
PANYAM CEMENTS & MINERAL INDUSTRIES LIMITED

**53rd
ANNUAL REPORT
2008 - 2009**

BOARD OF DIRECTORS

S.P.Y. REDDY
Chairman

S. SREEDHAR REDDY
Managing Director

V. RAMNATH

D. KRISHNA MOHAN

A.V. NARASIMHA REDDY

DR. R. K. PRASAD SUNKARA

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

**REGISTRAR & SHARE
TRANSFER AGENTS**

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

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

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

AUDITORS

Brahmayya & Co.
Chartered Accountants
Adoni 518 301.

COST AUDITORS

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

BANKERS

Indian Overseas Bank
Adarshnagar
Hyderabad - 500 063.

REGISTERED OFFICE

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

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

CEMENT WORKS:

Cementnagar - 518 206
Kurnool District, A.P.

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

PANYAM CEMENTS & MINERAL INDUSTRIES LIMITED

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

NOTICE

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

Ordinary Business

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

Special Business:

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

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

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

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

A) Remuneration:

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

B) Perquisites:

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

Category "A"

i) Housing:

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

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

ii) **Medical Reimbursement:**

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

iii) **Leave Travel Concession:**

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

iv) **Club Fees :**

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

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

Category "B"

i) **Provident Fund and Superannuation Fund:**

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

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

Category "C"

Provision of car and telephone:

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

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

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

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

By order of the Board of Directors

For Panyam Cements & Mineral Industries Limited

Place : Hyderabad
Date : 15th July, 2009.

S. SREEDHAR REDDY
Managing Director

Notes:

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

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

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

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

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

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

Item No.5:

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

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

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

Item No.6:

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

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

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

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

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

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

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

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

By order of the Board of Directors

For Panyam Cements & Mineral Industries Limited

Place : Hyderabad
Date : 15th July, 2009.

S. SREEDHAR REDDY
Managing Director

DIRECTORS' REPORT :

To
The Members

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

FINANCIAL RESULTS :

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

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

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

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

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

DIVIDEND:

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

PUBLIC DEPOSITS:

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

CURRENT WORKINGS AND PROSPECTS:

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

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

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

MODERNISATION OF THE CEMENT UNIT:

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

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

AUDITORS REPORT:

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

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

EMPLOYEES :

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

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

AUDITORS:

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

DIRECTORS:

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

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

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

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

DIRECTORS' RESPONSIBILITY STATEMENT:

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

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

relating to material departures;

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

AUDIT COMMITTEE:

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

CORPORATE GOVERNANCE:

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

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

of Corporate Governance are given separately which form part of the Directors' Report. Further as a part of the report, "Management Discussion and Analysis" has also been furnished.

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

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

COMPLIANCE WITH LISTING AGREEMENT:

Clause 43A:

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

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

ACKNOWLEDGEMENTS:

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

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

S.P.Y. REDDY
Chairman

Place:- Hyderabad

Dated: 15th July, 2009

ANNEXURE TO DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2009:

ANNEXURE I

A. Conservation of Energy:

(a) Energy conservation measures taken:

High Efficiency fans are being installed to save energy.

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

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

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

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

Savings on energy thereby reducing the cost of production.

(d) Total energy consumption per unit of production:

Particulars given in Form "A" annexed.

B) Technology Absorption:

Particulars given in Form "B" annexed.

C) Foreign Exchange Earnings and Outgo:

a) Activities relating to exports, initiatives taken to increase the export, development of new export market for products and services and export plans:

No exports were made during the year under review.

b) Total foreign exchange used: Rs.Nil

Total Foreign exchange earned : Rs. Nil

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

Particulars	Unit	CEMENT DIVISION	
		31-03-2009	31-03-2008
A. Power and Fuel Consumption:			
1. Electricity:			
a) Purchased			
Units	000 KWH	68219	68212
Total Amount	Rs.Lakhs	2020.04	1972.98
Average Rate	Rs.per KWH	2.96	2.89
b) Own Generation			
Units	000 KWH	-	-
Units per Litre of Diesel	KWH	-	-
Cost per unit	Rupees	-	-
2. Cost (Mineral Coal C – E Grade)			
Quantity	Tonnes	114062	104245
Total Cost	Rs.Lakhs	4578.76	2943.39
Average Rate	Rs.per MT	4014.27	2823.53
3. Furnace Oil			
Quantity	Kilo.Lts.	-	-
Total Cost	Rs.lakhs	-	-
Average Rate	Rs.	-	-
B Consumption per unit of Production:			
Electricity	Kwh/tonne of Cement	136	145
Coal	Kgs/tonne of Cement	226	221

FORM "B"

A. RESEARCH AND DEVELOPMENT (R & D)

1. Specific area in which R & D is carried out by the Company:

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

2. Benefits derived as a result of the above efforts

Nil

3. Future course of action:

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

4. Expenditure on R and D:

No separate record is maintained in respect of the expenditure incurred on Research and Development.

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

- Not applicable -

ANNEXURE - II
CASH FLOW STATEMENT FOR THE YEAR ENDED - 31.03.2009

(Rs. in Lakhs)

	LESS	ADD	NET
A. CASH FLOW FROM OPERATING ACTIVITIES :			
NET PROFIT/LOSS (-) BEFORE TAX			3877.39
ADJUSTMENT FOR :			
Depreciation		332.53	
DRE Written off		282.85	
Extra Ordinary exp/Income			
Dividend Received	0.16		
Interest received/paid	1123.51	1472.92	
Profit/Loss on sale of Assets/investments	110.62		
Operating Profit before Working Capital Changes	<u>1234.29</u>	<u>2088.30</u>	<u>854.01</u>
ADJUSTMENT FOR :			4731.40
Trade and other receivables	2088.33		
Inventories	151.13		
Trade payables	32.04		
Deferred Revenue Expenditure			
Working Capital Changes(Use)	<u>2271.50</u>	0.00	<u>- 2271.50</u>
Cash generated from Operations			2459.90
Less : Interest paid	1472.92		
Dividend Paid			
Direct Taxes paid	27.84		1500.76
NET CASH FLOW FROM OPERATING ACTIVITIES			<u>959.14</u>
Extra Ordinary exp/Income			0.00
B CASH FLOW FROM INVESTING ACTIVITIES			
Purchasing / sale of Assets	2922.61	180.90	
Purchase / sale of investments			
Interest received		1123.51	
Dividend received		0.16	
NET CASH USED IN INVESTING ACTIVITIES	<u>2922.61</u>	<u>1304.57</u>	<u>- 1618.04</u>
C CASH FLOW FROM FINANCING ACTIVITIES			- 658.90
Share Capital		0	
Repayment of/ Proceeds from Secured/Unsecured borrowings		758.98	
NET CASHFLOW FROM FINANCING ACTIVITIES	<u>0.00</u>	<u>758.98</u>	<u>758.98</u>
Net Increase in cash and cash equivalents			100.08
Cash and Cash equivalents as on 01.04.2008			113.73
Cash and Cash equivalents as on 31.03.2009			<u>213.81</u>

S.P.Y.REDDY
Chairman

S.SREEDHAR REDDY
Managing Director

AUDITORS' REPORT

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

Hyderabad (Camp)
15th July 2009

For **BRAHMAYYA & CO.,**
Chartered Accountants

B. DAIVADHEENAM REDDY
Partner
M.No. 026450

CORPORATE GOVERNANCE REPORT:

1. Company's Philosophy on Code of Governance:

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

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

2. Board of Directors:

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

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

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

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

During the year 2008-09, the company convened four Board Meetings on 9th June, 2008; 25th July, 2008; 31st October, 2008 and 19th January, 2009.

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

Sl. No.	Name of the Director	Catagory of Directorship	No. of Board Meetings Attended	Attendance at last AGM held on 25-07-08	No.of other Directorships	No. of Membership Chairmanship in Board / Commiss (Including our Company)
1.	Sri S.P.Y.Reddy	Promoter-Chairman	2	Yes	6	3
2.	Sri S.Sreedhar Reddy	Promoter - Managing Director	4	Yes	3	1
3	Sri V.Ramnath	Independent Non-Executive Director	2	No	1	1
4	Sri D.Krishna Mohan	Independent Non-Executive Director	4	Yes	-	3
5	Sri P.V.Satyanaarayana Murthy	Independent Non-Executive Director	4	Yes	-	3
6	Dr.R.K.Prasad Sunkara	NRI-Non-Executive Director	1	Yes	-	-
7	Sri A.Sathya Bhushana Rao (Alternate Director to Dr.R.K.Prasad Sunkara	Independent Non-Executive Director	3	No	1	-

3) **Audit Committee:**

The Audit Committee met four times during the year i.e. 9th June, 2008; 25th July, 2008; 31st October, 2008 and 19th January, 2009.

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

The company continued to derive immense benefit from the deliberations of the Audit Committee comprising of Sri D.Krishna Mohan and Sri P.V.Satyanarayana Murthy who are independent and Non-Executive Directors. The minutes of each Audit Committee are placed before and discussed by the Board of Directors of the Company.

The attendance at the Audit Committee Meetings is given below:

Sl. No.	Name of the Member	No. of Meeting Held	No. of Meetings Attended
1	Sri D. Krishna Mohan	4	4
2	Sri P.V. Satyanarayana Murthy	4	4

4) **Remuneration Committee and Policy:**

The Remuneration Committee could not meet during the year under report, since the Managing Director has not drawn any remuneration.

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

Details of remuneration to Directors for the year ended 31st March, 2009:

i) **Executive Directors:**

i) The Managing Director has not drawn any remuneration for the year ended 31st March, 2009.

ii) **Non-Executive Directors:**

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

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

Name of the Director	Sitting Fee paid (Rs.)
1) Sri A. Sathya Bhushana Rao	10,000
2) Sri V. Ramnath	5,000
Total	15,000

5) a) **Share Transfer Committee:**

During the year 2007-08, the Committee met 22 times. All shares received for transfer were registered in favour of the transferees and dispatched within a month's time, if the documents received were in order.

During the year 2008-2009, there were no requests pending for transfer.

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

Sl. No.	Name of the Member	No. of Meeting Held	No. of Meetings Attended
1	Sri S. Sreedhar Reddy	22	22
2	Sri D. Krishna Mohan	22	22
3	Sri P.V. Satyanarayana Murthy	20	20

B. Shareholders/Investors' Grievance Committee:

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

The Committee couldnot meet during the financial year 2008-09 since there were no complaints and grievances from the shareholders.

6) **Annual General Meetings:**

The last three Annual General Meetings were held as under:

Year	Location	Date	Time
2006	Panyam Cements Recreation Club Cementnagar Kurnool Dist., A.P.	27.09.2006	11.30 A.M.
2007	Panyam Cements Recreation Club Cementnagar Kurnool Dist., A.P.	27.07.2007	11.30 A.M.
2008	Registered Office C-1, Industrial Estate, Nandyal, Kurnool Dist., A.P.	25.07.2008	12.15 Noon

Special Resolutions:

During the year, there were No Extra Ordinary General Meetings were held.

7) Disclosures:

The Company has complied with all the mandatory requirements of Corporate Governance norms as enumerated in Clause 49 of the Listing Agreement with the Stock Exchange.

There were no instances of non-compliance on any matter relating to the capital market, during the last three years.

8) Means of Communication:

The Quarterly results are normally published in "Business Standard" in English and "Andhra Prabha" regional news paper published in the vernacular language. The results are promptly furnished to the Stock Exchange for its display on its website.

Both "Management Discussion and Analysis" and "Shareholders Information" forms part of the Annual Report.

9) General Information for Shareholders:

- | | | | |
|------|--|---|---|
| i) | Date, Time and Venue of the Annual General Meeting | : | 29 th August, 2009 at 12.00 Noon at the Registered Office of the Company situated at Nandyal, Kurnool Dt.,A.P. |
| ii) | Financial calendar – 1 st April 2009 to 31 st March 2010
Financial Reporting Un-audited | | |
| | For the quarter ending June 30,2009 | | Last week of July 2009 |
| | For the quarter ending Sept.30, 2009 | | Last week of October 2009 |
| | For the quarter ending December 31, 2009 | | Last week of January 2010 |
| | For the quarter ending March 31 2010 (audited) | | Last week of June 2010 |
| | Annual General Meeting for the year ending 31 st March, 2009 | | 29 th August, 2009 |
| iii) | Date of Book Closure | | 24.08.2009 to 29.08.2009 (both days inclusive) |
| iv) | Dividend payment date | | N.A. |
| v) | Listing on Stock Exchanges | : | The Company's shares are listed on: Bombay Stock Exchange Limited Floor 25, Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400 001.
Listing fee was paid to the said Stock Exchange. |

vi) Market Price Data :

Month	Stock Exchange Mumbai (BSE) Rs.	
	High (Rs.)	Low (Rs.)
April 2008	162.10	110.40
May 2008	203.90	128.30
June 2008	205.40	140.45
July 2008	218.00	150.00
August 2008	236.10	165.10
September 2008	247.90	178.10
October 2008	241.10	161.15
November 2008	222.05	152.10
December 2008	196.00	157.30
January 2009	179.50	147.55
February 2009	156.45	128.50
March 2009	129.95	83.55

vii) Registrar and Share Transfer Agents

M/s. XL Softech Systems Limited
3, Sagar Society Road No.2,
Banjara Hills Hyderabad - 500 034.
Tel : 040-23545913; 914 & 915
Fax : 040-23553214
Email : xlsoft@hd1.vsnl.net.in
Website : www.xlsoftech.com

7) a) Distribution of shareholding as on 31st March 2009 :

Nominal Value of Shares	No. of Shares Holders	Percentage of Share Holders	Shares Amount in Rs.	Percentage of Share Holders %
Upto 5000	6973	93.90	6862350	4.28
5001 - 10000	213	2.87	1722400	1.08
10001 - 20000	85	1.14	1249710	0.78
20001 - 30000	30	0.40	754020	0.47
30001 - 40000	20	0.27	712370	0.44
40001 - 50000	16	0.22	745800	0.47
50001 - 100000	25	0.34 ⁰	1870700	1.17
100001 & above	64	0.86	146264040	91.31
Total	7426	100.00	160181390	100.00

b) Pattern of shareholding as on 31st March 2009

Category	No. of Shares	% of shareholding
A Promoter's holding:		
1 Promoters : Indian Promoters	1565802	9.78
Foreign Promoters	0	0
2 Persons acting in concert	6534477	40.79
Sub Total	8100279	50.57
B Non-Promoters holding		
3 Institutional Investors :		
a Mutual Funds and UTI	650	0.00
b Banks, Financial Institutions, Insurance Companies (Central/State Government Institutions / Non- Govt. Institutions)	63529	0.40
C FIIS	3987890	24.90
Sub Total	4052060	25.29
4 Others		
a Private Corporate Bodies	399350	2.49
b Indian Public	3151090	19.67
C NRIs/OCBs	315360	1.97
d Any other (Please specify)		
Sub Total	3865800	24.14
Grand Total	16018139	100.00
Note : Total foreign shareholdings : (Including NRIs)	315360	1.97

11 Dematerialization of Shares and Liquidity:

As on 31st March, 2009, 78.53% Equity Shares have been dematerialized.

The Company's shares are available for demat with **National Securities Depository Limited and Central Depository Services (India) Limited**. As per directives issued by SEBI, it is compulsory to trade in the Company's Equity Shares in the dematerialized form with effect from September, 2001. The ISIN number allotted for trading in the Company's Equity Shares in Demat form is **INE167E01029** at both the Depositories.

During the year 2008-09, the company had received requests for de-materialization of 5,69,830 shares. The Company has acted upon all valid requests received for dematerialization during 2008-09.

As on 31st March, 2009 no requests were pending for demat confirmation.

12) Plant Locations:

Registered Office	:	C-1 Industrial Estate, Bommalasatram Nandyal Kurnool District, A.P. - 518 502 Telephone No - 08514-222274 Fax No.08514-243350
Cement Works	:	Cement Nagar 518 206, Kurnool District, A.P. Tel : 08516-274638 Fax: 08516-274644
Central Administrative Office:		Plot No.188, Phase II, Kamalapuri Colony, Hyderabad 500 073. Telephone Nos.040-23555317 Fax No.040-23555316

MANAGEMENT DISCUSSION AND ANALYSIS:

1. Industry structure and development:

In the earlier years, the Cement Division was incurring losses due to its inability to operate continuously at optimum levels on account of inadequate working capital and high cost of production which is mainly due to high power consumption and coal when compared to industry norms of similar capacity. Now the management has taken various steps to optimize the production levels and taken necessary measures to reduce the cost of production. The efforts of the management has yielded results since 2006-07 and the company has started making profits.

2. Opportunity and threats:

Our cement plant being strategically located with high quality limestone mines very near to the plant can cater to the neighboring States of Tamilnadu, Karnataka, Goa and Kerala where the realizations are better. The Company has also made arrangements to augment its working capital by getting approval of working capital from bank and is looking to reach optimum operational levels. Further, the company is enhancing its capacity by modernization of Kiln No.1 whereby the existing capacity of kiln will be enhanced from the existing 550 M.Tonnes per day to 1800 M.Tonnes per day.

2 Outlook:

With the Government's focus on irrigation, housing and infrastructure projects like roads and ports, the outlook for the future is bright. Further infrastructure and rural housing are the major drivers for cement demand.

4 Risks and concerns

Any increase in transport, fuel and electricity costs without corresponding increase in selling prices may put pressure on the operating results.

GENERAL-SEGMENT-WISE PERFORMANCE TOGETHER WITH DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

Segment-wise (only one segment) performance together with discussion on financial performance with respect to operational performance has been dealt with in the Directors' Report which should be treated as forming part of this Management Discussion and Analysis.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The company has a proper and adequate system of internal controls to ensure that all assets are safe guarded and protected against loss from unauthorized use of disposition and the transactions are authorized, recorded and reported correctly.

The internal control systems of the company comprises of statutory audit, cost audit and internal audit. The work of all the audits have been assigned to reputed, external, independent and qualified people.

The Audit Committee comprising of independent directors will reviews all quarterly, half yearly and annual financial statements.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS:

The industrial relations at the plant and offices continue to be cordial during the year under review. The total number of employees at the end of the financial year 2009 on the rolls of the Company is 382 at Cement.Division and Central Administrative Office.

CAUTIONARY STATEMENT:

Statements in the Management Discussion and Analysis Report describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include global and domestic supply and demand conditions affecting selling prices of finished goods, input availability and prices, changes in government policies and regulations, tax laws, economic developments within the country and other factors such as litigation and industrial relations. The company undertakes no obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events or otherwise. Readers are cautioned not to place undue reliance on these forward looking statements that speaks only as of their dates.

CERTIFICATE BY THE CHIEF EXECUTIVE OFFICER ON FINANCIAL STATEMENTS OF THE COMPANY:

I, S.Sreedhar Reddy, Managing Director of M/s.Panyam Cements & Mineral Industries Limited do hereby certify that:

- a) We have reviewed the financial statements and the Cash Flow Statement for the financial year ended March 31, 2009 and that to the best of our knowledge and belief:
 - i) These statements do not contain any material 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 period, which are fraudulent, illegal and violative of the Company's code of conduct.
- c) We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the 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 and operation of 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 Audit Committee that:
 - i) There have been no significant changes in internal control over financial reporting during the year;
 - ii) There have been no significant changes in accounting policies during the year; and
 - iii) There have been no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Dt. 15th July, 2009
Hyderabad

S. SREEDHAR REDDY
Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE :

To
The Members of

M/s. Panyam Cements & Mineral Industries Limited

We have examined the compliance of conditions of Corporate Governance by M/s.Panyam Cements and Mineral Industries Limited for the year ended 31st March, 2009, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor *expression of opinion on the financial statements of the Company.*

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained by the Company, there were no investor grievance remaining unattended/pending for more than 30 days.

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

For Brahmaya & Co.,
Chartered Accountants

B.DAIVADHEENAM REDDY
Partner
M.No.026450

Hyderabad (Camp)
Dt. 15th July, 2009

AUDITORS' REPORT:

To
The Members of
M/s. Panyam Cements & Mineral Industries Limited

1. We have audited the attached Balance Sheet of M/s.Panyam Cements & Mineral Industries Limited, as at 31st March, 2009 and the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. 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 the 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 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 (Auditor's Report) Order, 2003 issued by the Central 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. Further to our comments in the Annexure referred to above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii) 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.
 - iii) The Balance Sheet, Profit and Loss Account and cash flow statement dealt with by this report are in agreement with the books of account.
 - iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - v) On the basis of written representations received from the directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - vi) In our opinion and to the best of our information and according to the explanations given to us, **"subject to non provision of gratuity liability on actuarial valuation in respect of employees working in Cement Unit and the amount of gratuity liability is not ascertained by the company,** the said accounts 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:
 - a) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2009;
 - b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For Brahmayya & Co.,
Chartered Accountants

Hyderabad (Camp)
Dt. 15th July, 2009

B.DAIVADHEENAM REDDY
Partner
M.No.026450

ANNEXURE

Re: M/s. Panyam Cements & Mineral Industries Limited.

Referred to in paragraph 3 of our report of even date.

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification, which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the year, the company has not disposed off substantial part of fixed assets and the going concern status of the company is not affected.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company has maintained proper records of inventory. As explained to us, the discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) The company had taken unsecured loans in the earlier years from one Ex-Director (Director as on the date of loan taken) covered in the register maintained under section 301 of the Companies Act, 1956 and the maximum amount involved during the year was Rs.106.20 lakhs and the year end balance was Rs.56.20 lakhs. There are companies covered in the register maintained under section 301 of the Companies Act, 1956 to which the company has granted loans/ advances. The maximum amount involved during the year and the year end balance of loans granted to such parties was Rs. 8483.77 lakhs.

- (b) In our opinion and according to the information and explanations given to us, the rate of interest wherever applicable and other terms and conditions on which loans have been taken from/granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
 - (c) In respect of loans taken//granted by the company, the interest and the principal amount is repayable/receivable on demand.
 - (d) There is no overdue amount in respect of loans taken from or granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956, since these are repayable/receivable on demand.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted any public deposits under the provisions of Section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975. No order has been passed by the Company Law Board.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost 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. We have not however, made a detailed examination of the same.
- (ix) (a) According to the records of the company, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees state insurance, income-tax, sales tax, wealth tax, customs duty, excise duty, cess and other material statutory dues applicable to its Cement Unit **except royalty and Income-Tax deducted/collected at source.**

According to the information and explanations given to us, **the following undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2009 for a period of more than six months from the date they became payable and the due dates for payment of arrears of royalty and sales tax dues have been considered taking into consideration the deferment for payment of the said dues sanctioned by the Government of Andhra Pradesh as per G.O.Ms.No.307 dated 24th May, 2006.**

Statement of arrears of statutory dues outstanding for more than six months:

Name of the Statute	Nature of the Dues	Amount Rs. Lakhs (Net of Payments)	Period to Which the amount relates
I Cement Division : / CAO:			
APGST and CST Act	APGST & CST arrears	36.16	Arrears 2005-06
C.S.T. Act	Central Sales Tax	0.33	2006-07
K.G.S.T. Act	K.S.Sales Tax	128.06	1998-99 to 2005-06
C.S.T. Act	K.S. Central Sales Tax	2.01	1998-99 and 1999-2000
T.N.G.S.T.Act	T.N.Sales Tax	51.88	March 1999 to Feb.2000
Goa G.S.T.Act	Goa Sales Tax	11.55	Feb.1999 to Feb.2000
A.P.G.S.T.Act (Consignment Agents in different States)	Consignment Sales Tax	45.78	1998-99 to 2003-04
Profession Tax Act	Profession Tax collections	1.13	October 2000 to August 2005
Profession Tax Act	Profession Tax collections	5.96	Sept. 1999 to April 2005
Income Tax Act 1961	I.T.D.S. from Salaries	5.13	2003-04 and 2006-07
Income Tax Act 1961	I.T.D.S. from Salaries	0.18	Arrears
Income Tax Act 1961	I.T.D.S. from Interest	25.56	2001-02, 2003-04 to 2005-06
Income Tax Act 1961	I.T.D.S. from Professional	1.24	2002-03, 2003-04 to 2005-06
Income Tax Act 1961	I.T.D.S. from Contractors	1.96	2000-01 and 2001-02
Income Tax Act 1961	I.T.D.S. from Contractors	10.76	December 1999 to Aug. 05
Non-Agricultural Land Assessment Tax	NALA on factory land	8.33	1993-94 and 1999-2000 to June 2008.
Mines and Minerals	Dead Rent/cess on limestone	2.33	1984-85 to 1986-87
Mines and Minerals	Royalty on Limestone	38.98	April 2008 to Sep. 2008
Mines and Minerals	Welfare cess on Limestone	3.45	2001-02 and 2003-04
Mines and Minerals	State Cess on Limestone	2.23	2006-07
Panchayat Tax Act	Property Tax	4.80	1998-99 to 2006-07.
E.P.F.Act	P.F.Recoveries and contributions	79.10	April 2005 to December 2005

(c) According to the information and explanations given to us, the following are the statutory dues of sales tax, income tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of dispute.

Name of the Statute	Nature of the Dues	Amount Rs. Lakhs (Net of Payments)	Period to Which the amount relates	Forum where dispute is pending
TNGST Act	Tamilnadu Sales Tax	5.56	1994-95	Remanded to Assessing Officer by the Appellate Tribunal
I.T.Act	Penalty for late/non payment of ITDS	3.50	1999-00 2000-01	Appellate Tribunal
Central Excise Act	CENVAT credits availed on D.G.Sets disallowed by the Dept.	232.36	Feb.97 to June 1999	Commissioner (Appeals)
.do.	CENVAT credit availed on Proclain Shovel	4.80	1994-95	A.P. High Court
.do.	CENVAT credit availed on refractory bricks	4.37	1994-95	A.P. High Court
.do.	Penalty on default in payment of duties	10.00	July 2003 to December 2003	Appeal in CEGAT
.do.	CENVAT Credit availed on services tax paid on outward freight	24.52 28.54	December 06 to August 2007 Sept. 2007 to February 08	Commissioner Tirupathi
.do.	Differential duty for Supplies made to Direct Parties	40.63		March 2007 to February 2008
.do.	Duty of Captive Consumption	1.46	2007-08	Asst. Commissioner Kurnool
.do.	Duty of Captive Consumption	0.87	2008-09	Asst. Commissioner Kurnool
.do.	Differential Duty on D.G. Set	42.37	2007-08	Appeal in CESTAT Tirupathi
.do.	.do.	10.24	2004-05	A.P. High Court
.do.	Cenvat on Capital Goods	27.11	2008-09	Asst. Commissioner. Tirupathi
.do.	Iregular availment of CENCAT Credit	413.38	July 2006 to November 2007	Asst. Commissioner. Tirupathi
	Differential duty on gypsum quantity and refund claim	3.39	2008-09	Asst. Commissioner. Kurnool.
P.F. Act	Penal damages for delay payments	341.50	May 1999 to Sept. 2001	Commissioner Kadapa
K.S.T. Act	Sales Tax Dues	552.59	1997-98 to 2000 01	Dy. Commissioner of Commercial Taxes, Bangalore

- x) In our opinion, the accumulated losses of the company are more than its net worth. The company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to Banks, Financial Institutions and debenture holders except interest dues to J.M.Capital Management Private Limited of Rs.11.51 lakhs.
- xii) In our opinion and according to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xv) In our opinion and according to the information and explanations given to us, the terms and conditions on which the company has given guarantees for loans taken by others (Cheran Cement Limited and S.P.Y.Agro Industries Limited) from banks or financial institutions (SIPCOT and TIIC in respect of Cheran Cement Ltd and State Bank of India, State Bank of Hyderabad; Bank of India, Syndicate Bank and Indian Overseas Bank in respect of S.P.Y.Agro Industries Limited) are not prima facie, prejudicial to the interest of the company
- xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.
- xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
- xviii) According to the information and explanations given to us, during the year under report, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix) According to the information and explanations given to us, during the period covered by our audit report, the company has not issued any debentures and hence creation of securities does not arise.
- xx) According to the information and explanations given to us, during the year covered by our report, the company has not raised any money by public issue.
- xxi) In our opinion and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For Brahmayya & Co.,
Chartered Accountants

B.DAIVADHEENAM REDDY
Partner
M.No.026450

Hyderabad (Camp)
Dt. 15th July, 2009

53 rd
Annual Report

BALANCE SHEET AS AT 31ST MARCH 2009

SOURCES OF FUNDS	Schedule	As At		As At	
		Rupees	31st March 2009 Rupees	Rupees	31st March 2008 Rupees
Shareholders' funds:					
Share Capital	1	162141085.00		162141085.00	
Reserves and Surplus	2	<u>331293019.50</u>	493434104.50	<u>331293019.50</u>	493434104.50
Loan Funds:					
Secured Loans	3	279846370.66		193490762.18	
Unsecured Loans	4	<u>540917742.44</u>	820764113.10	<u>567127434.89</u>	760618197.07
Advance against Bangalore Property development			<u>761160000.00</u>		<u>771260000.00</u>
Total			<u>2075358217.60</u>		<u>2025312301.57</u>
APPLICATION OF FUNDS:					
Fixed Assets:	5				
Gross Block		662547617.41		633545386.11	
Less: Depreciation		<u>409651744.76</u>		<u>390648661.76</u>	
Net Block		252895872.65		242896724.35	
Capital Works-in-Progress Investments	6	<u>347488695.94</u>	600384568.59 3816200.00	<u>105507850.30</u>	348404574.65 3816200.00
CURRENT ASSETS, LOANS AND ADVANCES:	7				
Inventories		132297162.44		117183862.76	
Sundry Debtors		112507950.20		93614963.73	
Cash and Bank Balances		21380750.45		11373124.87	
Other Current Assets		2451554.00		1927546.00	
Loans and Advances		<u>1069497750.36</u>		<u>880082555.46</u>	
Total		1338135167.45		1104182052.82	
Less: Current Liabilities & Provisions	8				
Net Current Assets / Liabilities (-)		<u>421228258.55</u>	916906908.90	<u>358281277.48</u>	745900775.34
Deferred Revenue Expenditure to the extent not written off			<u>28285409.46</u>		<u>56570817.46</u>
Loss per Profit & Loss Account			<u>525965130.65</u>		<u>870619934.12</u>
Total			<u>2075358217.60</u>		<u>2025312301.57</u>

As Per our report of even date attached

For **BRAHMAYYA & CO.,**
Chartered Accountants

For and on behalf of the Board
M/s. Panyam Cements & Mineral Industries Limited

B.DAIVADHEENAM REDDY
Partner
M.No. 026450

S.P.Y. REDDY
Chairman

S.SREEDHAR REDDY
Managing Director

Hyderabad
Date: 15th July, 2009

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009

	Schedule	As At 31st March 2009 Rupees	As At 31st March 2008 Rupees
INCOME :			
Gross Sales		2153717923.00	1873349410.01
Other Income	9	182047640.24	63811804.97
Profit on sale of fixed Assests		11061878.55	
Total		<u>2346827441.79</u>	<u>1937161214.98</u>
EXPENDITURE :			
Manufacturing, administrative and selling expenses	10	1753660720.03	1386430090.64
Interest	11	147291550.24	73404498.73
Depreciation		33253065.00	30434472.00
Decrease (+) Increase (-) in stocks	12	-3035845.00	-3990492.00
Net Prior Period Expenses / Income		-366238.46	2814682.07
Deferred revenue expenditure written off		28285408.00	28285408.00
Total		<u>1959088659.81</u>	<u>1517378659.44</u>
Net Profit before Tax		387738781.98	419782555.54
Provision for Tax-Fringe Benfit Tax	1000000.00		700000.00
Income Tax for the year	40000000.00		-
Income Tax for earlier years	<u>2083978.51</u>	43083978.51	- 700000.00
Net Profit After Income Tax		344654803.47	419082555.54
Loss(-) brought forward from previous Year		-870619934.12	-1289702489.66
Loss (-) carried to Balance Sheet		<u>-525965130.65</u>	<u>-870619934.12</u>
Earning per share basic & diluted (face value of Rs. 10)		21.50	26.15

As Per our report of even date attached

For **BRAHMAYYA & CO.**,
Chartered Accountants

B.DAIVADHEENAM REDDY
Partner
M.No. 026450

Hyderabad
Date: 15th July, 2009

For and on behalf of the Board
M/s. Panyam Cements & Mineral Industries Limited

S.P.Y. REDDY
Chairman

S.SREEDHAR REDDY
Managing Director

SCHEDULES TO BALANCE SHEET

		As At 31st March 2009		As At 31st March 2008	
SCHEDULE - I Share Capital		Rupees	Rupees	Rupees	Rupees
Authorised					
Preference :					
5500	- 15% Redeemable 'A' Cumulative Preference Shares of Rs.100/- each	550000.00		550000.00	
23500	- 15% Redeemable 'B' Cumulative Preference Shares of Rs.100/- each	2350000.00		2350000.00	
21000	- 14% Redeemable 'C' Cumulative Preference Shares of Rs.100/- each	2100000.00		2100000.00	
250000	- Preference Shares of Rs. 100/- each	<u>2500000.00</u>		<u>2500000.00</u>	
			30000000.00		30000000.00
EQUITY :					
	1,85,00,000 Equity Shares of Rs. 10/- each		185000000.00		185000000.00
	Total		<u>215000000.00</u>		<u>215000000.00</u>
Issued Preference					
	20942- 14% Redeemable 'C' Cumulative Preference Shares of Rs.100/- each		2094200.00		2094200.00
Equity					
	1,39,32,770 Equity Shares of Rs. 10/- each	139327700.00		139327700.00	
	20,90,909 Equity Shares of Rs. 10/- each at a premium of Rs. 45/- each	<u>20909090.00</u>	160236790.00	<u>20909090.00</u>	160236790.00
	Total		<u>162330990.00</u>		<u>162330990.00</u>
Subscribed & Fully paid up Preference					
	19299- 14% Redeemable 'C' Cumulative * Preference Shares of Rs.100/- each		1929900.00		1929900.00
Equity					
	1,60,18,139 Equity Shares of Rs. 10/- each	160181390.00		160181390.00	
	Add: Forfeitted Shares (Amount paid up)	<u>29795.00</u>	160211185.00	<u>29795.00</u>	160211185.00
	Total		<u>162141085.00</u>		<u>162141085.00</u>

Paid up Equity Share Capital includes 91777 Equity Shares of Rs.100/- each which were allotted as fully paid up for consideration other than cash pursuant to the Scheme of Amalgamation of the erstwhile Deccan Wires Limited with the Company.

*'C' Cumulative Preference Shares have fallen due for redemption on 25.07.1999 and the Company has requested institutional shareholders for extension of repayment period.

SCHEDULE - 2	As At 31st March 2009		As At 31st March 2008	
	Rupees	Rupees	Rupees	Rupees
RESERVES AND SURPLUS				
Capital Reserve Per Last Balance Sheet		229717814.50		22971714.50
Capital Redemption Reserve Per last Balance Sheet		7419300.00		7419300.00
Share Premium Per last Balance Sheet		94155905.00		94155905.00
Total		<u>331293019.50</u>		<u>331293019.50</u>
SCHEDULE - 3				
SECURED LOANS				
I. From Banks				
1)Term Loan from IOB	143989388.00		19300000.00	
Interest accrued and due (Secured by first charge on the block assets and second charge on current Assets of the company and also by personal guarantee of Sri S.P.Y.Reddy,Chairman, Sri S.Sreedhar Reddy,Managing Director and Sri V. Ramnath, Director and Eknath Ganesh and V.Venkat Rao, Share holders)	<u>1686843.00</u>	145676231.00	<u>236073.00</u>	19536073.00
2) Working Capital Loan from IOB				
Cash Credits/Adhoc loan	60423678.12		86177871.88	
Interest accrued and due (Secured by Hypothication of Inventory,stores & spares, receivables and first charge on the current assets and second charge on block Assets of the company and also by the personal guarantee of the above Directors and share holders)	<u>0.00</u>	60423678.12	<u>97204.00</u>	86275075.88
c. Deferred Payment Credit				
Under Bills Rediscounting Scheme	44100.00		44100.00	
Interest accrued and due	<u>7969.00</u>	52069.00	<u>7969.00</u>	52069.00
II. Privately placed Secured Redeemable				
Non-Convertible Debentures of Rs.100/- each (Redeemed during the previous year)				
Interest accrued and due		1151110.00		1151110.00
III. Hire Purchase Finance		72461717.54		86463260.30
(Secured by Hypothecation of equipment purchased and personal guarantee of two Directors of Company)				
Interest Accrued & Due		81565.00		13174.00
Total :		<u>279846370.66</u>		<u>193490762.18</u>

SCHEDULE - 4	As At 31st March 2009	As At 31st March 2008
UNSECURED LOANS	Rupees	Rupees
Arrears of Sales Tax & Royalty (Sales Tax Payable in Five Years Quarterly Instalments from 24.08.06 and Royalty payable in 8 years from 24.05.2008)	102238436.44	137212996.44
Inter Corporate Loans / Deposits	407128467.00	412464057.90
Other Loans	7356054.00	15447376.55
Interest accrued and due	24194785.00	2003004.00
Total	<u>540917742.44</u>	<u>567127434.89</u>

SCHEDULE TO BALANCE SHEET
SCHEDULE 5 : FIXED ASSETS

Rs. In Lakhs

S.No.	Particulars	GROSS BLOCK			DEPRECIATION				NET BLOCK		
		As at 31st March 2008	Additions during the Year	Deductions during the Year	As at 31st March 2009	Upto 31st March 2008	For The Year 2009	Deductions during the year	Upto 31st March 2009	As at 31st March 2009	As at 31st March 2008
1.	Freehold Land	761.15		3.85	757.30					757.30	761.15
2.	Buildings - Factory	221.87		16.02	205.86	184.98	3.11	11.00	177.08	28.78	36.90
3.	Buildings - Residential	184.21	7.19	61.81	129.59	140.36	1.45	45.09	96.73	32.87	43.85
4.	Roads and Culverts	23.45		15.18	8.27	15.67	0.08	8.95	6.80	1.47	7.78
5.	Wells and Water works	69.14		17.60	51.53	45.49	0.81	10.08	36.22	15.32	23.64
6.	Plant and Machinery	3448.21	307.78	80.94	3675.05	2685.58	73.98	50.62	2708.95	966.10	762.63
7.	Electrical Installations	64.53			64.53	63.42	0.17		63.59	0.94	1.11
8.	Telephone Installations	5.53			5.53	2.64	0.40		3.03	2.50	2.89
9.	Rly.Siding and Weigh Bridge	13.89			13.89	4.90	1.25		6.15	7.74	8.98
10.	Aerial Ropeway	94.71			94.71	93.28	0.43		93.71	1.01	1.43
11.	Quarry Equipment	1151.40	81.00		1232.40	442.24	224.88		667.11	565.29	709.19
12.	Workshop Equipment	6.58			6.58	6.49			6.48	0.10	0.09
13	Mining Lease and Mineral Prospecting Rights	2.18			2.18	2.12	0.01		2.14	0.05	0.06
14	Laboratory Equipment	2.95			2.95	2.82	0.02		2.85	0.10	0.14
15.	Furniture,Fixtures and Office Equipment	163.41	21.40	17.27	167.54	143.63	6.99	16.68	133.95	33.59	19.78
16.	Vehicles	121.64	85.43		207.07	72.31	18.95		91.26	115.80	49.32
17.	Library	0.60		0.11	0.49	0.57		0.10	0.48	0.01	0.02
	TOTAL	6335.45	502.80	212.78	6625.48	3906.50	332.53	142.50	4096.52	2528.96	2428.96
	Capital Works in progress										
	Previous Year	5562.25	773.20		6335.45	3602.15	304.34		3906.50	2428.96	1960.10

SCHEDULE - 6 INVESTMENTS (AT COST) NON TRADE IN SHARES (FULLY PAID)	As At 31st March 2009		As At 31st March 2008	
	Rupees	Rupees	Rupees	Rupees
UNQUOTED				
Panyam Cements Co-Operative Stores Limited, Cement Nagar	2500		2500	
Sri Somappa Co-Operative Housing Building Society Limited, Kurnool	500		500	
350000 Equity Shares of Rs. 10/- each in Cheran Cement Limited.	3500000.00		3500000.00	
1000 Redeemable 13% Preference Shares of Rs. 10/- each in CEAT Finance Ltd.,	<u>10000.00</u>	<u>3513000.00</u>	<u>10000.00</u>	<u>3513000.00</u>
QUOTED:				
10,000 Units of Rs. 10/- each fully paidup of BOB Mutual Fund.	100000.00		100000.00	
7800 Equity Shares of Vijaya Bank at Rs.10/- each and 300 Shares at Rs. 24/- Per Share of face value of Rs.10/- each.	85200		85200	
900 Equity Shares of Gujarat State Finance Corporation of Rs. 10/- each at a premium of Rs. 10/- per share. (Market value not available)	18000		18000	
Principal Focussed Advantage Fund, Mumbai 10,000 units of Rs. 10/- each.. (Market value not available)	<u>100000.00</u>	<u>303200.00</u>	<u>100000.00</u>	<u>303200.00</u>
Total :		<u><u>3816200.00</u></u>		<u><u>3816200.00</u></u>
* Aggregate Market Value of Quoted Investments		2,25,630		

SCHEDULE - 7

CURRENT ASSETS, LOANS AND ADVANCES

CURRENT ASSETS

		As At 31st March 2009	As At 31st March 2008
	Rupees	Rupees	Rupees
Inventories (As Certified and valued by the Management)			
Stores & Spares packing and Consumbles		7160588.70	73896461.04
Raw Material		30911194.74	16542867.72
Process Stocks		23592966.00	24175167.00
Finished Goods		6187413.00	2569367.00
Total :		<u>132297162.44</u>	<u>117183862.76</u>
SUNDRY DEBTORS (Unsecured)			
Less than six months	53488300.75	40791134.73	
Outstanding for more than six months			
Considered good	46479143.95	42922774.00	
Considered doubtful	<u>22540505.50</u>	<u>19901055.00</u>	
		122507950.20	103614963.73
Less : Provision for doubtful debts.		<u>10000000.00</u>	<u>10000000.00</u>
Total :		<u>112507950.20</u>	<u>93614963.73</u>
CASH AND BANK BALANCES:			
Cash on hand		2866675.57	1136250.71
Balances with Scheduled Banks			
i. In Current Accounts	11497018.97	7255755.25	
ii. In Deposit Accounts(Margin Money)	<u>7017055.91</u>	<u>2981118.91</u>	
		18514074.88	10236874.16
Total :		<u>21380750.45</u>	<u>11373124.87</u>
Other Current Assets			
Interest accrued & receivable		2451554.00	1927546.00
Total :		<u>2451554.00</u>	<u>1927546.00</u>

LOANS AND ADVANCES

Advances recoverable in Cash or in kind or for value to be received (Unsecured considered good)			
Advances to Staff and Workmen		187463.04	495245.54
Advances for Capital Assets		3468965.00	83179673.00
Advance to suppliers and Other advances		49832615.19	42859524.66
Income Tax paid/ TDS		28030763.00	4652516.51
Deposits with Govt.Dept.and Others		43068931.75	37621108.75
Incentive receivable from State Govt.		96532353.00	46274487.00
Inter Corporate Loans /Advances		848376659.38	665000000.00
Total		<u>1069497750.36</u>	<u>880082555.46</u>

SCHEDULE 8

CURRENT LIABILITIES AND PROVISIONS

Sundry Creditors	45839235.98	111599562.42
Customers Credit Balances	10945958.07	16502409.77
Trade Deposits	39030861.79	42116660.79
Other Liabilities	2840412202.71	187362644.50
	<u>380228258.55</u>	<u>357581277.48</u>
Provision for Income Tax	40000000.00	-
Provision for Fringe Benefit Tax	1000000.00	700000.00
Total	<u>421228258.55</u>	<u>358281277.48</u>

SCHEDULE TO PROFIT AND LOSS ACCOUNT For the Year ended	2008-2009 Rupees	2007-2008 Rupees
Interest (Gross)	112350843.34	1134145.91
(Income Tax deducted at source Rs.2,53,69,799 Previous year Rs. 237984/-)		
Dividend (Gross)	16200.00	-
Sale of Scrap	5630860.00	8048962.45
Rent Recovered	328957.00	244480.00
Miscellaneous Income	<u>3305033.90</u>	<u>2152665.61</u>
	121631894.24	11580253.97
State Incentives	60415746.00	52231551.00
Total	<u><u>182047640.24</u></u>	<u><u>63811804.97</u></u>
SCHEDULE 10		
(I) MANUFACTURING EXPENSES		
Consumption of Raw Materials	151269825.76	129162151.26
Consumption of Stores and Spares	53422734.38	39149522.79
Consumption of Packing Materials	60436472.00	51945287.00
POWER & FUEL		
Power	202003784.76	197297711
Fuel	457876234.41	294338792.88
REPAIRS & MAINTENANCE		
Buildings	143441.00	26267.70
Plant & Machinery	34404932.55	22229604.67
Others	9122103.90	8096036.25
EXCISE DUTY	<u>250325555.00</u>	<u>242925212.00</u>
Sub-Total (i)	<u><u>1219005083.76</u></u>	<u><u>985170585.55</u></u>
(II) ADMINISTRATIVE EXPENSES		
SALARIES, WAGES AND BENEFITS TO EMPLOYEES		
Salaries, Wages and Bonus	41329402.70	31160233.72
Contribution to Provident Fund	1503361.00	1277234.00
Gratuity / Superannuation	167192.00	27400.00
Workmen and Staff Welfare Expenses	19661482.31	11787338.33
Brought Forward	<u>62661438.01</u>	<u>44252206.05</u>

	2008-2009	2007-2008
	Rupees	Rupees
Carry Forward	62661438.01	44252206.05
Rent	42600.00	46250.00
Rates and Taxes	5311778.00	2233699.42
Printing & Stationery	580295.50	571300.00
Postage, Telegrams and Telephones	722314.25	924783.00
Travelling Expenses	2173175.25	1678844.84
Directors' Sitting Fee	22500.00	27500.00
Directors' Travelling Expenses	91740.50	50301.00
Remunerations to Statutory Auditors		
i. Audit Fee	225000.00	175000.00
ii. For Tax Consultation	50000.00	50000.00
iii. For Certifications	25000.00	25000.00
iv. For Travelling expenses	6160.00	31014.00
Remuneration to Cost Auditor		
Cost Audit Fee	25000.00	20000.00
Legal and Professional Charges	1657006.00	3657108.00
Subscriptions	146944.00	229921.00
Advertisement	2102317.00	505122.80
Insurance	1450043.00	90416.00
Vehicle Expenses	768021.70	404226.09
Miscellaneous Expenses	3462232.37	1992403.48
Bank Charges	2043501.96	3067419.25
Debit balances written off	-	39002.00
Donations	653250.00	155000.00
Sub-Total (II)	<u>84220317.54</u>	<u>60226516.93</u>
III. SELLING EXPENSES		
Freight and Forwarding Expenses	200700013.10	162585885.66
Rebates and Discounts	41845333.00	6171251.00
Price diff./Sales Commission/selling expns	18352699.62	25246381.50
Sales Tax (including T.O.T)	189537273.01	147029470.00
Sub-Total (III)	<u>450435318.73</u>	<u>341032988.16</u>
Total (I+II+III)	1753660720.03	1386430090.64

	2008-2009	2007-2008
	Rupees	Rupees
SCHEDULE - 11		
INTEREST		
On Term Loans / NCDs.	0.00	1646272.00
On Working Capital borrowings	11004100.00	3029607.00
On Inter Corporate and Others	136287450.24	68728619.73
Total	<u>147291550.24</u>	<u>73404498.73</u>
SCHEDULE 12		
DECREASE/(INCREASE) IN FINISHED AND PROCESS STOCKS		
Finished Goods		
Opening Stock	2569367.00	1282464.00
Closing Stock	6187413.00	2569367.00
Total	<u>-3618046.00</u>	<u>-1286903.00</u>
Process Stock		
Opening Stock	24175167.00	21471578.00
Closing Stock	23592966.00	24175167.00
Total	<u>582201.00</u>	<u>-2703589.00</u>
	<u>-3035845.00</u>	<u>-3990492.00</u>
SCHEDULE 13		
PRIOR PERIOD EXPENSES		
Prior Period expenses (+)	266229.54	281682.07
Prior Period Income (-)	632468.00	0.00
Total	<u>-366238.46</u>	<u>2814682.07</u>

NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009

1. ACCOUNTING POLICIES:

1.01) Depreciation:

Depreciation is provided on straight line method in respect of some plant and machinery situated at Cement Division and all other assets have been depreciated on Written Down Value method. Depreciation has been calculated at the rates specified in Schedule XIV to the Companies Act, 1956 as modified by the Department of Company Affairs vide Notification No.GSR 756(E) dated 16th December, 2003.

1.02) Valuation of Inventories:

- i) Raw materials, stores and spares valued at weighted average cost.
- ii) Process stock and finished goods valued at cost or market price whichever is lower.
- iii) Waste and scrap valued at realizable value.

1.03) Gratuity and Superannuation:

Gratuity /superannuation provided on retirement of employees.

1.04) Insurance Claims:

Insurance claims are taken on the basis of claims lodged/accepted.

1.05) Investments:

Investments are valued at cost.

1.06) Fixed Assets and Capital works-in-progress:

Fixed Assets are stated at cost (Net of CENVAT credit) and including related financial costs till commencement of commercial production less accumulated depreciation. Capital work-in-progress includes advances paid for capital items/works. Indirect and pre-operative expenses related or attributable to the capital works and trial run expenses incurred upto commencement of commercial production are added to the cost of fixed assets in the year of commencement of commercial production.

1.07) Deferred Revenue Expenditure:

The compensation to employees under Voluntary Retirement Scheme at Cement Division, the benefits of which are expected to accrue in future years has been treated as deferred revenue expenditure and amortized over a period of five years.

1.08) Segment Reporting:

The business activity and geographical operations of the company is in one segment of cement product and segment reporting is not applicable.

1.09) Lease:

Lease payments in respect of operational leases are recognized as an expenditure on due and payable basis as per the lease agreements and the future lease payments under non cancelable operational leases for each period are disclosed in notes to accounts.

1.10) Accounting for taxes on income:

- a). Current tax and deferred tax liability, if any, for the year is recognized for the estimated tax payable on the taxable income and timing differences, subject to consideration of prudence in respect of deferred tax asset and the same is treated as tax expense in determination of net profit for the year.
- b). Deferred tax liability as on 01.04.2008, if any, is recognized for all timing differences arising on account of difference in methods/rates of depreciation, deferred revenue expenditure and expenditure allowable under section 43B and deferred tax asset is considered in respect of carry forward losses/allowances on the principle of prudence.

		Rupees in Lakhs	
		2008-2009	2007-2008
2	Contingent liabilities not provided for:		
	a) As a signatory to the Memorandum of Cement Allocation and Co-ordinating Organization	1.00	1.00
	b) Guarantees given by the Bankers/Letters of Credit(Net of margin money paid)	16.19	8.70
	c) Corporate guarantee given to SIPCOT/TIIC for the financial assistance availed by M/s. Cheran Cement Ltd.(Rs.50 lakhs paid during the year)	1362.53	1412.53
	d) Corporate guarantee given to SBI, SBH, Bank of India, Syndicate Bank and Indian Overseas Bank for financial assistance availed by S.P.Y. Agro Industries Limited	7394.29	5162.64
	e) Income Tax (MAT) liability under dispute in appeals for the Assessment year 1998-99. Dispute was settled during the year and hence no liability. (Paid under protest Rs.19.96 lakhs)		22.59
	f) Arrears of dividend on "C" Cumulative Preference shares held by institutions, being not redeemed and requested for extension of time	27.00	24.30
	g) Estimated amount of contracts remaining to be executed on capital account (Net of advances)	3549.86	2941.00

		Rupees in Lakhs	
		2008-2009	2007-2008
3.	Claims against the Company not acknowledged as debts and not provided for:		
a	<p>CENTRAL EXCISE AND CUSTOMS MATTERS: Modvat credits availed and utilized were subsequently disallowed by the Department and demand for differential duty and show cause notice for irregular availment of Cenvat credit(July 2006 to November 2007). The Company has contested in appeals and are pending with the Commissioner of Appeals or CEGAT and/or A.P.High Court (paid under protest Rs.15.52 lakhs)</p>	834.04	341.05
b)	ELECTRICITY MATTERS:		
i)	Claim of APSEB for 10% voltage surcharge for the period from September 1983 to November 1984 contested. High Court granted the stay and directed APSEB to dispose off the pending representations made by the company.	108.73	108.73
ii)	Claim of APSEB for minimum demand charges during disconnection period December, 1999 to March, 2001 at Cement Division, appealed by the company to the electricity authorities for waiver of the same and pending for clarification by the Govt G.O.Ms.No. 488 dated 22 nd December, 2002.(Paid/adjusted against incentives during the year and requested for refund and hence no liability).	-	228.30

		Rupees in Lakhs	
		2008-2009	2007-2008
iii)	Late payment charges and penal interest charged by APCPDCL for belated payments was contested and requested for waiver.	305.95	166.84
c) COMMERCIAL TAX MATTERS:			
i)	Demand raised by the Commercial Tax Department, Tamilnadu in respect of levy of penalty for the assessment year 1994-95 contested in appeal before Appellate Authority and the matter was remanded to assessing authority.	5.56	5.56
ii)	Show cause notice issued by the Commercial Tax Department, Karnataka for payment of assessed tax and interest up to 21.11.2008 for the years 1997-98 to 2000-01 contested before the assessing authority.(Net of liability in the books Rs.133.06 lakhs)	552.59	-
d)	Penal Interest\damages on P.F.Dues: The Department has levied penal interest and damages for delay in P.F.payments for the the period from May 1989 to September 2001 and the company has requested for waiver of the same.	341.50	327.78
e)	OTHER MATTERS: Suits filed by the parties against the company and pending in Appeals/Courts.	146.40	156.78

4. Under The Micro, Small and Medium Enterprises Development Act, 2006 and in accordance with the notification issued by the Ministry of Corporate Affairs, certain disclosures are required to be made relating to Micro and Small Enterprises as defined in the said Act. The company is in the process of compiling the relevant information from its suppliers about their coverage under the said Act and hence required disclosures could not be made.

5. **Disclosure of discontinuation of operations of Wire Division and Chemical Division:**

The operations of the Engineering Division were permanently discontinued from October 2005 and the division was closed on 31.01.2006. The company has entered into an agreement for joint development of land with the developers. As per the requirements of Accounting Standard (AS-24), the book values as at 31.03.2009 of fixed assets (land, office equipment, furniture and vehicle etc.) of Rs.759.95 lakhs were not shown separately but included under relevant heads of account and the amount received from joint developer during the year of Rs.Nil (Previous year Rs.1100.00 lakhs) and advances from intending buyers during the year of Rs.30.00 lakhs (Previous year Rs.422.00 lakhs) shown separately under sources of funds as advance against property development. There was no revenue income/expenses incurred during the year and in previous year.

The operations of the Chemical Division were permanently discontinued and the division was closed on 31.03.1998. During the year 2008-09, the company has disposed off the total land and buildings of the division.

6. During the year 2005-06 the company has announced VRS and the amount settled under VRS / were treated as deferred revenue expenditure to be written off over a period of five years from 2005-06. Accordingly an amount of Rs.282.85 lakhs (Previous year Rs.282.86 lakhs) has been written off and the balance at the year end is Rs.282.85 lakhs (Previous year Rs.565.71 lakhs).

7. Belated charges/overdue interest on delay in payment of statutory dues/liabilities have not been provided in the absence of demand for the same.

8. The balances of sundry debtors, sundry creditors, other liabilities, advance to suppliers for raw materials and spares, other advances including claims and deposits have been shown as appearing in the books of account and are subject to reconciliation and confirmation.

9. **Lease payments:**

There are no lease payments during the year and no liability in future years.

10. **Deferred Tax Liability**

There is no deferred tax liability as on 1st April, 2008 and for the year 2008-09 on account of unabsorbed business loss/depreciation and expenditure allowable under section 43B and 40(a) of the I.T.Act, 1961.

11. **Segment Reporting**

The business activity and geographical operations of the company is in one segment of cement product and hence segment reporting is not applicable.

13 Related party transactions:

The following are the transactions of the related parties, which are related on account of shareholding by key management personnel and their relatives viz. Sri S.P.Y.Reddy, Chairman, Sri S.Sreedhar Reddy, Managing Director and other Directors and the Associated Companies :

Rs. in lakhs					
Sl.No.	Nature of Transaction	Amount of the Year		Balance as at	
		2008 - 09	2007 - 08	31-03-09	31-03-08
1.	Sales/ advances and receivable (Cheran Cement Limited)	Nil	108.50	256.68	256.68
2.	Sitting Fee to other Directors	0.23	0.28	Nil	Nil
3.	Corporate Guarantee given to SIPCOT and TIIC for financial assistance availed by Cheran Cement Limited	50.00	Nil	1362.53	1412.53
4.	Corporate Guarantee given to SBI; SBH, Bank of India, Syndicate Bank and Indian Overseas Bank for Financial assistance availed by SPY Agro Industries Limited	Nil	Nil	7394.29	5162.64
5.	Unsecured Loan from Ex-Director/ repaid	50.00	10.00	56.20	106.20
6.	Purchases from and payable to associate company - Sujala Pipes Private Limited	0.27	153.29	0.27	-
7.	Sales to and receivable from Associate company - S.P.Y. Agro Industries Limited	114.41	132.90	467.03	352.62
8.	Advance / Inter-corporate Deposits given to Associate Company	1833.77	6650.00	8483.77	6650.00

14. EARNING PER SHARE :

Basic and diluted earnings per share (face value of Rs.10/-each) calculated in compliance with the provisions of Accounting Standard 20 for the year ended 31.03.2009, comes to Rs.21.50.(Previous year Rs.26.15.)

The denominator for basic/diluted EPS is 16018139 Equity Shares of Rs.10/- each numerator is net profit after tax of Rs.3446.55 lakhs for the year as per Profit and Loss Account(Previous year Rs.4190.82 lakhs)and as reduced by the preference dividend for the year of Rs.2.70 lakhs on "C" Cumulative Redeemable Preference Shares, which is not provided.

Therefore basic/diluted EPS = Net Profit of Rs.344384617/16018139 shares=Rs.21.50.

15. Licensed and installed capacity, actual production, sales, opening and closing Stocks::

Value Rs. in lakhs

		Cement	
		2008-09	2007 -08
Licensed Capacity	MT	531000	531000
Installed Capacity	MT	531000	531000
Actual Production	MT	503252	471105
Sales (Including self Consumption/sample) :			
Finished goods			
Cement - Quantity	MT	501774	470616
Value	Rs.	20552.87	17259.78
Other products			
Clinker - Quantity	MT	31546	57743
	Rs.	984.31	1473.71
Opening Stock			
Cement - Quantity	MT	1042	553
Value	Rs.	25.69	12.82
Closing Stock			
Cement - Quantity	MT	2520	1042
Value	Rs.	61.87	25.69

16. Details of Raw Materials consumed and purchased for resale :

	2008-09		2007 - 08	
	Quantity Tonnes	Value	Quantity Tonnes	Value
Limestone(Cement Grade)*I	632494	322.57	666636	505.81
Laterite	45030	494.43	34525	364.15
Gypsum	21752	309.27	19090	218.35
Iron Ore	11375	70.98	11764	71.06
Others	56777	315.45	32257	132.25
		<u>1512.70</u>		<u>1291.62</u>

* represents royalty, welfare cess on own quarrying of limestone.

		Rs. In Lakhs	
		2008-09	2007 - 08
17.	Value of imports calculated on CIF basis :		
a)	Raw Materials	Nil	Nil
b)	Components and spare parts	Nil	Nil
c)	Capital	Nil	Nil
	Total	<u>Nil</u>	<u>Nil</u>
18	Value of exports calculated on FOB basis	Nil	Nil
19	Expenditure in Foreign Exchange:		
i)	Raw materials	Nil	Nil
ii)	Travelling Expenses	Nil	Nil
iii)	Others	Nil	Nil
	Total	<u>Nil</u>	<u>Nil</u>
20.	Value of imported and indigenous raw materials, components, spare parts and other materials consumed :		
		2008 09	2007 - 08
		Value	Value
		%	%
Raw materials :			
Imported		Nil	Nil
Indigenous		1512.70	1291.62
		100.00	100.00
	Total	<u>1512.70</u>	<u>1291.62</u>
		<u>100.00</u>	<u>100.00</u>
STORES AND SPARE PARTS :			
Imported		Nil	Nil
Indigenous		534.23	391.50
		100.00	100.00
	Total	<u>534.23</u>	<u>391.50</u>
		<u>100.00</u>	<u>100.00</u>
<p>21. Previous year figures have been regrouped/rearranged wherever necessary to make them comparable with the current year figures. During the previous year Inter-Corporate Loans /Advances have been shown net of unsecured loan from a Private Limited Company and during the year the same have been shown separately under relevant schedules and has no impact on net profit for the year/previous year but increase in previous year figures of Unsecured Loans and Loans and Advances in the Balance Sheet.</p>			
<p>As per our report of even date attached For BRAHMAYYA & CO., Chartered Accountants</p>		<p>For and on behalf of the Board of M/s.Panyam Cements & Mineral Industries Limited</p>	
<p>B.DAIVADHEENAM REDDY Partner M.No.026450</p>		<p>S.P.Y. REDDY Chairman</p>	
		<p>S. SREEDHAR REDDY Managing Director</p>	
<p>Hyderabad Dt.15-07-2009</p>			

BALANCE SHEET ABSTRACT AND COMPANIES GENERAL BUSINESS PROFILE

1. Registration details:

Registration No	:	546	State Code	:	01
Balance Sheet date	:	31. 03. 2009			
		Date Month Year			

2. Capital raised during the year
(Rs.Thousands)

Public Issue	:	Nil	Right Issue	:	Nil
Bonus Issue	:	Nil	Private Placement	:	Nil

3) Position of Mobilisation and
Deployment of Funds
(Rs. In thousands)

Total Liabilities	:	2075358	Total Assets	:	2075358
Source of Funds					
Paid-up Capital	:	162141	Reserves and Surplus	:	331293
Secured Loans	:	279846	Unsecured Loans	:	540917
Application of Funds	:		Advance for property Development	:	7611600
Net Fixed Assets	:	600384	Investments	:	3816
Net Current Assets	:	916907	Misc.Expenditure	:	28285
Accumulated Losses	:	525965			

4) Performance of Company (Rs.Thousands)

Turnover	:	2346827	Total Expenditure	:	1959089
Profit before Tax	:	387739	Profit After Tax	:	344655
Earnings per Share	:	21.50	Dividend rate	:	-

5) Generic Names of Principal Company

Product Description	:	ITC Code
1. Ordinary Portland Cement	:	2502-29

M.No.....

No. of Shares :

FORM OF PROXY

PANYAM CEMENTS & MINERAL INDUSTRIES LIMITED

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

I/We.....of.....

.....in the district of.....being

a member/ members of the above-named Company hereby appoint.....

.....of.....

in the district of.....or failing him.....

.....of.....

in the district of.....as my/our proxy to

attend and vote for me/us on my/our behalf at the Fifty Third Annual General Meeting of the Company

to be held on Saturday, the 29th August, 2009 at 12.00 Noon and at any adjournment thereof.

Signed this.....day.....2009

Signed.....

Affix
30 paise
Revenue
stamp

- N.B. :
- 1) This instrument should be in writing and should be deposited not less than 48 hours before the time of meeting.
 - 2) Any member entitled to attend and vote at the meeting is entitled to appoint a proxy and the proxy need not be a member.

PRINTED MATTER
BOOK - POST

If undelivered please return to :

**PANYAM CEMENTS &
MINERAL INDUSTRIES LIMITED**

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