (K.Lts)	Nil	Nil
Total Cost (in Rs.lakhs)	Nil	Nil
Average Rate (in Rs.lakhs)	Nil	Nil
B. Consumption per unit of production:		
Production – OPC/PPC/PSC/GGBS (in MT)	1011599	1226069
Power Consumption in Kwh/MT of cement	78.48	97
Coal Consumption to Clinker	0.24	0.26
Others (Specify)	-	-

FORM "B" (See Rule 2)

- The Company has not undertaken any Research and Development activities and no expenditure have been incurred.
- Technology Absorption, Adaptation and :
Innovation. New technology has been imported in up-gradation cum expansion project.

Annual Report 2009-10 – Group Companies

Names of the certain companies the disclosure of which is made in view of the disclosure requirement of the SEBI (Substantive Acquisition of Shares and Takeovers) Regulations, 1997 in relation to inter-se transfer of shares amongst group companies:

1. Albert Trading Company Pvt. Ltd.
2. Axiom Agrobased Cement Trading Company Pvt. Ltd.
3. Bargate Communications Pvt. Ltd.
4. Boydell Media Pvt. Ltd.
5. Continuous Forms (Calcutta) Ltd.
6. Dail Consultants Ltd.
7. Duncans Agro Chemicals Ltd.
8. Duncan Tea House Pvt. Ltd.
9. Duncans Industries Ltd.
10. Duncans Tea Ltd.
11. Frontline Tea Tradeco Pvt. Ltd.
12. Gujarat Carbone & Industries Ltd.
13. Infratech Software Services Pvt. Ltd.
14. ISG Traders Ltd.
15. Jubliant Fertilisers Trading Pvt. Ltd.
16. Julex Commercial Co. Ltd.
17. Kavita Marketing Pvt. Ltd.
18. Leyden Leasing & Financial Services Ltd.
19. Marleybone Travels & Resorts Pvt. Ltd.
20. Megabyte Equipments Tradeco Pvt. Ltd.
21. North India Fertilisers Ltd.
22. Napier Softech Pvt. Ltd.
23. NRC Ltd.
24. Octave Technologies Pvt. Ltd.
25. Odyssey Travels Ltd.
26. Orchard Holdings Pvt. Ltd.
27. Pentonville Software Ltd.
28. Sewand Investments Pvt. Ltd.
29. Santipara Tea Company Ltd.
30. Shubh Shanti Services Ltd.
31. Silent Valley Investment Co. Ltd.
32. Siddhant Fertilisers Tradeco Pvt. Ltd.
33. Streamline Developers Pvt. Ltd.
34. Surface Paper Tradeco Pvt. Ltd.
35. Skylight Trading Company Ltd.
36. Sprint Trading Co. Ltd.
37. Star Paper Mills Ltd.
38. Stone India Ltd.
39. Stone Intermodal Pvt. Ltd.
40. Unimers India Ltd.
41. Vinayak Tea Trading Company Pvt. Ltd.
42. Zeal Engineering Equipments Tradeco Pvt. Ltd.

**REPORT ON CORPORATE GOVERNANCE**

(Pursuant to Clause 49 of the Listing Agreement)

1. Company's Philosophy

The Company's philosophy of corporate governance is to enhance long term share holders' value, achieve operational efficiencies and business results in all areas of company's operations, with compliance of all statutory and regulatory provisions. The company believes in transparency, openness and disclosure of information consistent with the business environment in which the Company operates.

2. Board of Directors

- The composition of the Board is in conformity with Clause 49 of the Listing Agreement with the Stock Exchange.
- The Company has a Non-Executive Chairman and the number of Independent Directors is more than one third of the total number of Directors. The number of Non-Executive Directors is more than half of the total number of Directors.
- None of the Directors on the Board is a Member of more than 10 Committees or Chairman of more than 5 Committees as specified in Clause 49, across all companies in which he is Director.
- The names and categories of the Directors on the Board, their attendance at Board Meetings held during the financial year 2009-10 and the number of Directorships and Committee Chairmanships / Memberships held by them in other companies are given below. Other Directorships do not include alternate directorships, directorships of private limited companies and of companies incorporated outside India. Chairmanship / Membership of Board Committees include only Audit and Shareholders' / Investors' Grievance Committee.

Name	Category	Board Meeting Attendance	A G M Attendance	No. of other Directorships	No. of other Committee positions held	
					Member	Chairman
Mr. G.P. Goenka	NED	04	No	07	02	-
Mr. Jayaraman **	NED & ID	04	No	-	-	-
Mr. K.N. Bhandari	NED & ID	04	No	10	02	01
Dr A.L. Ananthanarayanan	NED & ID	04	No	06	02	-
Dr. Sushil Chandra	NED & ID	04	No	01	01	-
Mr. M.S. Ramakrishna	NED & ID	01	No	09	-	-
Mr. Shrivardhan Goenka	ED	04	No	08	01	
Mr. Raj Kumar Bhargava	NED & ID	04	No	07	08	02
Mr. Amitava Mondal	NED & ID	0	No	02	01	-
Mr. Rakesh Kumar *	NED, ND & ID	04	No	-	-	-
Mr. P.C. Nalwaya – MD*	ED	04	Yes	-	-	-

MD: Managing Director, NED: Non-Executive Director, ID: Independent Director, ND: Nominee Director, ED: Executive Director.

During the Financial Year 2009-10 Four Meetings of the Board of Directors were held on 24.04.2009, 24.07.2009, 29.10.2009 and 28.01.2010.

* Mr. P.C.Nalwaya was resigned and ceased to be a Managing Director / Director of the Company with effect from 26.03.2010.

* Mr.Rakesh Kumar –BIFR Spl. Director – nomination was withdrawn by

Hon'ble BIFR with effect from 22.01.2010 and the order for the same was received on 03.02.2010.

- ** Mr.J. Jayaraman – BOB Nominee Director – nomination was withdrawn by Bank of Baroda with effect from 16.06.2009 and has been appointed as Additional Director w.e.f 16.06.2009 and regularized by the shareholder at AGM held on 25.08.2009.

3. Details of Directors seeking appointment / re-appointment as required under Clause 49 of the Listing Agreement.

Pursuant to the requirements of the Listing Agreement of Stock Exchanges on Corporate Governance, the information about the Directors proposed to be appointed / re-appointed is given as an Annexure to the Notice convening the Annual General Meeting.

4. Audit Committee

- (i) The Board constituted an Audit Committee in accordance with the requirements of Section 292A of the Companies Act, 1956. Its terms of reference are in conformity with Clause 49 of the Listing Agreement entered into with the Stock Exchanges. Statutory Auditors and Internal Auditors were regular invitees to the Committee Meetings.
- (ii) The terms of reference of the Audit Committee are broadly as under :
- a. Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
 - b. Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
 - c. Reviewing with management on the annual financial statements before submission to the Board, focusing primarily on :
 - Any changes in accounting policies and practices
 - Major accounting entries based on exercise of judgment by management
 - Qualifications in draft audit report
 - Significant adjustments arising out of audit
 - The going concern assumption
 - Compliance with accounting standards
 - Compliance with stock exchange and legal requirements concerning financial statements
 - Any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of the Company at large.
 - d. Reviewing with the management, external and internal auditors and the adequacy of internal control systems.
 - e. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit and fixing the remuneration of the Internal Auditors.
 - f. Discussion with internal auditors any significant findings and follow up thereon.
 - g. Reviewing the findings of any internal investigations by internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.



- h. Discussion with external auditors before the audit commences, nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- i. Reviewing the company's financial risk management policies.

The Audit Committee presently consists of Dr.A.L.Ananthanarayana, Mr. J. Jayaraman, Mr. K.N. Bhandari and Dr. Sushil Chandra and Mr. R.K. Bhargava, all non-executive and independent directors. Dr A.L. Ananthanarayanan acting as Chairman of the Committee. In the opinion of the Board, all the members of the Audit Committee have accounting or related financial management expertise.

- During the Financial Year 2009-10, the Audit Committee has met 4 times, i.e., on 24.04.2009, 24.07.2009, 29.10.2009 and 28.01.2010

The attendance details for the Committee meetings are as follows:

Name	Designation	No. of Audit Committee Meetings attended
Dr. A.L. Ananthanarayanan	Chairman	04
Mr. J. Jayaraman	Member	04
Mr. K.N. Bhandari	Member	04
Dr. Sushil Chandra	Member	04
Mr. R.K. Bhargava	Member	04

5. Remuneration Committee

- (i) The Board constituted a Remuneration Committee in accordance with the requirements of Schedule XIII of the Companies Act, 1956; its terms of reference being in conformity with Clause 49 of the Listing Agreement entered into with the Stock Exchanges.
- (ii) Brief description of terms of reference of the Remuneration Committee:
 - (a) To determine, on behalf of the Board of Directors, the Company's policies on the remuneration of the Executive Directors.
 - (b) To approve all elements of the remuneration package of all the Executive Directors i.e. salary, benefits, bonus, commission, stock options, etc.
 - (c) To approve the fixed component and performance- linked incentives, along with the performance criteria.
 - (d) To determine the service contracts, notice period, severance fees, etc.
- (iii) The Remuneration Committee comprises Dr. A.L. Ananthanarayanan, Mr. K.N. Bhandari and Mr. M.S. Ramakrishna. Dr. A.L. Ananthanarayanan acting as Chairman of the Committee. All the members are Non Executive and Independent Directors. The Company Secretary acts as the Secretary to the Committee.
- (iv) Remuneration Committee has met one time on 28.01.2010 during the Financial Year 2009-10.

v) Remuneration of Directors:

- (a) The terms of appointment of the Managing Director and Executive Director are governed by resolutions passed by the Remuneration Committee, Board of Directors and the Shareholders of the Company and approval of the Central Government and subject to the provisions of the Companies Act 1956.

The details of remuneration paid to the Managing and Executive Directors during the Financial Year 2009-10 were as follows:

Sl. No.	Name of Director (Executive Directors)	Salary / Sitting fee	Benefits	Total (Rs.)
1.	Mr. P.C. Nalwaya	46,76,075	28,24,506	75,00,581
2.	Mr. Shrivardhan Goenka	39,60,000	25,68,031	65,28,031
	Total	86,36,075	53,92,537	140,28,612
	(Non- Executive Directors)			
1	Mr. G.P. Goenka	30,000	—	30,000
2	Mr. J. Jayaraman	82,500	—	82,500
3	Dr. A.L. Ananthanarayanan	82,500	—	82,500
4	Dr. Sushil Chandra	60,000	—	60,000
5	Mr. K.N. Bhandari	60,000	—	60,000
6	Mr. R.K. Bhargava	60,000	—	60,000
7	Mr. Amitava Mondal	0	—	0
8	Mr. Rakesh Kumar	30,000	—	30,000
9	Mr. M S Ramakrishna	7,500	—	7,500
	Total	4,12,500		4,12,500
	Grand Total	90,48,575	53,92,537	144,41,112

(b) The remuneration to Non-Executive Directors is restricted only to Sitting Fee for attending the meetings of the Board and its Committees. The Company pays sitting fee of Rs. 7,500/- per meeting to Non-Executive Directors for attending the meetings of the Board / or its Committees, besides reimbursement of traveling and out-of-pocket expenses incurred by the Directors for attending the meetings.

(vi) Non-Executive Directors of the company does not have any share holding in the paid-up capital of the Company.

6. Investors' Grievances / Share Transfer Committee

(i) The Board constituted an Investor Grievance & Share Transfer Committee in accordance with the requirements of Clause 49 of the Listing Agreement entered into with the Stock Exchanges. This Committee approves share transfer requests; oversees the redressal of shareholders' and investors' grievances like delay in the transfer of shares, non-receipt of the Annual Report, etc, and approves the sub-division, transmission, issue of duplicate shares etc.

(ii) The Investors' Grievance & Share Transfer Committee, which comprised Dr. A.L. Ananthanarayanan, Mr. P.C. Nalwaya and Mr M.S. Ramakrishna. Dr. A.L. Ananthanarayanan - acting as Chairman of the Committee. The Company Secretary, for the time being is the Compliance Officer of the Company and is the Secretary to the above Committee.

(iii) The Company has received 78 complaints during the Financial Year 2009-10 and all of which were redressed.

7. General Body Meetings

(i) Particulars of the last three Annual General Meetings

Year	Date of AGM	Time	Venue
2005-06	22.03.2007	12.30 PM	Registered Office
2006-08	20.09.2008	11.30 AM	Registered Office
2008-09	25.08.2009	12.30 PM	Registered Office

**(ii) Special Resolutions:**

- (a) At the AGM held on 22nd March, 2007, Special Resolutions were passed for approving the appointment and terms of remuneration to Mr. P.C. Nalwaya, Managing Director and Mr. Shrivardhan Goenka, Executive Director.
- (b) At the Extra-ordinary General Meeting held on 21st August 2007, Special Resolutions were passed for approving to increase authorized capital from Rs. 125 crores to Rs. 140 crores and issue of 15410000 equity shares of Rs. 10/- each at a premium of Rs. 18.60 per share on preferential basis to IDFC and Promoters / Associate Companies (Promoters) as per the SEBI guidelines.
- (c) At the AGM held on 20th September, 2008, Special Resolutions were passed for approving the re-appointment and terms of remuneration to Mr. P.C. Nalwaya, Managing Director and Mr. Shrivardhan Goenka, Executive Director
- (d) At the AGM held on 25th August 2009, Special Resolutions were passed for approving:
- to increase authorized capital from Rs. 140 crores to Rs. 170 crores divided into 16,50,00,000 equity shares of Rs. 10/- each and 5,00,000 cumulative redeemable preference shares of Rs. 100/- each,
 - to inserting new articles of 65A to 65D,
 - for issue of 65,00,00 - convertible warrants of Rs. 23.93 each,
 - 15,00,000 - secured optionally convertible debentures-A of Rs. 100 each (OCD- A) and 15,00,000 - secured optionally convertible debentures-B of Rs. 100/- each (OCD-B),
 - 10,00,000 - secured non-convertible debentures of Rs. 100/- each (NCDs) and
 - option to convert the IDFC term loan of Rs. 5 crores into equity shares in case of default.

No Special Resolution was required to be put through postal ballot at the above-mentioned AGMs. Besides, no resolution is required to be put through postal ballot at the ensuing AGM.

8. Disclosures

- (i) In the bonafide opinion of the Board of Directors there are no related party transactions that may have potential conflict with the interest of the company at large. Related party transactions in terms of 'AS-18 Related Parties' were disclosed in the Annual Accounts.
- (ii) The company does not have a Whistle Blower Policy since the same is non-mandatory under Clause 49 of the Listing Agreement. However, no employee is denied access to the Audit Committee.
- (iii) The Company has complied with all the mandatory requirements of Clause 49 as detailed herein. As regards adoption of non-mandatory requirements under said clause, a Remuneration Committee of the Directors, as detailed hereinabove, is already in existence.

9. Means of Communication

The Quarterly, Half yearly and Annual Financial Results of the Company are normally published in Business Standard (English), Andhra Prabha and Praja Shakti (Telugu) News Papers. The Management Discussion and Analysis Report forms part of this Annual Report to the share holders of the Company. The company is in the process to develop a website.

GENERAL SHAREHOLDER INFORMATION

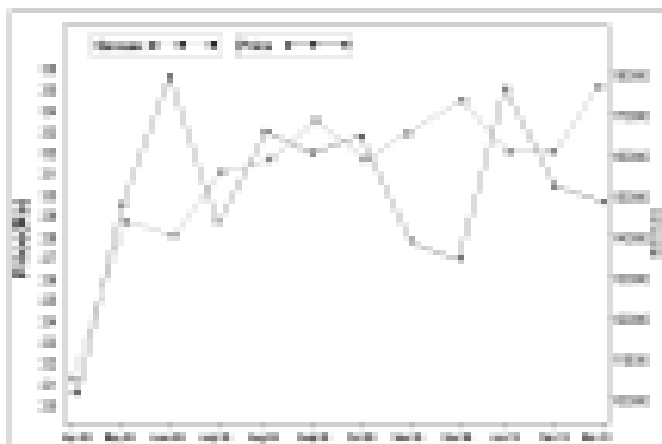
- i). Annual General Meeting:
 Date and Time : 30.08.2010 at 2.00 PM
 Venue : at Regd. Off, Durga Cement Works,
 Dachepalli, Guntur (Dist), AP.
- ii). Book Closure Dates : 23.08.2010 to 30.08.2010
 (both days inclusive)
- iii). Dividend Payment Date : No dividend proposed.
- iv). Financial Calendar 2010 -11
 For the quarter ended 30.06.2010 : 2nd week of August, 2010
 For the quarter ended 30.09.2010 : 2nd week of November, 2010
 For the quarter ended 31.12.2010 : 2nd week of February, 2011
- v). Stock Code :
 Listing of Equity Shares on : Bombay Stock Exchange Limited
 Stock Exchanges at : P. J. Towers, Dalal Street, Fort,
 MUMBAI – 400 001
 Bombay Stock Exchange Limited : 532141
 ISIN Numbers in NSDL & CDSL : INE666E01012

Listing fees for and up to the year 2010-11 have been paid to the Bombay Stock Exchange, where shares were listed.

vii). Market Price Data

The following is the data of high and low closing quotations of equity shares of the Company during the period April 2009 to March 2010.

Month & Year	Bombay Stock Exchange (BSE)	
	Month's High Price(Rs.)	Month's Low Price(Rs.)
April, 2009	20.90	16.90
May, 2009	29.55	18.05
June, 2009	35.25	22.65
July, 2009	28.50	20.50
August, 2009	33.00	26.25
September, 2009	31.90	26.50
October, 2009	32.50	22.15
November, 2009	27.40	21.25
December, 2009	26.90	24.50
January, 2010	35.00	25.00
February, 2010	30.70	24.50
March, 2010	29.50	25.30

**Performance in comparison to broad based indices such as BSE Sensex :****viii). Share Transfer System :**

About 93.61% of shares of the Company were held in electronic form and transfer of these shares is done through the depositories with no involvement of the Company. Share transfer requests received in physical form are processed by the Company's Registrar and Share Transfer Agents (RTA) and after effecting the share transfer the share certificates shall be returned within a period of 15 days in most cases, and in any case within 30 days, from the date of receipt, subject to the documents being in order and complete in all respects.

ix). Secretarial Audit :

Secretarial Audit is being carried out every quarter by a Practicing Company Secretary and the Audit Report is placed before the Board for its perusal and filed with the Stock Exchange periodically within the stipulated time.

x). Distribution of Shareholding and pattern as on 31st March 2010:

a) Distribution of shareholding:

No. of Shares held	No. of Shares	% of share capital	No. of share holders	% of total No. of shareholders
Up to 500	3373049	2.43	49706	94.66
501 to 1000	1297289	0.93	1474	2.81
1001 to 2000	1041014	0.75	644	1.22
2001 to 3000	502842	0.36	188	0.36
3001 to 4000	341963	0.25	93	0.17
4001 to 5000	633038	0.46	131	0.25
5001 to 10000	943059	0.67	120	0.23
10001 and above	130891161	94.15	156	0.30
TOTAL	139023415	100.00	52512	100.00

b) Shareholding pattern as on 31st March, 2010.

Category	No. of Share holders	% to total	No. of Shares ^(*)	% to total
Promoters	17	0.03	96912199	69.71
Financial Institutions	27	0.05	15304339	11.00
FIs	01	0.00	7390000	5.32
Mutual Funds	05	0.01	12753	0.01
Banks	30	0.06	5549	0.0
Domestic Companies	616	1.17	8897167	6.40
NRIs	705	1.34	639701	0.46
Resident Individuals	51111	97.34	9861707	7.10
Total	52512	100.00	139023415	100.00

(*) Consequent to the allotment of 65,00,000 equity shares of Rs. 10/- each at a premium of Rs. 13.93 per share by way of conversion of warrants in to equity shares on 06.02.2010 as per the SEBI guidelines, the number of shares increased from 13,25,23,415 to 13,90,23,415.

As on 31st March 2010, ISG Traders Ltd (43.71%) and its subsidiary company viz. Boydell Media Pvt Ltd (24.16%) holding more than 51% shares in the company. Consequent to this holding Andhra Cements Ltd, became a subsidiary company of ISG Traders Ltd.

xi). Dematerialisation of Shares and liquidity:

The shares of the Company are traded in dematerialized form with both the depositories, viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited. (CDSL)

As on 31st March, 2010, 130140071 shares of the Company, comprising 93.61% of the share capital, had been dematerialized.

The Company's shares are regularly traded on the Bombay Stock Exchange Ltd (BSE).

xii) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity.

- The Company has issued the 15,00,000 – Secured Optionally Convertible Debentures (OCDs-A) of Rs. 100/- each on 09.09.2009 to HDFC and IDFC with a right to convert the whole or part of the OCD-A in to fully paid up equity shares at any time before the expiry of 18 months from the date of allotment.
- The Company has issued the 15,00,000 – Secured Optionally Convertible Debentures (OCDs-B) of Rs. 100/- each on 09.09.2009 to HDFC with a right to convert the whole or part of the OCD-B in to fully paid up equity shares at the end of 12th, 15th and 18th month from the date of allotment.
- If both OCD-A and OCD-B convert the whole in to equity, 12536564 shares shall be added to the present shares and the paid-up share capital of the Company would be increased to Rs. 1,51,55,99,790/- after conversion.

**xiii). Unit Locations:**

<i>Durga Cements Works (DCW)</i>	<i>Visakha Cements Works (VCW)</i>
Durgapuram, Dachepalli (Mandal) Guntur Dist, (AP). PIN – 522414	Parlupalem (Village) Durganagar (Post) Visakhapatnam, (AP) PIN - 530029

xiv). Registrar & Share Transfer Agent :

CIL Securities Limited, 214, Raghava Ratna Towers, Chirag Ali Lane, Abids
Hyderabad-500001, (Telephone Nos. : 040-23202465, Fax.: 040-23203028)
e-mail: cilsec@rediff.com

xv). Address for Correspondence:

The Company Secretary & Compliance Officer
Andhra Cements Limited, 2nd Floor, Chandralok Complex,
111, Sarojini Devi Road, Secunderabad – 500003, A.P.
(Telephone Nos. 040-66260110/11/12, Fax No. 040-27810103)
e-mail: investorcell@andhracements.com

For and on behalf of the Board

Place : New Delhi
Date : 28.05.2010

P.K. Goyenka
Executive Director

G. P. Goenka
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

1. Industry Structure and Development

India is the second largest producer of Cement in the world with an installed capacity of 244.69 million tons as on 31st March, 2010. Total Production for the financial year 2009-10 was 160.31 million tons as compared to 142.65 million tons in the corresponding period of last year and recorded a growth rate of 12.38%. The Cement dispatches (including exports) during the year 2009-10 were 159.44 million tonnes showing a growth of 12.10%. During the year 2009-10 Southern Region recorded a growth of 5% in Cement Consumption, Western Region grew by 14% and Northern Region achieved growth of over 12% and Eastern & Central Regions exhibited growth of 23% and 23% respectively. During the financial year all India average recorded a growth of 13%.

2. Opportunities and Threats

Government's emphasis on infrastructure development, strong demand from housing sector and thrust on capacity increase by the companies across the country is driving the growth in Cement consumption. Southern States are witnessing huge investments in Real Estate, primarily in Residential Complexes, Technology Parks and various Irrigation Projects. The growth is happening in both rural and urban areas.

After this monsoon season, it is expected that the demand of cement will stay firm. Rural Housing buoyed by agriculture loan waivers and government salary hikes would be the major driver. Infrastructure demand is also expected to get a boost, with allocation of road projects and there could be a possible boost from an up-tick in urban housing, as real estate prices finally start crack and interest cost dip.

The threats of the Industry arise from rising input costs, restricted availability of coal from domestic market, restricted wagon availability and increase in logistics costs due to increase in fuel cost and railway fright.

Risks and Concerns

Cement consumption is also a function of macro external factors such as economic growth, Government policies etc. The growth in cement demand is directly co-related to the economic development. In the highly unlikely event of slowdown in economy or infrastructure development activities, cement demand would be adversely affected, which may also impact the cement prices.

Cement being a bulky material, both input and output transportation cost is significant in the industry. With international crude prices firming up, transportation cost is scaling new heights in the country. Another area of concern is transportation bottle-neck due to loading restrictions. The road transportation fleet capacity needs to be increased substantially to cater to the increasing need of transport of cement and other industries.

Further cement sector being directly affected by coal shortage, coal prices too have been climbing up. Freight, power and coal being major components of cost, any increase in their prices adversely affects the profit margins of the industry.

3. Product-wise Performance

Andhra Cements Ltd, is primarily engaged in manufacture and sale of Cement including OPC, PPC, PSC and GGBS. In the domestic market the company operates through a net work of dealers and agents for sale of its products. Its major markets include Andhra Pradesh, Tamilnadu, Orissa, Karnataka and other nearby states.

The Company has two operative plants at Dachepalli, Guntur District (AP) and Visakhapatnam (AP) with installed capacity of 0.80 mtpa and 0.60 mtpa respectively. Both the plants were undertaken for upgradation/expansion to increase the plant capacity from 1.4 mtpa to 3.5 mtpa, which, were under progress. During the year under review the production in both the plants has been effected due to frequent shutdowns for completion of the upgradation/expansion project. There were many critical maintenance jobs were carried out, required shutdowns and frequent stoppage of kiln, resulting in lower capacity utilization. The above plants produced 10.12 lacs tons of cement in the aggregate during the year. The plants, after initial teething problems, are heading towards achieving optimum production.

4. Outlook

The Indian Cement Industry is expected to increase capacity from current levels by end of 2010. Although, many Cement companies have announced capacity expansions, it is yet to be seen whether they will go ahead with it considering the cement economic scenario.

It is expected that Cement consumption will grow at least by 10% in the coming year. Increased availability of Cement during second half of 2010, will increase chances of price drops and lowering of margins.

5. Internal Control Systems and adequacy

The Internal Control System is an essential element of the Corporate Governance and plays a key role in identifying, minimizing and managing risks that are significant for the Company, contributing to the safeguarding of stakeholders investments and the Company's assets.

Your Company has established and is maintaining adequate controls within the system to ensure the completeness, accuracy, and authority of all financial information and of all other information that forms the basis for calculation of financial information or is used for management control and accountability. The adequacy and effectiveness of internal controls are monitored regularly by the Internal Auditors and the Audit Committee and remedial measures are being taken, wherever necessary.



The Audit Committee of the Company meets periodically to review and recommend quarterly, half yearly and annual financial statements of the Company. The Audit Committee reviews the important findings of the Internal Auditors during their audits, periodically. The Committee also holds discussions with the internal auditors, statutory auditors and the management on the matters relating to internal controls, auditing and financial reporting. The Committee also reviews with the statutory auditors, the scope and results of the audits.

6. Financial and Operational Performance

During the year under review the gross sales were Rs.323.27 crores. The detailed financial and operational performance is given in the Annual Accounts and Schedules thereto forming part of this Report.

7. Human Resource Development and Industrial Relations

The Company believes that employees are the key to achieving goals and are the primary source of competitive advantage.

The Company believes that training is an important tool to enhance the capabilities of people and performance of the organization. Therefore, from time to time, on-the- job-training programs are organized through internal and external sources. To achieve high levels of employee satisfaction, the Company has been consistently in training, developing and motivating the employees. Further, the Company has stable and experienced middle and senior level management team.

The Industrial relations during the period under review have generally been cordial.

8. Health & Safety

The Company places the highest value on ensuring the health and safety of its employees, contractors, third parties and visitors. During the year the company has implemented the various health and safety measures.

In addition, the company strengthened the plant management teams by providing dedicated safety staff in the plants to advice and support and plant management in establishing the safety management system.

9. Cautionary Statement

Certain statements made in this Report relating to the Company's objectives, projections, outlook, estimates and expectations may be 'forward looking statements' within the applicable laws and regulations. As these statements are based on certain assumptions and expectations of future events over which the Company exercises no control, the Company cannot guarantee their accuracy. The actual results may differ materially from such estimates, projections, etc. Significant factors that could make a difference to the Company's operations include domestic and international economic conditions affecting demand, supply and price conditions in the industry, changes in government regulations, tax regimes and other statutes, over which the Company does not have any direct control.

For and on behalf of the Board

Place : New Delhi
Date : 28.05.2010

P.K. Goyenka
Executive Director

G. P. Goenka
Chairman

CERTIFICATE ON CORPORATE GOVERNANCE**To the Members of Andhra Cements Limited**

We have reviewed the compliance of conditions of Corporate Governance by Andhra Cements Ltd for the year ended on March 31, 2010, as stipulated in Clause 49 of the Listing Agreement of the Said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the certificate of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us, and based on the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **LODHA & CO.**
CHARTERED ACCOUNTANTS
FIRM REGISTRATION NO. 301051E

K.SOMESWARA RAO
(ICAI MEMBERSHIP NO. 052061)
PARTNER

NEW DELHI
MAY 28, 2010

For **CHATURVEDI & PARTNERS**
CHARTERED ACCOUNTANTS
FIRM REGISTRATION NO. 307068E

R.N. CHATURVEDI
(ICAI MEMBERSHIP NO. 092087)
PARTNER

NEW DELHI
MAY 28, 2010

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

This is to confirm that the Company has adopted a Code of Conduct for the Board Members and senior management personnel.

We confirm that the Company has, in respect of the Financial Year 2009-10, received from the members of the Board and the senior management personnel of the Company a declaration of compliance with the Code of Conduct as applicable to them.

Place : New Delhi
Date : 28.05.2010

P.K. Goyenka
Executive Director



CEO/CFO CERTIFICATE

We hereby certify that :

- a) We have reviewed financial statements including the cash flow statement for the period from 1st April, 2008 to 31st March, 2009 (Financial Year) and certify that to the best of our knowledge and belief:
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief no transactions entered into by the Company during the year which are fraudulent, illegal or violate the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee that there are no:
 - i) significant changes in internal control over financial reporting during the year;
 - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having significant role in the company's internal control system over financial reporting.
- e) We further declare that all board members and senior managerial personnel have affirmed compliance with the code of conduct for the current financial year.

For Andhra Cements Limited

Place : New Delhi
Date : 28.05.2010

P.K. Goyenka
Executive Director

A. K. Agrawal
Asst.Vice-President (F&A)

AUDITORS' REPORT

To the Members of **ANDHRA CEMENTS LIMITED**

1. We have audited the attached Balance Sheet of Andhra Cements Limited (the company), as at 31st March 2010, its Profit and Loss Account for the year ended on that date annexed thereto, and its cash-flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the company's management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Government of India in terms of sub-Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. *Attention is invited to the following notes forming part of the accounts.*
 - a. *Note No.16 regarding write back of dues to CRA, for the reasons mentioned therein, consequent to which profit for the year is higher by Rs. 165.03 lakhs and the unsecured loans & accumulated loss at the yearend are lower by the said amount.*
 - b. *Note No: 19 regarding confirmation/reconciliation of balances and consequential adjustment if any that may arise therefrom;*
 - c. *Note No: 20 regarding non-availability of certain information in respect of pre-take over period;*
5. We further report that, *had the observations made by us in 4(a) above been considered, and without considering Para 4(b) and 4(c) the effect of which cannot be determined, the profit for the year would have been Rs. 4,603.51lakhs as against the reported profit of Rs. 4,768.54 lakhs, the accumulated loss as at the date of the Balance Sheet would have been Rs. 6,187.31 lakhs as against the reported accumulated loss of Rs. 6,022.29 lakhs and unsecured loans would have been Rs. 1960.38 lakhs as against the reported figure of Rs.1,795.36 lakhs.*
6. Further to our comments in the Annexure referred to in paragraph 3 above:
 - a. *Subject to Para 4b and c, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;*
 - b. *In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;*
 - c. *The Balance Sheet, Profit and Loss Account, and the Cash flow statement referred to in this report are in agreement with the books of account.*
 - d. *In our opinion, the Balance Sheet, Profit and Loss Account, and the Cash flow statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.*
 - e. *In respect of debentures as stated in Note 22 of Schedule 'O', the company has received a legal opinion that there is no default in the repayment of amount due to the debenture holders and deposit holders. Save and except for this, for which reliance has been placed on the legal opinion received by the Company,*



on the basis of the written representations received from the Directors and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March 2010 from being appointed as a Director in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.

7. In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss Account, and the cash flow statement *subject to para 4 above with the consequential impact thereof* as given in Para 5 above and read together with the other Notes, Schedules and Statement of Accounting Policies attached thereto, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
- In so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March 2010,
 - In so far as it relates to the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
 - In the case of the Cash Flow statement, of the cash flows of the company for the year ended on that date.

For LODHA & CO.

Chartered Accountants

Firm Registration No. 301051E

K.SOMESWARA RAO

(ICAI Membership No. 052061)

Partner

New Delhi

May 28, 2010

For CHATURVEDI & PARTNERS

Chartered Accountants

Firm Registration No.307068E

R. N. CHATURVEDI

(ICAI Membership No. 092087)

Partner

New Delhi

May 28, 2010

Annexure referred to in paragraph 3 of our report of even date

- According to the information and explanations furnished to us, the company has not **updated its records of Fixed Assets with particulars including quantitative details and situation of its fixed assets.**
- We are informed by the company's management that it follows the practice of physical verification of its Fixed Assets once in a period of three years which, in our opinion is reasonable and adequate in relation to the nature and location of the Fixed Assets. In keeping with the said practice, according to the information furnished to us, no such physical verification of its assets was conducted by the management during the year.
- According to the information and explanations furnished to us, the company has not disposed of a substantial part of its fixed assets during the year as would effect the going concern assumption in its case.
- According to the information and explanations furnished to us, the company has physically verified its inventories of raw materials, finished goods, packing materials and high value items among its stores and spares during the year. In respect of certain materials stored in heaps, such verification has been done on the basis of volumetric measurement. In our opinion, the frequency of verification is reasonable.
- In our opinion, the procedures of physical verification of inventories followed by the management, to the extent carried out during the year, are reasonable and adequate in relation to the size of the company and the nature of its business.
- According to the information furnished to us, the company is maintaining proper records of its inventory and the discrepancies noticed on verification, to the extent carried out during the year , between the physical stocks and the book records were not material, and have been properly dealt with in the books of account.

- 3.1 According to the information and explanations furnished to us, the company has not granted any loans to companies, firms or other parties covered by the register maintained under Section 301 of the Companies Act, 1956, and consequently reporting under sub-clauses b, c and d of clause 4(iii) of the Order does not arise during the year .
- 3.2 According to the information and explanations furnished to us, the company has as at the date of the Balance Sheet borrowed monies aggregating to Rs. 4.24 Lakhs from two companies covered by the register maintained under Section 301 of the Companies Act, 1956.
- 3.3 In our opinion, based on the information and explanations furnished to us, the terms and conditions on which the company has borrowed moneys from a company covered by the register maintained under Section 301 of the Companies Act, 1956, referred to in para 3.2 above are not prima facie prejudicial to the interests of the company, considering the circumstances under which it is presently operating.
- 3.4 According to the information and explanations furnished to us, no terms have been stipulated with regard to regular repayment of the principal and interest on the loans taken by it from the company covered by the register maintained under Section 301 of the Companies Act, 1956, referred to in para 3.2 above, such loans having been brought in accordance with the sanctioned scheme of rehabilitation of this company.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchases of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not come across any instances of major weaknesses in internal control that require correction and have so continued without correction.
5. According to the information and explanations furnished to us, and in our opinion, the arrangements entered into by the company during the year, that were required to be entered in the register maintained under section 301 of the Companies Act, 1956, have been so entered, and are not prejudicial to the interest of the company considering the circumstances under which they were entered into by the company.
6. In our opinion and according to the information and explanations given to us, the company has not complied with the provisions of section 58A and 58AA of the Companies Act, 1956 and Companies (Acceptance of Deposits) Rules, 1975 *with regard to the repayment of the deposits accepted from the public and maintenance of liquid assets, and filing its Annual Return of Deposits*. According to the information furnished to us, the Company Law Board (Southern Regional Bench) has by its Order dated 7th July 2001, under Section 58AA, directed the company to repay the said deposits in accordance with the scheme sanctioned by the BIFR. The BIFR in its Modified Rehabilitation Scheme dated 21st July 2008 directed the fixed deposits holders to accept the outstanding principal amount, in four annual instalments, on interest free basis. Further, according to the information furnished to us, no other Order has been passed on the company by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal for non-compliance with the provisions of Sections 58A and 58AA of the Companies Act, 1956.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account and records maintained by the company pursuant to the Rules made by the Central Government for the maintenance of Cost Records under section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that *prima facie* the prescribed accounts and



records have been made and maintained. However, we are not required to and accordingly have not carried out an audit of the same.

9.1 According to the information furnished to us, during the year, the company has generally been regular in depositing with the appropriate authorities, the undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it except for occasional delays during the year and there were no such undisputed statutory dues were in arrears, as at the date of the Balance Sheet under report, for a period of more than six months from the date they became payable.

9.2 According to the information furnished to us, the following amounts of Sales Tax, Customs Duty, Excise Duty, Cess, Income Tax, Wealth Tax, Service Tax have been disputed by the company, and hence, were not remitted to the concerned authorities at the date of the Balance Sheet under report.

S. No	Name of the Statute	Nature of disputed amount	Amount not remitted (Rs in lakhs)	Asst.Year/ Year of demand	Pending before
1	Central Excise Act, 1944	Interest on duty demanded kept in abeyance pursuant to BIFR order.	73.11	2005-06	· Assessing officer
2	Central Excise Act, 1944	Central excise duty	7.44	2010	· Commissioner (Appeals)
		-do-	8.00	2004	· High Court
			53.78	2005	· CESAST
3	APGST Act/CST Act	Sales Tax	35.43	1990-91	· High Court
		-do-	37.66	1991-92	· High Court
		-do-	18.34	1992-93	· High Court
		-do-	15.12	2005-06	· High Court
		-do-	26.96	1995-96	· STAT
		-do-	9.36	2001-02	· STAT
		-do-	16.65	1991-92	· STAT
		-do-	6.53	1992-93	· STAT
4	Orissa sales tax Act	Sales Tax	0.39	2002-03	· Commissioner (Appeals)
		-do-	1.08	2004-05	· Commissioner (Appeals)
			0.76	2008-09	· Commissioner (Appeals)
5	Tamilnadu Sales Tax Act	Sales Tax	12.30	1988-89	· STAT
		-do-	13.26	1991-92	· STAT
		-do-	5.83	1992-93	· STAT
		-do-	18.93	1996-97	· STAT
		-do-	9.17	1988-89	· Commissioner (Appeals)
		-do-	6.09	1989-90	· Commissioner (Appeals)

10. Accumulated losses as at the yearend does not exceed fifty percent of the company's net worth, and it did not incur cash losses during the year covered by this report, or in the immediately preceding year.
11. According to the information and explanations furnished to us by the company, the company's dues to certain debenture holders amounting to Rs. 197.22 lacs have, as approved by the BIFR, been deposited in a bank account with a lien thereon in favour of debenture trustees to facilitate repayment as and when claimed.
12. According to the information furnished to us, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures, and other securities.
13. In our opinion and according to the information and explanations furnished to us, the company is not a chit fund or a nidhi / mutual benefit fund/ society and hence, the requirements of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company during the period under report.
14. According to the information furnished to us, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the requirements of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
15. According to the information furnished to us, the company has not given any guarantees for loans taken by others from any banks or financial institutions.
16. According to the information and explanations furnished to us, the term loans raised by the company during the period have been applied for the purposes for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that funds raised on short-term basis have not been used for long-term investment.
18. According to the information and explanations furnished to us, the company has not made any preferential allotment of Equity shares during the year to companies covered by the register maintained under Section 301 of the Act.
19. According to the information and explanations given to us, the company has created security in respect of the principal amount of the debentures issued by it.
20. The Company has raised money through preferential issue of shares. The management has disclosed the end use of money raised by preferential issue (Refer Note 30 in Schedule O) and the same has been verified by us.
21. During the course of our examination of the accounts of the company in accordance with generally accepted auditing practices, we have not come across any instances of fraud on or by the company, nor have we been informed by the management of any such instance being noticed or reported during the year.

For LODHA & CO.

Chartered Accountants

Firm Registration No. 301051E

K.SOMESWARA RAO

(ICAI Membership No. 052061)

Partner

New Delhi

May 28, 2010

For CHATURVEDI & PARTNERS

Chartered Accountants

Firm Registration No.307068E

R. N. CHATURVEDI

(ICAI Membership No. 092087)

Partner

New Delhi

May 28, 2010

**BALANCE SHEET AS AT 31st MARCH 2010**

(Rs. Lakhs)

	Schedule	As at 31.03.2010	As at 31.03.2009
I. SOURCES OF FUNDS:			
1. Shareholders' Funds:			
a. Capital	A	13,902.73	13,252.73
b. Reserves and Surplus	B	11,416.38	12,348.37
		25,319.11	25,601.10
2. Loan Funds:			
a. Secured Loans	C	39,202.34	29,622.75
b. Unsecured Loans	D	1,795.36	2,543.99
		40,997.70	32,166.74
TOTAL		66,316.81	57,767.84
II. APPLICATION OF FUNDS:			
1. Fixed Assets:			
Gross Block	E	24,930.95	30,118.18
Less: Depreciation		17,242.45	20,149.08
Net Block		7,688.50	9,969.10
Capital Work-in-progress		44,331.30	24,823.80
		52,019.80	34,792.90
2. Investments	F	0.02	0.02
3. Current Assets, Loans and Advances			
Inventories	G1	2,847.07	3,901.31
Sundry Debtors	G2	856.71	1,868.90
Cash & Bank Balances	G3	452.67	1,052.20
Other Current Assets	G4	43.99	67.58
Loans & Advances	H	6,400.33	10,659.20
		10,600.77	17,549.18
Less: Current Liabilities & Provisions			
a) Liabilities	I	9,403.72	8,124.74
b) Provisions	J	640.52	477.62
Net Current Assets		556.52	8,946.82
4. Deferred Tax Asset (Net)	K	7,718.19	3,489.22
5. Profit & Loss Account		6,022.28	10,538.88
TOTAL		66,316.81	57,767.84
6. Notes on accounts	O		
The Schedules, notes and statement on accounting policies form an integral part of the Balance Sheet			

As per our report of even date

For and on behalf of the Board

For **Lodha & Co.**
Chartered Accountants
Firm Regn. No. 301051E

For **Chaturvedi & Partners**
Chartered Accountants
Firm Regn. No. 307068E

K. Someswara Rao
Mem. No. 052061
Partner

R. N. Chaturvedi
Mem. No. 092087
Partner

Place : New Delhi
Date : 28.05.2010

Place : New Delhi
Date : 28.05.2010

G.P. Goenka - Chairman
J. Jayaraman - Director
A.L. Ananthanarayanan - Director
Sushil Chadra - Director
R.K. Bhargava - Director
Amitava Mondal - Director
Shrivardhan Goenka - Executive Director
P.K. Goyenka - Executive Director
G. Tirupathi Rao - Company Secretary

PROFIT AND LOSS ACCOUNTfor the Year ended 31st MARCH 2010

(Rs.Lakhs)

	Schedule	Current Year	Previous Year
INCOME:			
Gross Sales		32327.09	41588.99
Less:Excise Duty		2869.91	4683.28
Net Sales		29457.18	36905.71
Other Income	L	1613.70	351.51
		31070.88	37257.22
EXPENDITURE:			
Raw Materials Consumed		7287.17	6149.97
Payments and Benefits to Employees	M1	2492.15	2323.36
Manufacturing, Selling, Administration and Other Expenses	M2	20085.56	23303.34
Excise Duty		3.06	10.16
Interest		565.51	660.80
Depreciation		123.15	111.13
		30556.60	32558.76
Decrease / (Increase) in Stocks	N1	(25.31)	(24.37)
		30531.29	32534.39
Profit before Reliefs and Concessions		539.59	4722.83
Add: Reliefs and Concessions		-	1375.49
Profit before Tax		539.59	6098.32
Less: Provision for Taxation		104.14	33.00
Less: Fringe Benefit Tax		-	23.50
Add/(Less): Reversal of Deferred Tax Asset		4228.95	(2239.04)
Add: MAT Credit Entitlement		104.14	33.00
Profit after Tax for the Year		4768.54	3835.78
Less: Transfer to Debenture Redemption Reserve		250.00	-
Less: Transfer to Capital Redemption Reserve		1.94	-
		4516.59	3835.78
Loss Brought Forward		10538.88	14374.65
Balance Loss Carried Forward to Next Year		6022.29	10538.88
Earnings per Share (Refer Note No:27 of Schedule"O")			
Basic Rs.		3.57	2.94
Diluted Rs.		3.57	2.94
The Schedules, notes on accounts and statement on accounting policies form an integral part of the Profit and Loss Account.			

As per our report of even date

For **Lodha & Co.**
Chartered Accountants
Firm Regn. No. 301051E

K. Someswara Rao
Memb. No. 052061
Partner

Place : New Delhi
Date : 28.05.2010

For **Chaturvedi & Partners**
Chartered Accountants
Firm Regn. No.307068E

R. N. Chaturvedi
Memb. No. 092087
Partner

Place : New Delhi
Date : 28.05.2010

For and on behalf of the Board

G.P. Goenka	- Chairman
J. Jayaraman	- Director
A.L. Ananthanarayanan	- Director
Sushil Chadra	- Director
R.K. Bhargava	- Director
Amitava Mondal	- Director
Shrivardhan Goenka	- Executive Director
P.K. Goyenka	- Executive Director
G. Tirupathi Rao	- Company Secretary

**SCHEDULE "A" : SHARE CAPITAL**

(Rs. Lakhs)

	As at 31.3.2010	As at 31.03.2009
AUTHORISED:		
5,00,000 (5,00,000) Cumulative Redeemable Preference Shares of Rs.100/-each	500.00	500.00
16,50,00,000 (13,50,00,000) Equity Shares of Rs 10/- each	16,500.00	13,500.00
	17,000.00	14,000.00
ISSUED:		
13,90,23,415 (13,25,23,415)-Equity Shares of Rs 10/- each	13,902.34	13,252.34
SUBSCRIBED AND FULLY PAID:		
13,90,23,415 (13,25,23,415)-Equity Shares of Rs 10/- each	13,902.34	13,252.34
Add : Forfeited Shares (amount originally paid up)	0.39	0.39
	13,902.73	13,252.73

Note: of the above

1. 94353805 Equity Shares held by the holding company along with its wholly owned subsidiary.
2. 8879 Shares were allotted as fully paid-up by way of bonus shares out of the Share Premium and General Reserve during the year 1967.
3. 6500000 Equity Shares allotted during the year at a premium of Rs.13.93 per share.

SCHEDULE "B" : RESERVES & SURPLUS

(Rs. Lakhs)

	As at 31.03.2009	Additions During the Year	Deductions During the Year	As at 31.03.2010
Securities Premium	4,219.00	905.45	-	5,124.45
Debenture Redemption Reserve	-	250.00	-	250.00
Capital Redemption Reserve	-	1.94	-	1.94
Quarry Land Amortisation Reserve	0.29	-	-	0.29
Capital Reserve *	10.00	-	-	10.00
Asset Revaluation Reserve **	8,119.08	-	2,089.39	6,029.69
	12,348.37	1,157.39	2,089.39	11,416.37

* Investment subsidy in respect of Visakha Unit received during the accounting year ended 31.03.1981

** See Note No.2 under Schedule E

SCHEDULE "C" : SECURED LOANS

(Rs. Lakhs)

I. DEBENTURES:		As at 31.03.2010		As at 31.03.2009	
(a) 15,00,000 Secured Optionally Convertible Debentures-A (OCD-A) of Rs.100/- each 15,00,000 Secured Optionally Convertible Debentures-B (OCD-B) of Rs.100/- each 10,00,000 Secured Non Convertible Debentures (NCD) of Rs.100/- each		1,500.00			
		1,500.00			
		1,000.00			
			4,000.00	-	-
(b) 1,45,897 (1,46,562)-13.5% Secured Redeemable Debentures of Rs 160/-each (part-B) fully paid i. 75% of the above ii. Z.I.B. - I (representing balance 25%)		175.08		175.87	
		58.36		58.62	
		233.44		234.50	
Less: Redeemed portion of Rs.12 per Debenture i.e.,10% of (i) above on 1,28,407 (1,29,072) Debentures.		15.41		15.49	
Less: Adhoc part payment made against 1,28,407 (1,29,072) Debentures.		20.80		20.91	
			197.22		198.10
II. TERM LOANS FROM:					
(a) Financial Institutions			32,000.00		27,427.92
(b) Banks			-		20.70
(c) Banks (Working Capital Loan converted as Term Loan)			-		0.50
III. OTHER LOANS FROM BANKS:					
Working Capital Loan:			3,005.11		1,975.54
			39,202.34		29,622.75

SCHEDULE "D" : UNSECURED LOANS

(Rs. Lakhs)

	As at 31.03.2010	As at 31.03.2009
A. Fixed Deposits(over due)	103.09	103.45
B. Loans from Others (Interest Free)	1,685.04	1,685.04
C. Sales tax loan from Andhra Pradesh Govt.	7.23	7.23
D. 8.5% Soft loan due to Cement Regulation Authority	0.00	748.27
	1,795.36	2,543.99



(Rs. lakhs)

SCHEDULE "E" - FIXED ASSETS

Name of Asset	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	Cost As at 31.03.2009	During the Year		Cost upto 31.03.2010	upto 31.03.2009	for the Year	on Deductions	Total upto 31.03.2010	As at 31.03.2010
		Additions	Deductions						
1. Land	679.90	-	-	679.90	-	-	-	-	679.90
2. Buildings	3,732.56	13.72	-	3,746.29	1,559.95	100.23	-	1,660.18	2,086.11
3. Plant & Machinery	22,053.23	43.81	5,263.21	16,833.83	15,862.67	509.37	3,650.02	12,722.02	4,111.81
4. Electrical Installations	2,928.55	-	-	2,928.55	2,173.55	88.33	-	2,261.88	666.68
5. Railway Siding	190.44	-	-	190.44	180.91	-	-	180.91	9.52
6. Laboratory Equipment	34.12	-	-	34.12	17.53	1.38	-	18.90	15.22
7. Transport Vehicles	72.03	-	6.27	65.77	56.42	3.57	3.72	56.27	9.49
8. Furniture & Office Equipment	427.38	25.26	0.55	452.06	298.05	44.40	0.16	342.29	109.77
TOTAL	30,118.18	82.80	5,270.03	24,930.95	20,149.08	747.27	3,653.90	17,242.45	7,688.51
Previous Year	29,961.58	166.04	9.44	30,118.81	19,238.29	919.98	9.20	20,149.08	9,969.10

NOTE:

1. Transport Vehicles includes 6 nos of cars which are not in possession of the company, and the ownership of these cars is not verifiable.

2. Gross Block includes increase in value of Land, Buildings, Plant and Machinery, Electrical Installations, and Railway Siding consequent to revaluation by an approved valuer as on 31-03-1998 at the then replacement values aggregating to Rs.208.34 Crores. Depreciation for the period amounting to Rs. 624.12 lakhs (Rs.808.85 lakhs) on the revalued depreciable assets has been withdrawn from the Asset Revaluation Reserve and reduced from the depreciation charged to the Profit and Loss Account. Further, revaluation reserve in respect of the assets sold/ discarded during the year has been adjusted appropriately in the above schedule, to the extent of Rs.1465.26 lakhs against WDV of Plant & Machinery.

Schedule "F" : INVESTMENTS (At Cost, Non Trade)

	As at 31.03.2010		As at 31.03.2009	
	No. of Shares	Rs.Lakhs	No. of Shares	Rs.Lakhs
I. Shares of Companies:				
A. Quoted equity shares fully paid up				
1) Sone Valley Portland Cement Co., Ltd, Rs.50/- each	-	-	100	0.01
2) Travancore Cements Ltd, Rs.10/- each	-	-	100	0.01
B. Unquoted equity shares fully paidup				
The Andhra Pradesh Heavy Machinery & Engineering Ltd, Rs. 10/- each	2,500	0.25	2,500	0.25
Ashoka Cements Limited, Rs.10/- each	-	-	100	0.01
II. Un-Quoted equity shares fully paid up				
50 Shares of Rs 5/-each of Andhra Cement Company Employees Co-operative Stores Limited	-	-	50	0.00
III. National Saving Certificates (Lodged as security with Govt.departments)		0.02		0.02
		0.27		0.29
Less : Provision for diminution in value of Investments		0.25		0.27
		0.02		0.02
Aggregate value of quoted investments:				
Cost		-		0.01
Market value		-		-
Aggregate of Un-quoted investments:(at cost)		0.27		0.28

Note: All the above are long term investments


Schedule "G" :CURRENT ASSETS

(Rs. Lakhs)

	As at 31.03.2010		As at 31.03.2009	
1. Inventories (Including stock-in-transit)				
Stores & Spares - Others	1,467.59		2,063.65	
Less: Provision for obsolete stores	7.02		7.02	
	1,460.57		2,056.63	
Finished Goods	84.69		149.62	
(including depot stocks, duty and freight thereon)				
Process Stocks	439.15		353.21	
Raw Materials	862.66		775.42	
Stores & Spares - Project	-		566.42	
		2,847.07		3,901.30
2. Sundry Debtors				
a. Debts outstanding for a period exceeding six months				
Considered doubtful	862.46		815.92	
Less: Provision	862.46		815.92	
	-		-	
Considered good				
- Secured	31.55		19.93	
- Unsecured	393.23		586.17	
	424.78		606.10	
b. Other debts considered good				
- Secured	7.55		62.64	
- Unsecured	374.38		1,200.16	
	431.93		1,262.80	
		856.71		1,868.90
3. Cash and Bank Balances				
In Current Accounts with Scheduled banks	48.38		519.11	
In Post office savings bank account (maximum balance Rs.0.80 lakhs) (pledged with ADMG of AP)	0.80		0.80	
In fixed deposit account including Margin Money against guarantee. (Includes Rs.5000/-pledged with Sales Tax Authorities of Tamilnadu)	395.83		526.54	
Cash and cheques on hand	7.66		5.75	
	452.67		1,052.20	
4. Other Current Assets				
Accrued Interest	43.99		67.58	
		4,200.44		6,889.98

i) Cash and Bank Balances includes amounts under lien in favour of Debenture Trustees for repayment of principal amount of debentures on receipt of claim:

- in Current Accounts Rs.1.90 lakhs
- in Fixed Deposits Rs.195.00 lakhs

Schedule "H" : LOANS AND ADVANCES

(Rs. Lakhs)

	As at 31.03.2010		As at 31.03.2009	
Advances (recoverable in cash or in kind or for value to be received - unsecured)				
Advances - Project - Considered Good	3,988.47		7,849.78	
Others	357.54		330.89	
Considered Doubtful	357.54		330.89	
Less: Provision	-		-	
Considered good	467.69	4,456.16	987.49	8,837.27
Deposits recoverable:				
Considered Doubtful	30.77		30.77	
Less: Provision	30.77		30.77	
Considered good	769.15	769.15	680.42	680.42
Claims Recoverable:				
Considered Doubtful	49.50		49.50	
Less: Provision	49.50		49.50	
Considered good	24.56	24.56	18.32	18.32
Pre-paid Expenses	16.19		16.33	
Excise Duty, Royalty etc., paid in advance	693.58		855.66	
MAT Credit available for Set-off	137.14		33.00	
Advance Income Tax & Tax Deducted at Source	228.17		78.71	
Excise Duty, Electricity, P F etc. demands paid under protest	75.38		139.49	
	6,400.32			10,659.20

Schedule "I" : CURRENT LIABILITIES

(Rs. Lakhs)

	As at 31.03.2010	As at 31.03.2009
Sundry Creditors :		
Dues to - Micro Enterprises and Small Enterprises (Refer Note No.23 of Schedule "O")	-	-
- Other than Micro Enterprises and Small Enterprises	7,599.30	6,518.84
Deposits/ Advances from Contractors, Customers and others	1,560.37	1,417.94
Dues to Trustees of Employees PF	9.88	9.30
Interest Accrued but not due on loans	232.24	176.59
Unclaimed Redeemable		
Cumulative First Preference		
Shares (Note No 17)	1.94	2.08
	9,403.72	8,124.75

**Schedule “J” : PROVISIONS**

(Rs. Lakhs)

	As at 31.03.2010	As at 31.03.2009
For Fringe Benefit Tax	-	6.95
Provision for Income Tax	137.14	33.00
Gratuity	402.92	356.81
Leave Encashment	100.46	80.86
	640.52	477.62

Schedule “K” : DEFERRED TAX ASSET (NET)

(Rs. Lakhs)

	As at 31.03.2010	As at 31.03.2009
Deferred Tax Asset	8,106.71	3,917.79
Less: Deferred Tax Liability	388.52	428.56
	7,718.19	3,489.23

Schedule “L” OTHER INCOME

(Rs. Lakhs)

	Current year	Previous Year
Rents Received	6.79	5.89
Interest Received (TDS.Rs. 11.42 lakhs, PY Rs.15.21 lakhs)	93.09	76.02
Claims Received	160.05	0.14
Miscellaneous Receipts	50.09	69.37
Provisions no longer required and unclaimed credit balances written-back	910.68	75.18
Profit on sale of Fixed Assets	393.00	0.08
Gain on Foreign Exchange Fluctuation	-	124.82
	1,613.70	351.50

Schedule “M1” - PAYMENTS AND BENEFITS TO EMPLOYEES

(Rs. Lakhs)

	Current Year	Previous Year
Salaries, Wages and Bonus	1,955.58	1,706.92
Contribution to Provident and Other Funds	118.70	115.58
Gratuity Paid/Provided	64.10	149.70
Workmen & Staff Welfare Expenses	353.77	351.16
	2,492.15	2,323.36

Schedule "M2" - EXPENSES		(Rs. Lakhs)
Manufacturing, Selling, Administration and Other Expenses:	Current Year	Previous Year
<u>Manufacturing:</u>		
Stores Consumed	1,033.48	724.70
Packing Material	1,424.38	1,811.97
Power & Fuel	7,210.55	11,109.05
Insurance	19.44	20.85
Repairs & Maintenance to:		
Buildings	16.43	47.25
Machinery	3,994.35	2,423.58
Other Assets	140.96	10.21
	13,839.60	16,147.61
<u>Selling:</u>		
Advertisement & Sales Promotion	71.15	73.38
Commission on Sales	181.02	396.96
Freight, Loading etc. on Sales	4,921.34	5,068.97
	5,173.51	5,539.31
<u>Administration:</u>		
Rent	56.78	38.28
Rates and Taxes	116.04	117.29
Sales tax paid	-	22.19
Directors' Sitting Fee	4.13	4.10
Managerial Remuneration (Note No.11 of Schedule "O")	140.29	133.78
Payments to Auditors (Note No. 10 of Schedule "O")	14.81	14.31
Miscellaneous Expenses	659.03	610.20
	991.08	940.15
<u>Other Expenses:</u>		
Irrecoverable Debts and Claims written off	3.38	522.30
Assets written off	-	37.16
Tools written off	-	2.09
Stores written off	3.16	107.11
Investments Written off	0.02	
Less: Provision	0.02	-
Provision for Doubtful Debts	46.54	-
Provision for Doubtful Advances	26.65	0.50
Prior Year Adjustments (Net)	0.38	7.08
Loss on sale of assets	1.24	0.03
	81.37	676.27
Total	20,085.56	23,303.34

**Schedule “N” - INCREASE/DECREASE IN STOCKS:**

(Rs. Lakhs)

	Current Year	Previous Year
<u>Opening Stocks :</u>		
Work-in-progress	353.21	210.61
Finished Goods	149.62	308.40
	502.83	519.01
<u>Closing Stocks :</u>		
Work-in-progress	439.15	353.21
Finished Goods	84.69	149.62
	523.84	502.83
	(21.01)	16.18
Less: (Increase)/Decrease in Excise Duty on Stocks	4.30	(9.23)
(Increase)/Decrease in Stocks	(25.31)	25.41

SCHEDULE "O"**1. SIGNIFICANT ACCOUNTING POLICIES****a) GENERAL****Method of Accounting**

The financial statements are based on historical cost convention (except for revaluation of certain Fixed Assets) and prepared in accordance with Generally Accepted Accounting Principles (Indian GAAP) and in compliance with the Accounting Standards notified in Section 211 (3C) of the Companies Act, 1956, and the provisions of the Companies Act, 1956.

Use of Accounting Estimates

The preparation of the financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the balances of assets and liabilities and disclosures relating to contingent liabilities as at the reporting date of the financial statements and amounts of income and expenses during the year of account. Examples of such estimates include provision for doubtful debts, income taxes and future obligations under employee retirement benefit plans. Management periodically assesses whether there is an indication that an asset may be impaired and makes provision in the accounts for any impairment losses estimated. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated. Actual results could differ from those estimates.

b) FIXED ASSETS

Fixed Assets are stated at cost/valuation less accumulated depreciation and amortisation. Direct costs inclusive of inward freight, duties and taxes, incidental expenses including interest relating to acquisition and cost of improvements thereon are capitalised until fixed assets are ready for its intended use. Capital Work in Progress indicates the cost of fixed assets not ready for their intended use as at the reporting date of the financial statements.

c) INVESTMENTS

Long term Investments are stated at cost with appropriate provision for diminution in value and the carrying value is reduced accordingly. Current Investments are stated at lower of cost and fair value.

d) INVENTORIES

- Finished goods are valued at lower of the Cost or estimated Net Realisable Value and include appropriate portion of the overheads and excise duty wherever applicable.
- Work in progress is valued at Cost and includes appropriate portion of the overheads.
- Raw materials, Stores and spares are valued at cost using weighted average method.
- Machinery spares which can be used only in connection with an item of fixed assets and whose use is expected to be irregular are amortised over the life of the principal assets.
- Scrap is valued at estimated net realisable value.

e) CONTINGENT LIABILITIES

Contingent liabilities are not recognized in the accounts, but are disclosed after a careful evaluation of the concerned facts and legal issues involved.

f) SALES

Sales are inclusive of Excise duty, packing charges and freight recovered thereon and exclusive of sales tax, rebates and discounts.



g) FOREIGN EXCHANGE TRANSACTIONS

- A. Transactions in foreign currency are initially accounted at the exchange rate prevailing on the date of the transaction, and adjusted appropriately, with the difference in the rate of exchange arising on actual receipt/payment during the year.
- B. At each Balance Sheet date
 - i) Foreign currency monetary items are reported using the rate of exchange on the date.
 - ii) Foreign currency non-monetary items are reported using the exchange rate at which they were initially recognized.
- C. In respect of forward exchange contracts in the nature of hedges
 - i) Premium or discount on the contract is amortised over the term of the contract.
 - ii) Exchange differences on the contract are recognized as profit or loss in the period in which they arise.

h) DEPRECIATION :

- A. Depreciation is provided at the rates specified in Schedule XIV of the Companies Act, 1956, on the original cost of the fixed assets.
 - a) Under Straight line method in respect of
All assets (excepting Transport vehicles, Furniture and office Equipment) at Visakhapatnam Unit, Durgapuram Unit and Assets acquired under modernisation scheme at Jayanthipuram Mines.
 - b) In respect of assets other than those mentioned above, under written down value method.
- B. Depreciation on increase in value of fixed assets due to revaluation is provided under the straight line method at the rates prescribed in Schedule XIV and is transferred from Asset Revaluation Reserve to the Profit and Loss Account.
- C. Plant and Machinery have been considered as continuous process plant on the basis of technical assessment.
- D. In respect of inter unit transfer of assets, Depreciation is computed on the same basis as in the Transferor unit.

i) IMPAIRMENT OF ASSETS

At the date of each Balance Sheet, the company evaluates internally, indications of the impairment if any, to the carrying amount of its fixed and other assets. If any indication does exist, the recoverable amount is estimated at the higher of the realizable value and value in use, as considered appropriate. If the estimated recoverable amount is less than the carrying amount, an impairment loss is recognized.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. However, the increase in carrying amount of an asset due to reversal of an impairment loss is recognized to the extent which does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the asset in prior years.

j) EMPLOYEES BENEFITS

(a) Short Term Employee Benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages,

short term compensated absences, etc., and the expected cost of bonus, ex-gratia are recognized in the period in which the employee renders the related service.

(b) Post-Employment Benefits:

- 1 *Defined Contribution Plans:* Contributions to Provident Fund Scheme and Employees State Insurance Scheme which are in the nature of defined contribution plans are charged to the Profit and Loss account as and when incurred during the year in which the employee renders the related service.
2. *Defined Benefit Plans:*
 - (i) Provident Fund contributions are also made by the company to a Trust under a defined benefit plan. The amount of contribution by the company and the employees, together with interest thereon at a rate not lower than the rate fixed by the Government on similar funds administered by it, is payable to the employees on cessation of their service with the company. The contribution to be made by the company is determined each year based on the Fund available and the liability at each Balance Sheet date as per the calculations made by an independent Actuary. Such contribution is accounted on accrual accordingly.
 - (ii) The company also provides for retirement/post-retirement benefits in the form of gratuity and leave encashment. Such benefits are provided for based on valuations, as at the Balance Sheet date, made by independent actuaries. Termination benefits are recognized as an expense as and when incurred.

k) TAXES ON INCOME

- a) Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the Income Tax Act, 1961.
- b) The deferred tax for timing differences between the book and tax profits for the years accounted for, using the tax rates and laws that have been substantively enacted as of the Balance Sheet date.
- c) Deferred tax asset arising from timing differences is recognised to the extent there is reasonable certainty that these would be realised in future.
- d) Deferred tax asset is recognised on unabsorbed business losses only if there is virtually certainty that such deferred tax asset can be realized against future taxable profits.

l) BORROWING COSTS

Borrowing costs incurred in connection with the funds borrowed for acquisition/erection of assets that necessarily take a substantial period of time to get ready for intended use are capitalized as part of cost of such assets. All other borrowing costs are charged to revenue.

m) EARNINGS PER SHARE (EPS)

In arriving at the EPS, the Company's net profit after tax, computed in terms of the Indian GAAP, is divided by the weighted average number of equity shares outstanding on the last day of the reporting period. The EPS thus arrived at is known as 'Basic EPS'. To arrive at the diluted EPS the net profit after tax, referred above, is divided by the weighted average number of equity shares, as computed above and the weighted average number of equity shares that could have been issued on conversion of shares having potential dilutive effect subject to the terms of issue of those potential shares. The date/s of issue of such potential shares determine the amount of the weighted average number of potential equity shares.



S.No	Particulars	Current Year		Previous Year	
		Quantity	Value	Quantity	Value
		MT	Rs. Lakhs	MT	Rs. Lakhs
2	Turnover:				
	(A) Cement	992,361	31836.65	1,185,292	40267.36
	(B) Clinker	-	-	343	9.97
	(C) Others	20,698	490.44	50,772	1311.66
			32327.09		41588.99
	The above turnover includes :				
	i) Cement used for company's works Rs.148.35 lakhs (Rs. 160.72 lakhs)				
	ii) Excise Duty of Rs.2869.91 lakhs (Rs.4683.28 lakhs)				
	iii) Freight outwards of Rs.4327.03 lakhs (Rs.4402.32 lakhs)				
	and does not include				
	i) Sales Tax of Rs.3675.18 lakhs (Rs.4529.80 lakhs)				
	Raw Materials Consumed:				
	i) Limestone	660,296	924.10	1,048,482	1352.02
	ii) Slag	311,775	1536.93	318,185	1486.49
	iii) Gypsum	44,976	556.52	40,710	611.08
	iv) Pozzolona Materials and Others	148,524	1204.52	196,007	1241.95
	v) Clinker	103,574	3065.10	18	1458.42
			7287.17		6149.96
	Inter Unit transfer of Clinker 59,608.94 MTs (1,46,375.77 MTs) valued at Rs.1281.04 lakhs (Rs.2,613.68 lakhs) is not included in (v) above. However, the freight and handling charges of Rs.494.22 lakhs (Rs.1,457.90 lakhs) and Clinker purchased from outside sources 103574 MTs (18 MTs) valued at Rs.2570.75 lakhs (Rs.0.52 lakhs) incurred in connection with the above are included in (v) above. None of the above raw materials consumed during the year is imported.				

S. No.	Particulars	Current Year		Previous Year	
		Quantity MT	Value Rs. Lakhs	Quantity MT	Value Rs. Lakhs
4	Opening and Closing Stock of Finished Goods:				
	Opening Stock of Cement	5,828	143.36	14,321	286.71
	GGBS	384	6.26	2,357	21.70
	Closing Stock of Cement	4,024	83.31	5,828	143.36
	GGBS	106	1.38	384	6.26
	(After adjusting 381.041 MTs (470.140 MTs) Cement, and 0.097 MT (Nil MTs) of GGBS as Net Damages/ Shortages/Samples				
5	Particulars of Capacity and Production:				
	Cement				
	Licensed Capacity	N.A		N.A	
	Installed Capacity* As certified by the Executive Director	1,422,000		1,422,000	
	Actual Production - Cement	990,938		1,177,269	
	GGBS	20,419		48,800	
	* The Installed Capacity indicated above is after considering the scrapping of Vijayawada Unit and recognition of installed capacity as per Sanctioned Scheme of Hon'ble BIFR.				
6	CIF Value of Imports during the financial year Components and Spare Parts		291.90		1052.55
	Capital Goods				2653.88
		Value	Percentage	Value	Percentage
		(Rs. Lakhs)		(Rs. Lakhs)	
7	Consumption of Spare Parts and Components (included in appropriate heads)				
	Imported	29.83	0.60	1,884.14	18.29
	Indigenous	4,988.35	99.40	8,415.98	81.71
8	Expenditure incurred during the year in Foreign Currency.				
	Travelling Expenses	6.98		1.74	
	Consultants	-		6.02	
	Stores and spares	206.80		9.81	
	Business Promotion	-		2.29	
	Subscriptions	-		0.78	



		Current Year		Previous Year	
S. No.	Particulars		Value Rs. Lakhs		Value Rs. Lakhs
9	Earnings in Foreign Exchange - Exports of GGBS on FOB basis		-		530.31
10	Payment to Auditors:				
	i) Statutory Auditors towards:				
	Statutory Audit		4.00		4.00
	Taxation Matters Including Tax Audit		0.00		1.33
	Certification etc.,		6.93		5.02
	Out of pocket expenses		2.53		3.35
			13.46		13.70
	ii) Cost Auditors:				
	Cost Audit		0.35		0.35
	Certification etc.,		0.15		0.15
	Out of pocket expenses		0.10		0.12
			0.60		0.62
			14.06		14.32
11	Managerial Remuneration:				
	Managing Director (Upto 26.03.2010)*				
	i) Salary		43.38		34.60
	ii) HRA		8.88		9.00
	iii) Contribution to Provident and other funds		2.49		2.52
	iv) Perquisites		16.29		21.19
	v) Leave encashment		3.97		2.40
			75.01		69.71
	Executive Director				
	i) Salary		39.60		40.40
	ii) HRA		9.60		9.60
	iii) Contribution to Provident and other funds		2.88		2.88
	iv) Perquisites		12.43		11.19
	v) Provision for leave encashment		0.77		1.06
			65.28		64.07
	* The remuneration to Managing Director includes Rs. 7.30 Lakhs, is subject to the approval of the Shareholders and the Central Government. Further approval for Rs. 4.74 lakhs is also pending with Central Government. Provision made during the year, towards incremental liability for retirement gratuity of the Managing Director, for Rs.Nil (Rs.0.56 lakhs) and Rs.0.77 lakhs (Rs.0.13 lakhs) pertaining to Executive Director included in above respectively.				

		Current Year		Previous Year	
S. No.	Particulars		Value Rs. Lakhs		Value Rs. Lakhs
12	i) Consumption and closing stock of Lime Stone include among others : Salaries, Wages and bonus Contribution to P.F etc., Gratuity Staff Welfare Expenses Repairs and Maintenance to: - Machinery - Other Assets Royalty & Cess Stores consumed Loading and unloading Others ii) Interest includes : a) On Fixed Loans		81.28 4.56 0.00 8.77 56.25 0.18 391.07 34.80 344.46 2.71		77.52 3.82 3.19 7.77 194.10 0.31 529.67 52.31 481.64 1.68 213.40
13	Capital work in progress includes pre-operative expenses during the year amounting to Rs.10710.02 lacs as detailed hereunder. Salaries Interest and upfront fees paid Consultancy charges Others		192.77 9,021.08 1,334.20 161.97		102.43 4628.94 1075.72 93.60
14	Estimated amount of contracts remaining to be executed on Capital Accounts and not provided for		6862.00		11423.00
15	Contingent liabilities not provided for (i) Claims against the company not acknowledged as debts including contractual obligations: Govt.Claims for Non statutory dues Electricity Claims Other claims		69.67 116.83 223.65		68.33 116.83 60.91



- (ii) Provision not made for disputed demands as detailed below
pending final legal decision:

(Rs. Lakhs)

Nature of Demand	Demand as on 31.03.2010	Demand as on 31.03.2009	Amount paid under protest if any, as on 31.03.2010
APGST/VAT	188.59	173.47	45.71
CST	23.18	23.18	-
TNGST	67.29	67.29	1.71
OST	9.4	9.44	5.57
CENTRAL EXCISE	70.22	80.93	1.00
SERVICE TAX	69.33	-	-

- (iii) Probable liability, if any, that may arise as a result of non-compliance with the requirements of Jute Packaging Materials (Compulsory Use of Packaging Commodities) Act, 1987 upto the Jute Year 1997-98, consequent on differing divergent decisions of different courts and also the representations of industry before the Government, as the same is not ascertainable at this stage.

16. Amount due to Cement Regulation Authority (CRA) as on 30th June 1994 was converted into soft loan as per the BIFR Order dated 16.6.1994. In terms of subsequent Order of BIFR dated 21.7.2008, interest is waived and accordingly interest accrued in earlier years amounting to Rs. 423.24 lakhs has been written back during the year. The Company has lodged various claims against CRA, which are far in excess of the principal amount of Rs.325.03 lakhs due to CRA. The Hon'ble Andhra Pradesh High Court has upheld the Company's claim in one of such cases. In accordance therewith this claim of Rs.160 lacs has been set off with the dues to CRA and the balance amount of Rs.165.03 lacs has been written back, as in the opinion of the management there would not be any further liability in this regard.

17. Unredeemed First Preference Shares:

The Redeemable Cumulative First Preference Shares remain unclaimed aggregating to Rs.1.94 lakhs (Rs.2.08 lakhs) and an equivalent amount of Capital Redemption Reserve has been created during the year. The said shares are being paid as and when claimed. The Company has been legally advised that in the absence of profits upto the date of redemption (i.e. 15th June, 1993), it has no obligation to pay any dividend on the said preference shares.

18. Secured Loans (Schedule "C") :

- i) OCD-A, OCD-B and NCD under I(a) and Term Loan under II(a) are secured by first charge by way of mortgage on immovable properties and hypothecation of all movable properties, machinery, machinery spares, tools and accessories, present and future, and second charge on current assets including inventories, stores and spares, book debts, operating cash flows, receivables, etc. Further secured by first charge on Trust and Retention Account, Debt Service Reserve Account and

other reserve relating to the project, pledge of 2,65,05,000 equity shares of the Company held by the promoters and personal guarantee of the Chairman.

- ii) Debentures under I(b) are secured to the extent of Rs.196.90 lakhs against deposit in a separate bank account with lien thereon in favour of Debenture Trustee. As per MS-08, principal amount is payable as and when claimed by the debenture holders after adjusting the repayments made earlier, if any.
- iii) Working Capital Loans under III are secured by first charge by way of hypothecation of inventories and book debts and second charge on fixed assets of the Company. Further secured by corporate guarantee of Duncans Industries Ltd and personal guarantee of the chairman.
- iv) Terms of redemption/conversion of OCD-A, OCD-B and NCD :
 - a. The holders have the right to convert the whole or part of the OCD-A into fully paid up equity share capital of the Company at any time before the expiry of 18 months from the date of allotment i.e. from 9th September, 2009.
 - b. The holders have the right to convert the whole or part of the OCD-B into fully paid up equity share capital of the Company at the end of 12th, 15th and 18th month from the date of allotment i.e. from 9th September, 2009.
 - c. The Company has the right to prepay OCD-B, in full and not in Part with internal accruals or any additional borrowings at the end of 12th, 15th and 18th month from the date of allotment by giving at least 21 days prior notice.
 - d. The holders have the right to convert, in the event of default committed by the Company, at its option the whole or part of the any unconverted OCDs/NCD into fully paid-up equity shares of the Company, at a price per equity share determined in accordance with the appropriate Regulatory framework (SEBI regulations) extant at the time of such default.
 - e. The outstanding OCDs/NCD, if conversion option not exercised/ prepaid, shall be redeemed in 24 equal quarterly installments commencing from April 15, 2012.
- 19. Confirmation/reconciliation of balances of some parties under Sundry Debtors, Deposits, Loans and Advances, Current Liabilities are not available for which necessary action has been initiated. Pending confirmation/reconciliation and review by the company, consequential adjustments arising thereon, are presently not ascertainable.
- 20. Some of the records of the company like agreements with suppliers/agents, statements of Bank Accounts including those at some of the branches/depots have still not been restored by the erstwhile promoters/ management and the same could not be verified. On restoration of such records as mentioned above, there may be some consequential adjustments to the accounts, which cannot be ascertained at this stage. Appropriate adjustments will be made as and when such records are restored and verified.



21. In the opinion of the management, the current assets, sundry debtors, loans and advances are approximately of the value stated in the Balance Sheet, if realised in the ordinary course of business.
22. (a) The Hon'ble BIFR has discharged the Company from the purview of Sick Industrial Companies (Special Provisions) Act, 1985 vide its Order dated 22nd January 2010. In terms of the said Order, the unimplemented provisions of MS-08 (Modified Rehabilitation Scheme sanctioned by BIFR vide its Order dated 21st July 2008) would be implemented by the concerned agencies.
- (b) In terms of MS-08, 13.5% Secured Redeemable Debentures are required to be settled by payment of principal amount only and interest stand waived. The Company has deposited an amount equivalent to the principal amount of these debentures marking a lien in favour of the Debenture Trustees. The unclaimed debentures at year end are continued to be shown as liability.
- (a) Since the repayment of the matured fixed deposits and debentures are covered by MS-08, the provisions of Section 205 (C) of the Companies Act 1956 requiring transfer to Investor Education and Protection Fund, do not apply to the said amount. In terms of the said Scheme, the fixed deposit holders are to accept outstanding principal amount in four annual installments commencing from financial year 2007-08 onwards, on interest-free basis.
23. As per the information available with the Company, there were no outstanding as at the year end to the parties registered under the Micro, Small & Medium enterprises Development Act, 2006.
24. **Business Segment:**
The Company is engaged in the manufacture of cement i.e. one business segment for disclosure in the context of Accounting Standard 17 as notified by The Companies Accounting Standard Rules, 2006.
- Geographical Segment:**
During the year under report, the Company has engaged in its business only within India and not in any other Country. The conditions prevailing in India being uniform, no separate geographical disclosure is considered necessary.
25. Related Parties and transactions with them, as identified by the management in accordance with the Accounting Standard 18, as notified by The Companies Accounting Standard Rules, 2006, are as follows:

1. Key Managerial Personnel	Mr. P C Nalwaya, Managing Director Mr. Shrivardhan Goenka, Executive Director
2. Relatives of Key managerial personnel	Sri. G.P. Goenka, Father of Executive Director Smt. Indu Goenka, Mother of Executive Director
3. Holding Company	ISG Traders Ltd
4. Subsidiary Companies	-----
5. Fellow Subsidiaries	Boydell Media Pvt. Ltd
6. Enterprise over which, persons stated at S.No. (1) and (2) above have significant influence.	Orchard Holdings Pvt. Ltd., in which Sri G.P. Goenka has substantial interest. ISG Traders Ltd., in which Smt. Indu Goenka is Whole Time Director and Shrivardhan Goenka is Director. Boydell Media Pvt. Ltd., being subsidiary of ISG Traders Ltd., Kavita Marketing Pvt. Ltd., Substantial interest held by Smt. Indu Goenka.

The aggregate amount of transactions with each type of the above related parties

(Rs. Lakhs)

Transactions during the Year from 01.04.2009 to 31.03.2010	Key Managerial Personnel (KMP)	Relatives Of KMP	Holding Company	Fellow Subsidiary	Enterprises over which KMP and their relatives having significant influence
Remuneration to: P C Nalwaya Shrivardhan Goenka Sitting fee paid to G P Goenka	75.00 65.28 0.30				
Balances at the end of the year Share Capital of the Company held by	29.97	0.45	6076.04	3359.34	96.92
Remuneration payable to P C Nalwaya Shrivardhan Goenka Payable to	9.53 18.96				4.24



26. The Company has not made any loans or advances in the nature of loans whose particulars are required to be disclosed in terms of clause 32 of the listing agreement.

27. Working for the earnings per share in terms of AS 20 – “Earnings Per Share”

(Rs. lakhs)

	Current Year	Previous Year
Net Profit attributable to shareholders (Rs. Lakhs)	4768.54	3835.77
Weighted average number of equity shares outstanding		
For Basic EPS	133485059	130300082
For Diluted EPS	133485059	130300082
Earnings Per Share (Face Value of Rs. 10 each)		
Basic (Rupees)	3.57	2.94
Diluted (Rupees)	3.57	2.94

28. The Company has carried out deferred tax computation in accordance with Accounting Standard 22– ‘Accounting for Taxes on Income’ issued by the Institute of Chartered Accountants of India. The Deferred Tax Assets as shown in the Balance Sheet consists of:

(Rs. Lakhs)

Particulars	As at March 31, 2010	As at March 31, 2009
Tax impact of differences between carrying amount of the fixed assets in the financial statements and the income tax	(388.52)	(428.55)
Tax impact of expenses charged in the financial statements but allowable as deductions in future years under income tax	819.29	650.10
Tax Impact of Carry Forward Business Losses	4040.36	-
Tax Impact of Unabsorbed Depreciation under Income Tax Act	3247.06	3267.68
Deferred Tax Asset /(Liability)	7718.19	3489.23

The Company has been allowed extension of time limit for carry forward of losses under the Income Tax Act 1961 by the appropriate authority, as recommended by Hon'ble BIFR vide MS-08. Accordingly, Deferred Tax Asset has been recognized during the year.

29. Employee Benefit:

Disclosures as required by Accounting Standard 15 relating to employees benefits recognized are set out below:

Particulars	As on 31.3.2010		As on 31.3.2009	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Changes in Benefit obligation				
Liability at the beginning of the year	356.81	80.86	233.03	70.14
Interest cost	28.55	6.47	18.64	5.61
Current Service Cost	23.52	5.84	36.89	3.19
Benefits paid	(16.65)	(8.67)	(29.82)	(7.45)
Actual (gain)/loss on obligation	10.69	15.97	98.07	9.36
Liability at the end of the year	402.92	100.47	356.81	80.85
Expenses recognised in the Income Statement				
Current Service Cost	23.52	5.84	36.89	3.19
Interest cost	28.55	6.47	18.64	5.61
Expected return on plan assets	-	-	-	-
Net Actuarial (gain). Loss to be recognized	10.69	15.97	98.07	9.36
Past service cost	-	-	-	-
Expense recognised in the Profit & Loss Account	62.76	28.28	153.60	18.16
Balance Sheet reconciliation				
Opening net liability	356.81	80.86	233.03	70.14
Expense as above	62.76	28.28	153.60	18.16
Employers contribution	(16.65)	(8.67)	(29.82)	(7.45)
Amount recognised in the Balance Sheet	402.92	100.47	356.81	80.85
Assumptions				
Discount Rate	8.00	8.00	8	8
Salary rise	4.00	4.00	4	4
Attrition rate	1.00	1.00	1	1
Av Balance Service	11.96 Yrs	11.96 Yrs	11.96 Yrs	11.96 Yrs

The employees benefit liability of the company is not funded accordingly, disclosures related to return on planned assets and fair value thereof is not applicable.

30. 65,00,000 equity shares of Rs.10/- each at a premium of Rs.13.93 per share aggregating to Rs.15.55 crores was allotted on preferential basis in February, 2010 upon conversion of warrants in to equity. The issue proceeds have been utilized for the up-gradation cum expansion project of the Company.
31. All amounts in the financial statements are presented in Rupees in Lakhs except per share data and as other wise stated. Figures in brackets represent corresponding previous year figures in respect of Profit and Loss items, and in respect of Balance Sheet items as on the Balance Sheet date of the previous year. Figures for the previous year have been regrouped /rearranged wherever considered necessary to conform to the figures presented in the current year.

As per our report of even date

For and on behalf of the Board

For **Lodha & Co.**
Chartered Accountants
Firm Regn. No. 301051E

K. Someswara Rao
Memb. No. 052061
Partner

Place : New Delhi
Date : 28.05.2010

For **Chaturvedi & Partners**
Chartered Accountants
Firm Regn. No.307068E

R. N. Chaturvedi
Memb. No. 092087
Partner

Place : New Delhi
Date : 28.05.2010

GP. Goenka	- Chairman
J. Jayaraman	- Director
A.L. Ananthanarayanan	- Director
Sushil Chadra	- Director
R.K. Bhargava	- Director
Amitava Mondal	- Director
Shrivardhan Goenka	- Executive Director
PK. Goyenka	- Executive Director
G. Tirupathi Rao	- Company Secretary

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

(Additional Information as per part IV of Schedule VI to the Companies Act 1956)

(Rs. Thousands)

i Registration Details		
a) Registration No:	2379	2379
b) State Code	1	1
c) Balance Sheet Date	31-03-2010	31-03-2009
ii Capital raised during the year		
a) Public Issue	NIL	NIL
b) Rights Issue	NIL	NIL
c) Bonus Issue	NIL	NIL
d) Private placement	65000	66700
iii Position of Mobilisation & Deployment of funds		
a) Total Assets	7636106	6637021
b) Total Liabilities	7636106	6637021
Source of Funds		
a) Paid-up Capital	1390273	1325273
b) Reserves and Surplus	1141638	1234837
c) Secured Loans	3920234	2962275
d) Unsecured Loans	179536	254399
TOTAL	6631681	5776784
Application of Funds		
a) Net Fixed Assets	5201980	3479290
b) Investments	2	2
c) Net Current Assets	55652	894681
d) Deferred Tax Asset (net)	771819	348923
e) Accumulated losses	602228	1053888
TOTAL	6631681	5776784
iv Performance of Company		
a) Turnover	2945718	3690571
b) Other Income	161370	172699
c) Total Expenditure	3053129	3253439
d) Profit Before Tax	53959	609831
e) Profit after Tax	476854	383577
f) Basic Earnings per share in Rs.	3.57	2.94
Diluted Earnings per share in Rs.	N/A	N/A
g) Dividend Rate	-	-
v Generic Names of Three Principal Products/ Services of Company (as per monetary terms)		
Item Code No. (ITC Code)	252329.01	252329.01
Product description	CEMENT	CEMENT

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2010

(Rs. Lakhs)

	Year ended 31.03.2010	Year ended 31.03.2009
A. CASH FLOW FROM OPERATING ACTIVITIES:		
PROFIT (LOSS) AS PER PROFIT AND LOSS ACCOUNT	4768.54	3835.77
Add/(Less): Adjustment for:		
Depreciation	123.15	111.13
Extraordinary items (Reliefs & Concessions)	0.00	(1375.48)
Income Tax Paid /FBT	0.00	23.50
Extraordinary items (Deferred Tax Asst (net))	(4228.95)	2239.04
Credit balance written back	(910.68)	(75.18)
Claims Received	(160.05)	0.00
Interest received	(93.09)	(76.02)
Assets written off	0.00	37.16
Loss on sale of assets	1.24	0.03
Interest paid	565.51	660.80
Provision for doubtful debts	46.54	0.50
Provision for doubtful advances	26.65	0.00
Irrecoverable Debts and Claims written off	3.38	522.30
Profit on sale of assets	(393.00)	(0.09)
Gain on Foreign Exchange Fluctuation	0.00	(124.82)
Stores Written off	3.16	107.11
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(247.60)	5885.75
Adjustment for:		
Inventories	1051.07	2014.58
Trade and other receivables	5448.10	4558.59
Trade Payables & provisions	1611.44	863.40
	8110.61	7436.57
CASH GENERATED FROM OPERATIONS	7863.01	13322.32
Less: Tax paid	(156.41)	(51.83)
NET CASH FROM OPERATING ACTIVITIES	7706.60	13270.49
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (net after transfer from Capital Work in Progress, adjustment of Foreign Exchange Fluctuations and deletions)	(82.80)	(166.04)
Capital Work in Progress	(19507.50)	(21374.49)
Interest Received	116.68	37.00
Sale of Fixed Assets	542.67	0.30
Net Cash used in Investing activities	(18930.95)	(21503.23)



(Rs. Lakhs)		
	Year ended 31.03.2010	Year ended 31.03.2009
CASH FLOW FROM FINANCING ACTIVITIES:		
Interest Paid	(509.86)	(552.67)
Unsecured Loans	(0.36)	(1907.94)
Share Capital raised	650.00	667.00
Share Premium received	905.45	1240.62
Secured Loan raised	9579.59	7877.41
Net Cash from financing activities	10624.82	7324.42
Net increase in cash and cash equivalents	(599.53)	(908.32)
Add: Cash and cash equivalents as at 31.03.09	1052.20	1960.52
Cash and cash equivalents as at 31.03.10	452.67	1052.20

This is Cash Flow Statement referred to in our report of even date.

For and on behalf of the Board

For **Lodha & Co.**
Chartered Accountants
Firm Regn. No. 301051E

For **Chaturvedi & Partners**
Chartered Accountants
Firm Regn. No. 307068E

G.P. Goenka - Chairman
J. Jayaraman - Director
A.L. Ananthanarayanan - Director
Sushil Chadra - Director
R.K. Bhargava - Director
Amitava Mondal - Director
Shrivardhan Goenka - Executive Director
P.K. Goyenka - Executive Director
G. Tirupathi Rao - Company Secretary

K. Someswara Rao
Memb. No. 052061
Partner

R. N. Chaturvedi
Memb. No. 092087
Partner

Place : New Delhi
Date : 28.05.2010

Place : New Delhi
Date : 28.05.2010

AUDITORS' CERTIFICATE

To
The Board of Directors
ANDHRA CEMENTS LIMITED

We have examined the attached Cash Flow Statement of ANDHRA CEMENTS LIMITED for the year ending 31st March 2010. The Statement has been prepared by the Company in accordance with the requirements of listing agreement with Stock Exchange where the Company's shares are listed and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet covered by our Report of even date to the members of the Company.

For **Lodha & Co.**
Chartered Accountants
Firm Regn. No. 301051E

K. Someswara Rao
Memb. No. 052061
Partner

Place : New Delhi
Date : 28.05.2010

For **Chaturvedi & Partners**
Chartered Accountants
Firm Regn. No. 307068E

R. N. Chaturvedi
Memb. No. 092087
Partner

Place : New Delhi
Date : 28.05.2010



Andhra Cements Limited

Durga Cement Works, Durgapuram, Dachepalli - 522 4141, Guntur Dist. A.P.

FROXY FORM

I / We _____
of _____
being member(s) of the Andhra Cements Limited bearing folio No. _____
DP-ID NO. _____ Client ID No. _____
No. of Shares held _____ hereby appoint _____
of _____ or failing him / her _____
of _____ or failing him / her _____
of _____ as my / our proxy to attend and vote for me / us
and on my / our behalf as indicated below at the 71st Annual General Meeting of the Company
to be held on Monday, the 30th August, 2010 at 2.00 PM at Durga Cement Works,
Durgapuram, Dachepalli - 522 414, Guntur District, A.P. and at any adjournment thereof.

Signed this _____ day of _____ 2010.

Signature _____

Affix
15 Paise
Revenue
Stamp

Note :

A member entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of himself/herself and the Proxy need not be a member of the Company. Proxies should be lodged with the company at least 48 hours before the time fixed for the meeting.



Andhra Cements Limited

Durga Cement Works, Durgapuram, Dachepalli - 522 4141, Guntur Dist. A.P.

ATTENDANCE SLIP

Particulars to be completed by Member / Proxy :

Name of the Member _____
Member's Regd. folio No. _____ Client ID No. _____
DPID No. _____ No. of shares held _____ Name
of Proxy, if attending on behalf of a Member _____

I hereby record my presence at the 71st Annual General Meeting of the Company to be held on Monday, the 30th August, 2010 at 2.00 PM at Durga Cement Works, Durgapuram, Dachepalli - 522 414, Guntur District, A.P.

Signature of Member / Proxy

Note :

1. Members/ proxies attending must fill in this attendance slip and hand it over at the entrance of the venue of the meeting.
2. Members/ Proxies are requested to bring their copy of the Annual Report for the meeting and no copy of Notice / Attendance slip will be supplied at the meeting.

**BOOK POST
PRINTED MATTER**

If Undelivered, please return to :



The Secretarial Department
Andhra Cements Limited
Chandralok Complex, 2nd Floor,
111, Sarojini Devi Road,
Secunderabad - 500 003.(A.P)