

Andhra Cements Limited



78th

Annual Report 2016-17

Board of Directors

K.N. Bhandari,	Chairman
Sujit Kumar Mandal,	Managing Director
Pankaj Gaur	
Naveen Kumar Singh	
S. D. M. Nagpal	
R. K. Pandey	
Ravindra Kumar Singh	
Harish K. Vaid	
V. K. Jain	
R. B. Singh	
Manju Sharma	

CFO

A.K. Agrawal

Company Secretary

G. Tirupati Rao
General Manager (Legal) & Company Secretary

Statutory Auditors

M/s Chaturvedi & Partners
Chartered Accountants, New Delhi

Internal Auditors

M/s Lodha & Co.
Chartered Accountants, Hyderabad

Secretarial Auditors

M/s Savita Jyoti Associates
Practicing Company Secretaries, Hyderabad

Cost Auditors

M/s J.K. Kabra & Co
Cost Accountants, Delhi

Registrar & Share Transfer Agent

CIL Securities Ltd,
214, Raghav Ratna Towers,
Chirag Ali Lane, Abids,
Hyderabad - 500001
Ph: +91-40-23202465 | Fax: +91-40-23203028
Website: www.cilsecurities.com
E-mail: rta@cilsecurities.com

Regional Marketing Office

'White House', Block III, 3rd Floor Begumpet,
Hyderabad - 500 016
Ph: +91 40 6727 2727

Registered Office

Andhra Cements Limited
Durga Cement Works
Sri Durgapuram,
Dachepalli - 522414
Guntur (Dist), (AP)
CIN: L26942AP1936PLC002379
Ph: +91-8649-257413 | Fax: +91-8649-257449
Website: www.andhracements.com
E-mail: investorcell@andhracements.com

Corporate office

Jaypee Group Corporate Office
Sector-128, Noida-201304 (UP)
Ph: +91-120-4609000 | Fax: +91-120-4609464

Bankers/Lenders

HDFC Limited
Yes Bank Limited
Karur Vysya Bank Limited
Andhra Bank
IDFC/EARCL

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DIRECTORS' REPORT

To,
The Members

The Directors of your Company are pleased to present the Seventy Eighth Annual Report together with the Audited Accounts of the Company for the Year ended 31st March, 2017.

FINANCIAL HIGHLIGHTS

Summary of the working results of the Company for the period under report are as under:

	(₹ in lakhs)	
	Current Year 2016-17 (12 Months)	Previous period 2015-16 (9 months)
Net Sales	40508	33847
Other Income	233	288
PBIDT	4125	3690
Finance Cost	10501	7304
Depreciation	4004	3012
Profit/(Loss) before exceptional Items	(10331)	(6730)
Profit/(Loss) before Tax	(10331)	(6730)
Deferred Tax	(52)	39
Net Profit / (Loss)	(10279)	(6691)

1. SHARE CAPITAL

The paid up equity share capital as at 31st March, 2017 is ₹ 293,52 lacs. During the period under review, your Company has not issued any shares with differential rights, sweat equity shares and equity shares under employees stock option scheme. Your Company has also not bought back its own shares during the period under review.

2. DIVIDEND

In view of the absence of net profit during the period under review, the Directors regret their inability to recommend any dividend.

3. OPERATIONS

During the period under review, Company's both the plants viz, Durga Cement Works (DCW) and Visakha Cement Works (VCW) were (fully operational). Subsequent to the year end, the Company has commissioned its 30 MW Captive Power Plant (CPP).

During the Period under review, the cost of fuel in the international market has come down due to weak demand. The Company was able to source fuel

at competitive prices and reduce the cost of fuel. Consequent to the favourable crude prices, the other derivatives like the cost of Polypropylene has come down, leading to lowering of prices of HDPE Bags. During the period under review, the average price of diesel has reduced. This has resulted in reduction in mining cost and transportation cost of both incoming and outgoing materials. Moreover, the Company has opted in favour of road movements instead of rail movements in view of its cost advantage. However, obligation to make contribution to District Mineral Foundation and National Mineral Exploration Trust has increased the limestone mining cost. The Government has introduced Swach Bharath Cess of 0.5% on all taxable services. This levy being Non-Cenvatable, the cost of services has increased.

4. DIRECTORATE AND KEY MANAGERIAL PERSONNEL

During the period under report the following changes took place in the Board of the Company:

1. Shri Harish K. Vaid and Shri Vijai Kumar Jain, Directors would retire by rotation at the ensuing Annual General Meeting and, being eligible, they offer themselves for re-appointment.
2. In accordance with the provisions of Section 149 of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, Shri K.N. Bhandari, Shri S.D.M. Nagpal, Shri R. K. Pandey and Shri Ravindra Kumar Singh are Independent Directors of the Company would retire on 29th September, 2017 as per the terms of appointment, being eligible, they offer themselves for re-appointment. Hence, they were proposed to be re-appointed as Independent Directors, for a second term of three consecutive years from 30th September, 2017 to 29th September, 2020. The resolutions in respect of appointment of each of such Independent Directors have been included in the notice convening ensuing Annual General Meeting.
3. Shri Sujit Kumar Mandal, Managing Director of the Company will be retired on 10th August, 2017 as per the terms of appointment.
4. During the year under report, the Board Meet 4 times, the details whereof are given in Report on Corporate Governance. The meetings of Board of Directors were held on 29th May, 2016, 13th September, 2016, 10th December, 2016 and 10th February, 2017.
5. All Independent Directors have given declaration that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act,

2013 and Regulation 16(1)(b) and 25(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

6. Pursuant to the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the Committees constituted by it. The manner in which the formal annual evaluation has been carried out has been explained in the Report on Corporate Governance.
7. The Board has on the recommendation of the Nomination & Remuneration Committee adopted a policy for selection and appointment of Directors, Senior Management and their remuneration. Brief features of the said Policy are:
 - a) Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of Director;
 - b) Nomination and Remuneration Committee shall identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management Position;
 - c) While selecting Independent Directors, the Nomination and Remuneration Committee shall identify persons of integrity who possess relevant expertise and experience required for the position;
 - d) Non-executive/Independent Director may receive remuneration by way of sitting fees for attending meetings of Board or Committee thereof, as amount as may be approved by the Board of Directors within the limits prescribed under the Companies Act, 2013 and the rules made thereunder, provided that the amount of such fees shall not exceed ₹ One lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time. The sitting fee for Independent Directors and Women Directors shall not be less than the sitting fee payable to other Directors;
 - e) An Independent Director shall not be entitled to any stock option of the Company;
 - f) Other employees of the Company shall be paid remuneration as per the Company's HR policies. The breakup of the pay scale and quantum of perquisites including employer's contribution to PF, pension scheme, medical expenses, etc. shall be as per the Company's HR Policy.

The Company shall reimburse actual expenditure incurred by the Directors in the performance of their duties as per the rules and policies of the Company.

Remuneration of other employees shall be reviewed/decided on an annual basis or earlier if deemed necessary, based on performance appraisal of individual employees taking into account several factors such as job profile, qualifications, seniority, experience, commitment including time commitment, performance and their roles and duties in the organization.

- g) The age, term of appointment and retirement of Managing Director/Whole-time Director shall be determined in accordance with the provisions of Companies Act, 2013 read with Rules made thereunder;
- h) Managing Director/Whole-time Director and Key Managerial Personnel shall be paid the remuneration within the overall limit prescribed under the Companies Act, 2013 and the Rules made thereunder as recommended by the Nomination and Remuneration Committee subject to the approval of the Board;
- i) The Company shall provide suitable training to Independent Directors to familiarize them with the Company, their roles, rights, responsibilities in the Company, nature of the Industry in which the company operates, business model of the Company etc;

5. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All Related Party Transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. During the period, the Company had not entered into any contract/arrangement/transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transaction.

The policy on materiality of Related Party Transactions and dealing with Related Party Transactions as approved by the Board may be accessed on the Company's website at www.andhracemens.com.

The details of Related Party Transactions as required under Accounting Standard – 18 are provided in the accompanying financial statements forming part of this Annual Report. Form AOC- 2 pursuant to Section 134 (3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 is set out as "Annexure-A" to this Report.

6. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant and material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

7. AUDITORS

7.1 Statutory Auditors

As the members are aware in accordance with the provisions of Section 139 of the Companies Act, 2013 and the Rules made there under, M/s. Chaturvedi & Partners, Chartered Accountants (Firm Registration No. 307068E), were appointed as Statutory Auditors of the Company in the 75th Annual General Meeting (AGM) for a period of Five consecutive years till the conclusion of 80th AGM of the Company to be held in the year 2019. The appointment of Statutory Auditors has to be ratified at every AGM. The Statutory Auditors, being eligible, offer themselves for re-appointment. The Company has obtained a written consent and a certificate from the Statutory Auditors to the effect that their appointment, if ratified, would be in accordance with the conditions as prescribed and they fulfill the criteria laid down in Section 141 of the Companies Act, 2013.

Based on the recommendations of the Audit Committee, the Board has recommended the ratification of appointment of M/s. Chaturvedi & Partners, Chartered Accountants as Statutory Auditors of the Company to hold office till the conclusion of the Eightieth Annual General Meeting to be held in the year 2019, subject to ratification of their appointment in every AGM.

7.2 Cost Auditors

For the Financial Year 2017-18, the Board of Directors of the Company have on the recommendation of Audit Committee, appointed M/s. J.K. Kabra & Associates, Cost Accountants (Firm Regn No. 00009) Cost Auditors of the Company for auditing the Cost Records relating to the product 'Cement'. In this regard, they have submitted a certificate certifying their independence and their arms length relationship with the Company. The Resolution for ratification of their remuneration has been included in the Notice for ensuing Annual General Meeting.

7.3 Secretarial Audit

Secretarial Audit Report for the financial year ended on 31st March, 2017, issued by M/S. Savita Jyoti Associates, Company Secretaries, in form MR-3 forms part of this report and marked as "Annexure-B".

The said report does not contain any qualification or observation requiring explanation or comments

from Board under section 134(3)(f)(ii) of the Companies Act, 2013.

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board on the recommendations of the Audit Committee, has appointed M/s. Savita Jyoti Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the financial year ended 31st March, 2018.

7.4 Internal Auditor

The Board on recommendations of Audit Committee has appointed M/s Doogar & Associates, Chartered Accountants, as Internal Auditors of the Company for the Financial Year 2017-18.

8. EXTRACT OF ANNUAL RETURN

Pursuant to the provisions of section 134(3)(a) of the Companies Act,2013, Extract of the Annual Return for the year ended 31st March, 2017 made under provisions of Section 92(3) of the Act is attached as "Annexure-C" which forms part of this Report.

9. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the period under review, there were no Loans, Guarantees and Investments made/given as per the provisions of Section 186 of the Companies Act, 2013.

10. RISK MANAGEMENT

The Company has formulated a Risk Management Policy. The Risk Management Policy, which inter-alia:

- a) define framework for identification, assessment, monitoring, mitigation and reporting of risks.
- b) ensures that all the current and future material risk exposures of the Company are identified, assessed, quantified, appropriately mitigated, minimized and managed i.e to ensure adequate systems for risk management.

11. CORPORATE SOCIAL RESPONSIBILITY

In view of absence of required profit/net worth/turnover, the provisions of the Companies Act, 2013 relating to Corporate Social Responsibility are not applicable to the Company.

12. MATERIAL CHANGES AND COMMITMENTS

In terms of Section 134(3) (i) of the Companies Act, 2013, except as disclosed elsewhere in this report, no material changes and commitments which could affect the Company's financial position have occurred between the end of the year and date of this report.

13. CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A Report on Corporate Governance as stipulated by Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, forms part of this Annual Report along with the required Certificate from the Practicing Company Secretary confirming compliance with conditions of Corporate Governance.

As required under Regulation 34(2)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Management Discussion & Analysis Report on operations and financial position of the Company has been provided in a separate section which forms part of this Annual Report.

14. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013, the Directors, based on the representation received from the operating management, certification by CEO and CFO to the Board of Directors and after due enquiry, confirm that in respect of the Audited Annual Accounts for the year ended 31st March, 2017 that:

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed and that there were no material departures;
- b) the Directors had, in consultation with the Statutory Auditors, 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 for the year ended 31st March, 2017 and the loss of the Company for that period;
- c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors had prepared the annual accounts on a going concern basis;
- e) the Directors had laid proper internal financial controls to be followed and that such internal financial controls were adequate and were operating effectively; and
- f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws that such systems were adequate and operating effectively.

15. WHISTLE BLOWER POLICY AND VIGIL MECHANISM

The Company has in terms of the provisions of Section 177(9) of the Companies Act, 2013 read with Rule 7 of

the Companies (Meeting of Board and its Powers) Rules, 2014 and Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, formulated Whistle Blower Policy and Vigil Mechanism for Directors and employees under which protected disclosures can be made by a whistle blower. (www.andhracements.com)

16. INTERNAL FINANCIAL CONTROL

The Internal Financial Controls with reference to financial statements as designed and implemented by the Company are adequate. During the year under review, no material or serious observation has been received from the Internal Auditors of the Company for insufficiency or inadequacy of such controls.

The information about internal financial controls is set out in the Management Discussion & Analysis Report which forms part of this Report.

17. DEPOSITS

The Company has not accepted or renewed any amount falling within the purview of provisions of Section 73 of the Companies Act 2013 ("the Act") read with the Companies (Acceptance of Deposit) Rules, 2014 during the year under review. Hence, the details relating to deposits as also requirement for furnishing of details of deposits which are not in compliance with Chapter V of the Act is not applicable.

However, In accordance with the Modified Rehabilitation Scheme (MS-08), the Company is settling the claims lodged by fixed deposit holders. During the period No Fixed Deposit claims were settled.

18. REDEMPTION OF PREFERENCE SHARES

The company paid redemption claims of Preference Shares remains 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.

19. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said Rules forms part of this Annual Report and is provided as "Annexure- D (I)" in this report.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided as "Annexure- D (II)" to this Report.

20. PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Second Amendment Rules, 2015 (as per the notification dated 4th September, 2015), is annexed herewith as "Annexure-E".

21. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMAN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Woman at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year

under review, no complaints were received by the Company.

22. ACKNOWLEDGEMENT

The Board places on record its sincere appreciation and gratitude to various Departments and Undertakings of the Central Government, and State Governments, Financial Institutions, Banks and other authorities for their continued co-operation and support to the Company. The Board sincerely acknowledges the faith and confidence reposed by the Shareholders in the Company.

For and on behalf of the Board

Place: New Delhi
Date: 5th August, 2017

K.N. BHANDARI
Chairman
[DIN: 00191219]

FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014).

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of material contracts or arrangements or transactions at Arm's length basis.

There were no contracts or arrangements or transactions entered by the Company during the Financial Year 2016-17 which were not at Arm's length basis.

2. Details of material contracts or arrangements or transactions at Arm's length basis.

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	N.A
b)	Nature of contracts/arrangements/transactions	N.A
c)	Duration of the contracts/arrangements/transactions	N.A
d)	Salient terms of the contracts or arrangements or transactions including the values, if any	N.A
e)	Dates of approval by the Board	N.A
f)	Amount paid as advances, if any	N.A

For and on behalf of the Board

K.N. BHANDARI
Chairman
[DIN: 00191219]

Place: New Delhi

Date : 5th August, 2017

FORM NO. MR-3
SECRETARIAL AUDIT REPORT

FOR THE PERIOD (9 MONTHS) ENDED 31st March, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Andhra Cements Limited
CIN: L26942AP1936PLC002379
Durga Cement Works, Durgapuram,
Dachepalli – 522 414, Guntur (Dist), AP

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s Andhra Cements Limited (hereinafter called the 'Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing my opinion thereon.

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in my/our opinion, the company has, during the audit period from April 1, 2016 to March 31, 2017 ('audit period') complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the year ended 31st March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (Not applicable during the Audit period)

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not applicable during the Audit period)
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (Not applicable during the Audit period)
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable during the Audit period)
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable during the Audit period) and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable during the Audit period)

We have relied on certifications/representations made by the officers of the Company and mechanism formed by the Company for compliance under the Applicable Act, Laws and Regulations to the Company. Major laws applicable to the company are as follows:

1. Mines and Minerals (Development and Regulation) Act , 1957
2. Factories Act, 1984;
3. Contract Labour Act, 1970;
4. Employees' Provident Funds & Miscellaneous Provisions Act, 1952;
5. Industrial Dispute Act, 1947;
6. Environment (Prevention of pollution control) Act, 1986;
7. Cement (Quality Control) Order, 2003;
8. Limestone and Dolomite Mines Labour Welfare Fund Act, 1972;
9. Mineral Conservation and Development Rules, 1988;
10. Metalliferous Mine Regulations, 2012; and
11. Explosives Act, 2008.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 & Listing Agreements entered with the National Stock Exchange of India Limited and the BSE Limited.

We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the laws applicable to the Company.

We further report that, the Board of Directors of the Company is constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All the decisions at the Board Meeting and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that, there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For Savita Jyoti Associates

Savita Jyoti
Practicing Company Secretary
FCS No. 3738; C P No.:1796

Place: Hyderabad
Date : 27th May, 2017

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2017

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014].

I. REGISTRATION AND OTHER DETAILS

i)	CIN	L26942AP1936PLC002379
ii)	Registration Date	9 th December, 1936
iii)	Name of the Company	Andhra Cements Limited
iv)	Category/Sub-Category of the Company	Public Company
v)	Address of the Registered Office and Contact Details	Durga Cement Works, Sri Durgapuram, Dachepalli- 522414, Guntur Dist, (AP)
vi)	Whether Listed Company	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	CIL Securities Ltd, 214, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad - 500001 Phone No.:+91-40-23202465

II.	PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY All the business activities contributing 10% or more of the total turnover of the company	As per Attachment - I
III.	PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES	As per Attachment - II
IV.	SHARE HOLDING PATTERN (Equity Share Capital Breakup as Percentage of Total Equity)	
	i) Category-wise Share Holding	As per Attachment - III
	ii) Shareholding of Promoters	As per Attachment - IV
	iii) Change in Promoters' Shareholding	As per Attachment - V
	iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)	As per Attachment - VI
	v) Shareholding of Directors and Key Managerial Personnel	As per Attachment - VII
V.	INDEBTEDNESS	
	Indebtedness of the Company including interest outstanding/accrued but not due for payment	As per Attachment - VIII
VI.	REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL	
	i) Remuneration to Managing Director, Whole-time Directors and/or Manager	As per Attachment - IX
	ii) Remuneration to other directors	As per Attachment - X
	iii) Remuneration to Key Managerial Personnel other than MD/ Manager/WTD	As per Attachment - XI
VII.	PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES	As per Attachment - XII

II	PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY	ATTACHMENT- I
	All the business activities contributing 10% or more of the total turnover of the company shall be stated:-	

Sl No	Name & Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1	Cement Manufacturing	NA	100%

III	Particulars of Holding, Subsidiary & Associate Companies		ATTACHMENT- II		
Sl No	Name & Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% Of Shares Held	Applicable Section
1	Jaypee Development Corporation Limited, Sector-128, Noida – 201304 (UP)	U74140UP2007PLC052885	Holding	68.79	2(46)
2	Jaiprakash Associates Limited, Sector-128, Noida-201304, Uttar Pradesh	L14106UP1995PLC019017	Associate	Nil	2(6)

IV SHAREHOLDING PATTERN (Equity Share Capital Break up as % to total Equity)

(i) Category -wise Share Holding

Category of Shareholders		No. of Shares held at the beginning of the year 01.04.2016				No. of Shares held at the end of the year 31.03.2017				% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	Promoters									
1	Indian									
	a) Individual/HUF	0	0	0	0	0	0	0	0	0
	b) Central Govt.or State Govt.	0	0	0	0	0	0	0	0	0
	c) Bodies Corporates	20,19,26,406	0	20,19,26,406	68.79	20,19,26,406	0	20,19,26,406	68.79	0
	d) Bank/Fl	0	0	0	0	0	0	0	0	0
	e) Any other	0	0	0	0	0	0	0	0	0
	SUB TOTAL:(A) (1)	20,19,26,406	0	20,19,26,406	68.79	20,19,26,406	0	20,19,26,406	68.79	0
2	Foreign									
	a) NRI-Individuals	0	0	0	0	0	0	0	0	0
	b) Other Individuals	0	0	0	0	0	0	0	0	0
	c) Bodies Corp.	0	0	0	0	0	0	0	0	0
	d) Banks/Fl	0	0	0	0	0	0	0	0	0
	e) Any other	0	0	0	0	0	0	0	0	0
	SUB TOTAL (A) (2)	0	0	0	0	0	0	0	0	0
	Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	20,19,26,406	0	20,19,26,406	68.79	20,19,26,406	0	20,19,26,406	68.79	0
B	PUBLIC SHAREHOLDING									
1	Institutions									
	a) Mutual Funds	886	11867	12753	0.00	886	11867	12753	0.00	0
	b) Banks/Fl	270036	32269	302305	0.10	7934337	32269	7966606	2.71	0
	c) Central Govt.	0	0	0	0	0	0	0	0	0
	d) State Govt.	0	0	0	0	0	0	0	0	0
	e) Venture Capital Fund	0	0	0	0	0	0	0	0	0
	f) Insurance Companies	0	0	0	0	0	0	0	0	0
	g) FIs	0	7390000	7390000	2.52	0	7390000	7390000	2.52	0
	h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
	i) Others (specify)	0	0	0	0	0	0	0	0	0
	SUB TOTAL (B)(1):	270922	7434136	7705058	2.62	7935223	7434136	15369359	5.23	0

Category of Shareholders		No. of Shares held at the beginning of the year 01.04.2016				No. of Shares held at the end of the year 31.03.2017				% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2	Non Institutions									
	a) Bodies corporates									
	i) Indian	44893880	46426	44940306	15.31	35254193	46376	35300569	12.03	-3.28
	ii) Overseas									

Category of Shareholders		No. of Shares held at the beginning of the year 01.04.2016				No. of Shares held at the end of the year 31.03.2017				% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b)	Individuals									
	i) Individual shareholders holding nominal share capital upto ₹ 1 lakhs	16967852	1165118	18132970	6.18	24356673	1148690	25505363	8.69	+2.51
	ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakhs	19474468	0	19474468	6.63	13768785	0	13768785	4.69	-1.94
c)	Others (NRI's)	1301348	39936	1341284	0.46	1610370	39640	1650010	0.56	+0.08
SUB TOTAL (B)(2):		82637548	1251480	83889028	28.58	74990021	1234706	76224727	25.97	-2.61
Total Public Shareholding (B)= (B)(1)+(B)(2)		82908470	8685616	91594086	31.21	82925244	8668842	91594086	31.21	0
C	Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)		284834876	8685616	293520492	100	284851650	8668842	293520492	100	0

(ii) Shareholding of Promoters

ATTACHMENT- IV

Sl. No.	Shareholders Name	Shareholding at the beginning of the year 01.04.2016			Share Holding at the end of the Year 31.03.2017			% change in share holding during the year
		No of shares	% of total shares of the company	% of shares pledged encumbered to total	No of shares	% of total shares of the company	% of shares pledged encumbered to total	
1	Jaypee Development Corporation Limited	201926406	68.79	51.60	201926406	68.79	75.00	0
Total		201926406	68.79	51.60	201926406	68.79	75.00	0

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

ATTACHMENT- V

Sl No.	Shareholders Name	Shareholding at the beginning of the year 01.04.2016			Date	Increase/ (Decrease) in shareholding	Reason	Cumulative holding during the year 01.04.2016 to 31.03.2017	
		No of shares	% of total shares of the company	% of shares pledged encumbered to total				No of shares	% of Total Shares of the Company
1	Jaypee Development Corporation Limited	201926406	68.79	51.60	-	-	201926406	68.79	
Total		201926406	68.79	51.60	-	-	201926406	68.79	

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)

Sl No.	Shareholders Name	Shareholding at the beginning of the year 01.04.2016		Date	Increase/ (Decrease) in shareholding	Reason	Cumulative holding during the year	
		No of shares	% of total shares				No of shares	% of Total Shares
1	HDFC LIMITED	9106778 16850277	3.10 5.74	01.04.2016	-	-	9106778	
				01.04.2016	-	-	16850277	
				31.03.2017	-	-	9106778	3.10
				31.03.2017	-	-	16850277	5.74
2	NRC LIMITED	9000000	3.07	01.04.2016	-	-	9000000	
				10.03.2017	-	Sale	0	-3.07
3	PUNJAB NATIONAL BANK		3.07	10.03.2017	9000000	Purchase	9000000	
				17.03.2017	100000	sale	8900000	
				24.03.2017	596684	sale	8303316	
				31.03.2017	638988	sale	7664328	2.61
4	FIDELITY CAPITAL INVESTMENT INC.	7390000	2.52	01.04.2016	-	-	7390000	
				31.03.2017	-	-	7390000	2.52
5	FRONTLINE SECURITIES LTD. AAAC0930D	1200000	0.41	01.04.2016	-	-	1200000	
				08.04.2016	95000	Purchase	1295000	
				22.04.2016	50000	Purchase	1345000	
				20.05.2016	75000	Purchase	1420000	
				22.07.2016	50000	Purchase	1470000	
				29.07.2016	17500	Purchase	1487500	
				26.08.2016	75000	sale	1412500	
				02.09.2016	119619	sale	1292881	
				19.09.2016	5000	sale	1287881	
				14.10.2016	53750	sale	1234131	
				21.10.2016	85122	sale	1149009	
				28.10.2016	70423	sale	1078766	
				02.12.2016	55134	sale	1023632	
				09.12.2016	50000	sale	973632	
				30.12.2016	4220	sale	969412	
				06.01.2017	10000	sale	959412	
				13.01.2017	35000	sale	924412	
20.01.2017	309478	sale	614934					
17.02.2017	15000	Sale	599934					
31.03.2017	-	-	599934	0.20				
5	ENNR STAR TRADE LTD AAACA8269L	41000	0.20	1.04.2016	-	-	573105	
				08.04.2016	5000	Purchase	578105	
				22.04.2016	60468	Sale	517637	
				29.04.2016	10000	Purchase	527637	
				06.05.2016	1000	Purchase	528637	
				03.06.2016	54109	Sale	474528	
				05.08.2016	56967	Sale	417561	
				28.10.2016	105015	Purchase	522576	
				25.11.2016	46497	Sale	476079	
				31.03.2016	394859	Sale	81220	0.03
7	RAKESH K.JAIN AAPJ0132A	50000	0.02	03.07.2015	-	-	50000	
				04.09.2015	550000	Purchase	600000	
				09.10.2015	-53340	Sale	546660	
				16.10.2015	-34600	Sale	512060	
				23.10.2015	-5000	Sale	507060	
				27.11.2015	-15000	Sale	492060	
				04.12.2016	-387	Sale	491673	
				11.12.2015	-91673	Sale	400000	
				31.03.2016	-156460	Sale	243540	0.08

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SI No.	Shareholders Name	Shareholding at the beginning of the year 01.04.2016		Date	Increase/ (Decrease) in shareholding	Reason	Cumulative holding during the year	
		No of shares	% of total shares				No of shares	% of Total Shares
8	ENNAR STAR TRADE LIMITED AAACA8269L	369907	0.13	18.12.2015	369907	Purchase	369907	
				25.12.2015	12501	Purchase	382408	
				31.12.2015	2000	Purchase	384408	
				01.01.2016	10000	Purchase	394408	
				08.01.2016	23839	Purchase	418247	
				15.01.2016	8000	Purchase	433751	
				29.01.2016	7504	Purchase	433751	
				05.02.2016	-11089	Sale	422662	
				12.02.2016	23260	Purchase	445922	
				18.02.2016	33258	Purchase	479180	
				19.02.2016	-10000	Sale	469180	
				29.02.2016	46440	Purchase	515620	
				04.03.2016	34000	Purchase	549620	
				11.03.2016	10752	Purchase	560372	
				18.03.2016	11818	Purchase	572190	
				25.03.2016	1500	Purchase	573690	
				31.03.2016	-585	Sale	573105	0.20
9	FONTLINE CAPITAL SRV LT AAACF0305Q	553340	0.19	01.04.2016	-	-	553340	
				30.06.2016	11660	Purchase	565000	
				07.10.2016	83750	sale	481250	
				14.10.2016	12500	sale	468750	
				20.01.2017	25000	sale	443750	
				31.03.2017	407590	sale	36160	0.01
10	HOPE CONSULTANTS LIMITED AAACH0257P	50000	0.02	01.04.2016	-	-	50000	
				23.09.2016	460000	Purchase	510000	
				04.11.2016	40000	Sale	470000	
				25.11.2016	10000	Purchase	480000	
				03.02.2017	10000	sale	470000	
				31.03.2017	-	-	470000	0.17
11	RAHUL PRAKASH SARDA AMRPS2359H	492735	0.17	01.04.2016	-	-	492735	
				31.03.2017	-	-	492735	0.17
12	IDEAS 1ST INFORMATION SERVICES PVT LTD AABC16070L	450000	0.15	01.1.2016	-	-	450000	
				16.09.2016	450000	sale	0	
13	FLORICULTURE PRIVATE LIMITED AABC56431M	420358	0.14	01.04.2016	-	-	420358	
				10.02.2017	5000	Purchase	425358	014
				31.03.2017	5000	Purchase	425358	014
14	ANITA VEMULAPALLI ACPV6305E	424000	0.14	01.04.2016	-	-	424000	0.14
				31.03.2017	-	-	424000	0.14
15	BRN COMMODITIES AND TRADING CO PRIVATE LIMITED AAACJ2077R	405574	0.14	01.04.2016	-	-	405574	
				27.01.2017	44446	sale	361128	
				31.03.2017	-	-	361128	0.12
16	KARVY STOCK BROKING LTD. AABCK5190K	332392	0.11	01.04.2016	-	-	332392	
				06.01.2017	32380	purchase	364772	
				13.01.2017	3710	purchase	368482	
				20.01.2017	9200	purchase	377682	
				27.01.2017	16880	purchase	394562	
				03.02.2017	20805	sale	373757	
				17.02.2017	10612	purchase	384369	
				24.02.2017	13649	sale	370720	
				31.03.2017	26179	sale	344541	
				31.03.2017	-	-	344541	0.12

(v) Shareholding of Directors & Key Managerial Personnel

Sl. No.	Name	Shareholding at the beginning of the year 01.04.2016		Date	Increase/ (Decrease) in shareholding	Reason	Cumulative Shareholding during the year	
		No of shares	% of total shares of the company				No of shares	% of Total Shares of the Company
1	Shri K N Bhandari, Chairman Independent Director	NIL	0.00	-	0.00	Nil Movement during the year	NIL	0.00
2	Shri Sujit Kumar Mandal, Managing Director	NIL	0.00	-	0.00	Nil Movement during the year	NIL	0
3	Shri Pankaj Gaur, Director	NIL	0.00	-	0.00	Nil Movement during the year	NIL	0
4	Shri Naveen Kumar Singh, Director	NIL	0.00	-	0.00	Nil Movement during the year	NIL	0
5	Shri Ravindra Kumar Singh, Independent Director	NIL	0.00	-	0.00	Nil Movement during the year	NIL	0
6	Shri Harish .K. Vaid, Director	NIL	0.00	-	0.00	Nil Movement during the year	NIL	0
7	Shri Sain Ditta Mal Nagpal Independent Director	NIL	0.00	-	0.00	Nil Movement during the year	NIL	0
8	Shri Radha Krishna Pandey, Independent Director	NIL	0.00	-	0.00	Nil Movement during the year	NIL	0
9	Shri Vijai Kumar Jain Director	NIL	0.00	-	0.00	Nil Movement during the year	NIL	0
10	Shri R B Singh Director	NIL	0.00	-	0.00	Nil Movement during the year	NIL	0
11	Shri Manju Sharma Director	NIL	0.00	-	0.00	Nil Movement during the year	NIL	0
12	Shri A.K. Agrawal CFO	NIL	0.00	-	0.00	Nil Movement during the year	NIL	0
13	Shri G. Tirupati Rao Company Secretary & GM (L)	2500	0.00	-	0.00	Nil Movement during the year	2500	0.00

V Indebtedness

Indebtedness of the Company (including interest outstanding/acrued but not due for payment for financial year 2016-17)

(In ₹)

S. No.	Particulars	Secured Loans Excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
A	Indebtedness at the beginning of the Financial Year (01.04.2016)				
	i) Principal Amount :				
	a) Rupee Term Loan	8,381,455,970	296,781,698	-	8,678,237,668
	b) ECB/FCCBs	-	-	-	-
	c) Working Capital	356,944,976	-	-	356,944,976
	ii) Interest due but not paid	116,282,002	-	-	116,282,002
	iii) Interest accrued but not due	19,847,478	-	-	19,847,478
	Total (i to iii)	8,874,530,426	296,781,698	-	9,171,312,124

S. No.	Particulars	Secured Loans Excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
B	Changes in Indebtedness during Financial Year 2016-17				
	Addition				
	i) Principal Amount :				
	a) Rupee Term Loan	283,174,780.00	24,797,125.48	-	307,971,905
	b) ECB/FCCBs	-	-	-	-
	c) Working Capital	473,092,486.00	-	-	473,092,486
	ii) Interest due but not paid	141,596,107.07	-	-	141,596,107
	iii) Interest accrued but not due	1,363,680.77	-	-	1,363,681
	Total - B	899,227,053.84	24,797,125.48	-	924,024,179.32
	* increase in unsecured loan is due to accumulated interest				
B1	Reduction				
	i) Principal Amount :				
	a) Rupee Term Loan	-	-	-	-
	b) ECB/FCCBs	-	-	-	-
	c) Working Capital	444,884,803.00	-	-	444,884,803
	ii) Interest due but not paid	-	-	-	-
	iii) Interest accrued but not due	-	-	-	-
	Total - B	444,884,803.00	-	-	444,884,803.00
C	Indebtedness at the end of the Financial Year (31.03.2017)				
	i) Principal Amount :				
	a) Rupee Term Loan	8,664,630,750.00	321,578,823.48	-	8,986,209,573.48
	b) ECB/FCC Bs	-	-	-	-
	c) Working Capital	385,152,659.00	-	-	385,152,659.00
	ii) Interest due but not paid	257,878,109.07	-	-	257,878,109.07
	iii) Interest accrued but not due	21,211,158.77	-	-	21,211,158.77
	Total (i to iii)	9,328,872,676.84	321,578,823.48	-	9,650,451,500.32

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

ATTACHMENT- IX

i) Remuneration to Managing Director, Whole-time Director and/or Manager:

(In ₹)

Sl. No	Particulars of Remuneration	Name of the MD/WTD/Manager
		Shri S.K. Mandal Managing Director & CEO
1	Gross salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	95,68,800
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-
2	Stock option	-
3	Sweat Equity	-
4	Commission as % of profit others (specify)	-
5	Others, please specify-	
	P.F-Employer's Contribution, etc.	7,45,200
	Total (A)	1,03,14,000

Note: Ceiling on managerial remuneration as per Companies Act, 2013: to Whole-time Director/MD, 5% of net profits of the Company calculated as per Section 198 of Companies Act, 2013 with an overall ceiling of 10% of net profits as calculated as per Section 198 of Companies Act, 2013.

ii) Remuneration to other Directors:
Independent Directors

ATTACHMENT- X
(In ₹)

Sl. No.	Name of the Director	Fee for attending Board/ Committee meetings	Commission	Others, please specify	Total
1	Shri K.N. Bhandari	160000			160000
2	Shri S.D.M. Nagpal	280000	-	-	280000
3	Shri R.K. Pandey	180000	-	-	180000
4	Shri R.K. Singh	60000	-	-	60000
	Total (1)	680000			680000

Other Non-Executive Directors

Sl. No.	Name of the Director	Fee for attending Board/ Committee meetings	Commission	Others, please specify	Total
1	Shri Pankaj Gaur	60000	-	-	60000
2	Shri Naveen Kumar Singh	60000	-	-	60000
3	Shri Harish K. Vaid	260000	-	-	260000
4	Shri V.K. Jain	60000	-	-	60000
5	Shri R.B. Singh	140000	-	-	140000
6	Smt. Manju Sharma	60000	-	-	60000
	Total (2)	640000			440000
	Total (1)+(2)	1320000			1320000

ATTACHMENT- XI
(In ₹)

iii) Remuneration to Key Managerial Personnel Other than MD/Manager/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		CFO	Company Secretary	
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	27,46,596	18,01,493	45,48,089
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	2,27,038	-	2,27,038
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission as % of profit	-	-	-
	others, specify	-	-	-
5	Others, please specify-PF- Employer's Contribution etc.	93,600	64,314	1,57,914
	Total	30,67,234	18,65,807	49,33,041

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

ATTACHMENT - XII

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/ Compounding fees imposed	Authority (RD/NCLT/Court)	Appeal made if any (give details)
A. COMPANY					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. DIRECTORS					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

ANNEXURE 'D'

I STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO PROVISIONS OF SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(2) AND RULE 5(3) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

(A) Employed throughout the year and in receipt of remuneration aggregating ₹ 60,00,000/- or more per annum:-

Name of Employees, Designation/Nature of Duties, Gross Remuneration (₹), Qualification, Age (In Years), Total Experience (In Years), Date of Commencement of Employment, Previous Employment, Percentage of Equity Shares Held In the Company :

(i) Shri S.K. Mandal, Managing Director & CEO, ₹ 103.14 lakhs, BE (Mechanical) and PG Diploma in Management (IIM), 67 year, 44 years, 11th August, 2014, IFCI Ltd, 0.00%

(B) Employed for part of the year and in receipt of remuneration aggregating ₹ 5,00,000/- or more per month:-

Nil

Notes:

- Gross remuneration includes salary, house rent allowance and other perquisites like medical reimbursement, leave travel assistance, Company's contribution towards provident fund, gratuity, leave encashment etc.
- The Managing/Whole-time Directors hold their respective offices for a period of 3 years from the date of their respective appointments.
- None of the above employees is related to any Director or Key Managerial Personnel or their respective relatives.

II DISCLOSURES PERTAINING TO REMUNERATION AND OTHER DETAILS AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

(i) **The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year :**

Particulars	Ratio to Median Remuneration
*Shri S.K. Mandal, Managing Director & CEO	30 : 1

(ii) **The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year :**

Particulars	% increase in the Remuneration
Shri S.K. Mandal, Managing Director & CEO	0
Shri A.K. Agarwal, CFO	0
Shri G. Tirupati Rao, Company Secretary	0

(iii) **The percentage increase in the median remuneration of employees in the financial year.** No change in median remuneration of employees in the Financial Year.

(iv) **The number of permanent employees on the rolls of Company:** 254

(v) **The explanation on the relationship between average increase in remuneration and Company performance:**

The increase in average remuneration of all employees (excluding Key Managerial Personnel) in the financial year 2016-17 as compared to the financial year 2015-16 was 0%.

The increase in remuneration is linked to several factors including achievement of annual corporate goals, overall business, financial and operational performance. The relationship between increase in remuneration needs to be compared over a long term horizon and cannot be strictly compared with annual performance.

Key indices of Company's performance are :

Particulars	2016-17	2015-16	Growth (%)
Net Sales from Operations (₹ In lacs)	40508	33847	36%
Profit Before Tax (₹ In lacs)	(10331)	(6730)	(53)%
Profit After Tax(₹ In lacs)	(10279)	(6691)	(53)%

(vi) Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:

(₹ In Lacs)

Particulars	Chief Executive Officer & MD	Company Secretary	CFO
Remuneration of Key Managerial Personnel (KMP) during – financial year 2016-17 (aggregated) (₹ in lacs)	103.14	18.66	30.67
Revenue from operations (₹ in lacs)	40508	40508	40508
Remuneration (as % of revenue)	0.25%	0.05%	0.07%
Profit before tax (PBT)	(10331)	(10331)	(10331)
Remuneration (as % of PBT)	NA	NA	NA

(vii) Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year :

Particulars	Unit	As at 31 st March, 2017	As at 31 st March, 2016	Variation
Closing price of shares at BSE	₹	11.00	6.95	(58%)
EPS (Consolidated)	₹	1.28	2.22	(0.94%)
Market Capitalization	₹	32287.36	20399.67	(58%)
Price Earnings Ratio	Ratio	2.06	2.06	(0%)

(viii) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

(₹ in Lacs)

Particulars	2016-17	2015-16
Average monthly salary of all employees (other than Key Managerial Personnel)	73.53	69.12
Salary of Chief Executive Officer/MD	8.60	7.03
Salary of Company Secretary	1.55	1.53
Salary of CFO	2.56	2.31

(ix) Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company :

Each KMP is granted salary based on his qualification, experience, nature of job, industry benchmark and many other factors, comparison of one against other is not feasible. The comparison of remuneration against performance is detailed in point no. (vi) above

The remuneration of Key Managerial Personnel increased by 0.60% in 2016-17, compared to 2015-16.

Profit Before Tax and exceptional items decreased by (54%) in 2016-17, compared to 2015-16.

(x) The key parameters for any variable component of remuneration availed by the Directors : Nil

(xi) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year : NIL

(xii) Affirmation that the remuneration is as per the remuneration policy of the Company : The Company affirms that the remuneration paid to the Directors, Key Managerial Personnel and senior management is as per the Remuneration Policy of our Company.

PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS REQUIRED UNDER THE COMPANIES (ACCOUNTS) RULES, 2014**A. CONSERVATION OF ENERGY****(i) Energy Conservation measures taken during the twelve months period ended 31st March, 2017**

- a) Pre-heater cyclone's sealing are being checked regularly, in order to reduce false air ingress in pyro-processing system to improve the productivity with reduced fuel consumption.
- b) Reduction in HSD (High Speed Diesel) consumption during Kiln start-up is achieved by adopting the Best Operational Practices of Group.
- c) X-Ray analyzer installed and commissioned, resulted in close quality control of Raw mix and good clinker quality.
- d) Coal mill hot gas circuit leakages are plugged; resulted in higher gas temperature at coal mill inlet, hence HAG operation stopped for Coal mill VRM operation.
- e) Cement grinding process optimization along with Vertical Roller pre-grinder for enhanced production of cement.

(ii) Steps taken by the Company for utilizing alternate sources of energy:

Proposal for VVFD installation on Process fans are being evaluated with good return on investment, will be considered for procurement.

B. TECHNOLOGY ABSORPTION**(i) Efforts made towards Technology Absorption:**

Clinker Cooler optimization @ 5000 tpd production is planned with IKN, Germany.

(ii) Benefits derived like product improvement and cost reduction:

- a) Higher clinker and Cement production with improved thermal efficiency of clinkerization and reduced electrical energy consumption.
- b) Complete plant is emission free due to best practices of maintenance & operation of Process filters and Electro static precipitator.
- c) Close circuit water recirculation with cooling tower is very effective with low water and energy consumption.

(iii) Information regarding technology imported during last 3 years: Nil**(iv) Expenditure incurred on Research and Development: Nil****C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

Particulars of Foreign Exchange expenditure and earnings are given in note No. 3.8 of Notes to the Financial Statements.

REPORT ON CORPORATE GOVERNANCE

Report on Corporate Governance as prescribed by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") is given below:

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance refers to the way in which a company is directed, administered and controlled and concerns the relationships among various internal and external stakeholders, Corporate Governance also provides the structure through which the objectives of a Company are set and the means of attaining those objectives and monitoring performance are determined.

Your Company's Governance practices reflect the culture of trusteeship deeply ingrained in its value system and it is committed to the adoption of best governance practices and their adherence in true spirit at all times.

Your Company continuously strives to achieve excellence in corporate governance through its values-integrity, Commitment, Passion, Seamlessness and Speed.

2. BOARD OF DIRECTORS

It is important to consider a variety of personal attributes among the Board incumbents including intellect, judgement, openness, honesty and the ability to develop trust. A Board requires Directors who have the intellectual capability to question status quo and debate and new policy/ strategy as also offer suggestions and alternatives.

The Board of the Company consists of eminent persons with considerable professional expertise and experience in technical, commercial, legal, finance, business administration and other related fields, who not only bring wide range of experience and expertise, but also impart desired level of independence to the Board.

Diversity, in all its aspects, serves an important purpose for the Board effectiveness. It can widen perspectives while making decisions, avoid similarity of attitude and help companies better understand and connect with its stakeholders. Such diversity may be with regard to academic qualifications, technical expertise, regional and industry knowledge, experience and age. The Company's Board represents diversity in terms of all these parameters including but limited to those described above, in order to enable it to discharge its duties and responsibilities effectively.

As per SEBI (LODR) Regulations 2015, where the Chairman of the Board is Non-Executive Director at least one-third of the Board should comprise of Independent directors. Our Company's Board as on 31st March, 2017 consisted of 11 Directors out of which 4 are Independent Directors.

Details regarding the attendance of Directors at the Board Meetings, Annual General Meeting, number of other Directorships and Committee positions held by them in other Companies, as on 31st March, 2017, are given below:

Name of Directors	Category	Board Meeting Attendance	Last AGM Attendance	No. of other Directorships	No. of other Committee positions held	
					Member	Chairman
Shri S.K. Mandal	ED	04	Yes	0	0	0
Shri Pankaj Gaur	NED	03	No	06	0	0
Shri Naveen Kumar Singh	NED	03	Yes	03	0	0
Shri K.N. Bhandari	NED & ID	04	No	07	2	1
Shri Sain Ditta Mal Nagpal	NED & ID	04	No	06	1	1
Shri Radha Krishna Pandey	NED & ID	04	No	07	3	1
Shri Ravindra Kumar Singh	NED & ID	02	No	02	0	0
Shri Harish K Vaid	NED	03	No	04	2	0
Shri V.K. Jain	NED	03	Yes	01	0	0
Shri R.B.Singh	NED	03	No	03	0	0
Sri Manju Sharma	NED	03	No	01	0	0

NED: Non-Executive Director, ED: Executive Director, ID: Independent Director

Notes:

- For the purpose of number of Directorship of Individual Directors, other Directorships of only Indian Public Limited Companies have been considered pursuant to Section 165 of the Companies Act, 2013. None of the Directors exceeds the prescribed limit of 20 Companies out of which maximum 10 are Public Companies.
- Independent Directors are in compliance of the requirement under Regulation 25 of the Listing Regulations.
- Committee positions of only two Committees, namely, Audit Committee and Stakeholders Relationship Committee in Public Limited Companies have been considered pursuant to Reg, 26 of SEBI (LODR) Regulations, 2015.
- None of the Directors of the Company is related inter-se, in terms of Section 2(77) of the Companies Act, 2013.

Number of Equity Shares held by the Directors as on 31st March, 2017 are tabulated below:

Name of Directors	Designation	No. of Equity Shares
Shri K.N. Bhandari	Chairman	NIL
Shri S.K. Mandal	Managing Director & CEO	NIL
Shri Pankaj Gaur	Director	NIL
Shri Naveen Kumar Singh	Director	NIL
Shri S.D.M. Nagpal	Director	NIL
Shri R.K. Pandey	Director	NIL
Shri R.K. Singh	Director	NIL
Shri Harish K. Vaid	Director	NIL
Shri V.K. Jain	Director	NIL
Shri R.B. Singh	Director	NIL
Smt. Manju Sharma	Director	NIL

None of the Directors is holding any convertible instrument of the Company.

Number of Board Meetings held and dates thereof

During the financial year, 2016-17, four meetings of the Board of Directors were held. The meetings were held on 29th May, 2016, 13th September, 2016, 10th December, 2016, and 10th February, 2017. The maximum time gap between two meetings was not more than four calendar months.

The details of attendance of the Directors at the Board Meetings are as under:

Sl. No.	Date	Board Strength	Meeting attended by the Board Members
i)	29 th May, 2016	11	10
ii)	13 th September, 2016	11	11
iii)	10 th December, 2016	11	07
iv)	10 th February, 2017	11	08

Pursuant to Schedule IV of the Companies Act, 2013 and the Rules made thereunder, and Listing Agreement, the Independent Directors of the Company have held a meeting during the year, in absence of the non-independent Directors and members of management. All the independent Directors were present at this meeting and participated in the discussions.

Information placed before the Board

Information placed before the Board of Directors broadly covered the items specified in SEBI (LODR) Regulations, 2015 and such other items which are necessary to facilitate meaningful and focused deliberations on issues concerning the Company and taking decisions in an informed and efficient manner. The Directors on the Board have complete access to all the information of the Company, as and when becomes necessary.

3. CODE OF CONDUCT

The Board of Directors have laid down a Code of Conduct for all Board members and Senior Management Personnel of the Company. The Code of Conduct has also been posted on the website of the Company viz. www.andhracemts.com.

The members of the Board and Senior Management Personnel have, on 31st March, 2017 affirmed compliance with the Code of Conduct. A declaration to this effect, duly signed by the CEO is annexed and forms part of this Report.

4. AUDIT COMMITTEE

A key element in the Corporate Governance process of any organization is its Audit Committee. Effective Audit Committees can greatly assist the Boards in discharge of their duties in respect of integrity of the Company's financial reporting. Indeed, it is essential that Boards, Management, Auditors, Internal Auditors and Audit Committees all work with a common purpose to ensure that the Company obtains the benefits of the Audit Committee in terms of better financial reporting and greater effectiveness of internal controls.

The Audit Committee along with such matter as may be referred by Board, is responsible for the following:

With reference to the financial statements

- (i) Examination of the financial statements and the auditors' report thereon,
- (ii) Oversight 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;
- (iii) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to :-
 - (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
 - (b) Changes, if any, in accounting policies and practices and reasons for the same;
 - (c) Major accounting entries involving estimates based on the exercise of judgement by management;
 - (d) Significant adjustments made in the financial statements arising out of audit findings;
 - (e) Compliance with listing and other legal requirements relating to financial statements;
 - (f) Disclosure of any Related Party Transactions; and
 - (g) Qualifications in the draft audit report.
- (iv) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval; and
- (v) Review the financial statements, in particular, the investments made by the unlisted subsidiary company.

With reference to Auditors

- (i) The recommendation for appointment, remuneration and terms of appointment of all Auditors of the Company including filling of casual vacancy;
- (ii) Reviewing and monitoring the Auditor's independence and performance and effectiveness of the Audit process;
- (iii) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (iv) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (v) Reviewing the adequacy of internal audit function, if any, 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;
- (vi) Discussion with internal auditors of any significant findings and follow up there on;
- (vii) Reviewing the findings of any internal investigations by the 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; and
- (viii) Discussion with statutory auditors before the audit commences; about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

With reference to related party transactions

- Approval or any subsequent modification of transactions of the Company with Related Parties.
- According Omnibus approval relating to Related Party Transactions.

The term "Related Party Transactions" shall have the same meaning as provided in Reg. 23 of SEBI (LODR) Regulations, 2015 and also the provisions of Companies Act, 2013 read with relevant rules thereto.

Other references

- (i) Scrutiny of inter-Corporate Loans and Investments;

- (ii) Valuation of undertakings or assets of the company, wherever it is necessary;
- (iii) Evaluation of Internal Financial Controls and Risk Management Systems;
- (iv) Monitoring the end use of funds raised through public offers and related matters;
- (v) Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- (vi) To look into the reasons for substantial defaults in the payment to the debenture holders and creditors;
- (vii) To review the functioning of the Whistle Blower mechanism;
- (viii) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate; and
- (ix) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Following information is required to be mandatory reviewed by the Audit Committee:

- (i) Management discussion and analysis if financial condition and results of operations;
- (ii) Statement of significant Related Party Transactions (as defined by the Audit Committee), submitted by management;
- (iii) Management letters/ letters of internal control weaknesses issued by the statutory auditors;
- (iv) Internal audit reports relating to internal control weaknesses; and
- (v) The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

As a measure of good Corporate Governance and to provide assistance to the Board of Directors in fulfilling the Board's oversight responsibilities, an Audit Committee has been constituted by the Board comprising of three Independent Directors.

The constitution of the Audit Committee and its terms of reference also meets the requirements under Section 177 of the Companies Act, 2013 and Reg. 18 of SEBI (LODR) Regulations.

Four meetings of the Committee were held during the year i.e. on 29th May, 2016, 13th September, 2016, 10th December 2016 and 10th February, 2017.

The constitution of the Committee and attendance at the meetings are as under:

Name & Position	Number of Meetings held during the tenure of the member	Number of Meetings attended
Shri K.N. Bhandari, Chairman	4	4
Shri R.K. Pandey, Member	4	4
Shri R.B. Singh, Member	4	3

5. NOMINATION AND REMUNERATION COMMITTEE

The Charter of the Committee is in accordance with requirements of newly enacted Companies Act, 2013 and Reg. 19 of SEBI (LODR) Regulations, 2015. Primary responsibility of the Committee is to identify and nominate suitable candidates for Board membership and as members of Senior Management of the Company. The Committee also formulated policies relating to the remuneration of Directors, Key Managerial Personnel and other employees of the Company.

Nomination and Remuneration Committee (NRC) of the Board assists in fulfilling the responsibilities relating to the size and composition of the Board.

The Nomination and Remuneration Committee, constitution of which is a mandatory requirement under Section 178 of the Companies Act, 2013 and also as per SEBI (LODR) Regulations, 2015, is already constituted by the Board and it performs roles and functions as per provisions of Companies Act, 2013 and the Rules framed thereunder.

This Committee is responsible for:

- (i) Recommending desirable changes in the Board composition, size and diversity, committees structures and processes, and other aspects of the Board's functioning
- (ii) Formulating criteria for determining qualifications, positive attributes and independence of an Independent Director
- (iii) Conducting search and recommending new Board members in light of resignation of some current member's or in case of a planned expansion of the Board
- (iv) Identifying persons who are qualified to become Directors and who may be appointed as senior management in accordance with the criteria laid down, and recommend to the Board for their appointment
- (v) Recommending to the Board a policy relating to the remuneration of the Directors, Key Managerial Personnel and other senior employees, and while formulating such policy, to ensure that:
 - a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the desired persons;
 - b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - c) remuneration to Directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
- (vi) Formulating criteria for evaluation of Independent Directors and the Board and carrying out evaluation of each Director's performance
- (vii) Ensuring that there is an appropriate induction programme in place for new Directors and members of senior management and reviewing its effectiveness
- (viii) Developing a succession plan for the Board and regularly reviewing the plan
- (ix) Reviewing succession plans for the senior management
- (x) Carrying out any other function as is mandated by the Board from time to time and/or is enforced by any statutory notification, amendment or modification, as may be applicable.

Nomination and Remuneration Committee comprised of Shri R.K. Singh, Chairman, Shri S.D.M. Nagpal and Shri Harish K. Vaid as members of the Committee. Accordingly, the Nomination and Remuneration Committee comprises of Three Non-Executive Directors, majority of them being Independent Directors.

During the Financial Year 2016-17 one meeting of the Nomination and Remuneration Committee was held on 29th May, 2016.

Name & Position	Number of Meetings held during the tenure of the member	Number of Meetings attended
Shri R K Singh, Chairman	1	1
Shri S D M Nagpal, Member	1	1
Shri Harish K Vaid, Member	1	1

Criteria for evaluation of Directors' performance

In keeping with the provisions of the Companies Act, 2013 alongwith the provisions of the Listing Agreement, Nomination and Remuneration Policy considers various aspects including engagement, strategic planning, consensus building and understanding of national/international events while evaluating the performance of the Independent Directors and so far as evaluation of the performance of Non-Independent and Non-Executive Directors are concerned, engagement, strategic planning, team spirit and consensus building, effective leadership, domain knowledge and understanding of national/international events were considered as parameters of performance. The Nomination and Remuneration Committee considered management qualities, team work abilities, result/achievement, domain knowledge, understanding and awareness, leadership qualities, motivation/ commitment/diligence, integrity/ethic/values as also receptivity performance as performance indicators for Executive Directors.

Nomination and Remuneration Committee while evaluating the potential candidates, considers a variety of personal attributes, including experience, intellect, foresight, judgement and transparency. Broadly, the following criteria have been set for selection of Independent Directors based on:

- (i) Independence from Management.
- (ii) No substantial shareholding.
- (iii) Other significant relationship which may cause a conflict of interest.
- (iv) Capability of taking fair decisions without being influenced.

- (v) Independent Directors are expected to balance the decision making process of the Board by constructively challenging the Company's strategy and exercise due diligence
- (vi) Independent Directors should possess the requisite business and industry expertise in the domain the Company operates in.
- (vii) Independent Directors should be competent enough to work effectively like a team member as well as leader with the other Directors of the Board and committees.
- (viii) Independent Directors should contribute constructively in the Board's deliberations.

Every Independent Director, at the first meeting of the Board in which he participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he meets the criteria of Independence as provided under law. The Company has received declarations from all the Independent Directors that they meet the criteria of Independence as laid down under Section 149(6) of the Companies Act, 2013.

The Nomination and Remuneration Policy for the members of the Board of Directors of the Company takes into consideration their role and responsibilities. The salient features of the policy are highlighted below:

- (i) The Company pays remuneration by way of salary, benefits, perquisites and allowances to its Executive Directors.
- (ii) Non-Executive Directors of the Company are paid sitting fees for attending meetings of the Board and meetings of Committees of the Board, as per the Companies Act, 2013 and as prescribed in the Articles of Association of the Company.
- (iii) The Company reimburses expenditure incurred by the Directors in the performance of their duties as per the rules and policies of the Company.

Details of Remuneration paid to all the Directors

a) Executive Director (Managing & Whole-time Director)

The details of aggregate value of salary and perquisites/others paid to the Managing Director for the year ended 31st March, 2017 are as under:

Name	Designation	Salary (₹)	Perquisites	Total (₹)
Shri S.K. Mandal	Managing Director	95,64,800	7,45,200	1,03,14,000

b) Non-Executive Directors

The Company has not paid any remuneration to Non-Executive Directors except the sitting fee of ₹ 20,000/- per meeting for attending the meetings of the Board of Directors and its Committees thereof held during the Financial Year 2016-17.

The details of the sitting fee paid to the Non-Executive Directors of the Company during the Financial Year 2016-17 are as under:

Name of the Director	Designation	Total sitting fee paid (₹)
Shri K.N. Bhandari	Chairman	1,60,000
Shri Pankaj Gaur	Director	60,000
Shri Naveen Singh	Director	60,000
Shri S.D.M. Nagpal	Director	2,80,000
Shri R.K. Pandey	Director	1,80,000
Shri R.K. Singh	Director	60,000
Shri Harish K. Vaid	Director	2,60,000
Shri V.K. Jain	Director	60,000
Shri R.B. Singh	Director	1,40,000
Smt. Manju Sharma	Director	60,000

Notes:

- i) Sitting Fee represents payment to the Directors for attending meetings of the Board and Committees thereof.
- ii) As per the amendment to the Income Tax Act, 1961, Income Tax at Source was deducted.

There were no other pecuniary relationship or transactions with the Directors vis-à-vis the Company during the year

6. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders' Relationship Committee has been constituted to assist the Board in safeguarding the interests of and redressing the grievances of the security holders of the Company.

The Committee's terms of reference/Charter was amended during the year, in order to comply with the provisions of the Companies Act 2013, Rules made thereunder and the SEBI (LODR) Regulations, 2015.

The Stakeholders' Relationship Committee, comprises of Shri S.D.M. Nagpal, Chairman, Shri Harish K. Vaid and Shri R.K. Singh as members. The Committee has been constituted, inter-alia, to consider transfer and transmission of shares, rematerialisation of shares, transposition of names, consolidation of shares, issue of duplicate share certificates etc. and to look into the redressal of shareholders' complaints. During the year seven meetings of the Committee were held on 20th April, 2016, 20th May 2016, 20th June, 2016, 20th July, 2016, 20th August, 2016, 20th September, 2016, 31st December, 2016, 25th February 2017 and 25th March 2017 the record of attendance of the members during the Financial Year 2016-17 is given below:

Name & Position	Number of Meetings held during the tenure of the member	Number of Meetings attended
Shri S.D.M. Nagpal, Chairman	09	09
Shri Harish K. Vaid, Member	09	09
Shri R.K. Singh, Member	Nil	Nil

7. COMPLIANCE OFFICER

The Board had designated Shri G. Tirupati Rao, General Manager - Legal & Company Secretary as Compliance Officer.

Address : 'White House', Block-III, 3rd Floor, Begumpet, Hyderabad-500016

e-mail : gtrao@andhracements.com

Phone : 040-67272727

Fax : 040-67272728

The Company received 2 Investors' references during the Financial Year 2016-17 and all the Investors' references were addressed/ resolved by 31st March, 2017. There were no pending investors' references as on 31st March, 2017.

8. RISK MANAGEMENT

The Company has Risk Management Policy in place and manages risks as an integral part of its decision making process.

BOARD EVALUATION

A STATEMENT INDICATING THE MANNER IN WHICH FORMAL ANNUAL EVALUATION HAS BEEN MADE BY THE BOARD OF ITS OWN PERFORMANCE AND THAT OF ITS COMMITTEE AND INDIVIDUAL DIRECTORS

1. Nomination and Remuneration Committee of the Board carried out the evaluation of the Board of Directors and their performance on the basis of the provisions contained in the Nomination and Remuneration Policy of the Company as well as the criteria formulated for evaluating the performance of Independent Directors, Non-Independent & Non-Executive Directors and Executive Directors.
2. As per the provisions of the Companies Act, 2013 and provisions of the Listing Agreement, Independent Directors had a meeting without any one from the Non-Independent Directors and Management reviewed :
 - a) the performance of the Non-Independent Directors and the Board as a whole;
 - b) the performance of the Chairperson of the Company taking into account views of the Executive Directors and Non-Executive Directors; and
 - c) the quality, quantity and timeliness of flow of information between the Company's Management and the Board.
3. The Board subsequently evaluated the performance of Board as a whole, performance of the Committees and also the performance of Independent Non-Executive Directors on the following parameters:
 - (i) The size and composition (Executive, Non-Executive, Independent members and their background in terms of knowledge, diversity of skills and experience) of the Board is appropriate;

- (ii) The Board conducts itself in such a manner that it is seen to be sensitive to the interest of all stakeholders and it has adequate mechanism to communicate with them;
- (iii) The Board is active in addressing matters of strategic concerns in its review of the Board Agenda with the executive management;
- (iv) The Board makes well informed high quality decisions on the basis of full information and clear insight into Company's business;
- (v) The Board meets frequently enough and for sufficient duration to enhance its effectiveness;
- (vi) The Board's meeting time is appropriately allocated between management presentation and Board discussion;
- (vii) The Board has clearly defined the mandates of its various Committees and effectively oversees their functioning;
- (viii) The Board is effective in developing a corporate governance structure that allows and encourages the Board to fulfill its responsibilities;
- (ix) The Board regularly follows up on its decision to ensure that action is taken on all its decisions; and
- (x) The Board gives effective advice and assistance for achieving the Company's mission and vision.

Evaluation of performance of Committees

- The Board also evaluated the performances of the Committees and found their performance and their functioning within the mandate of the Board besides meeting the expectations of the Board.

Evaluation of performance of Independent Directors

- The performance of Independent Directors was reviewed on the basis of various parameters / criteria like identifying their effective participation in the Board Meetings, their knowledge about the Company's vision and performance, quality and value of their contribution at the Board Meetings, effective contribution towards the development of strategy and risk management.

9. FAMILIARISATION PROGRAMME OF INDEPENDENT DIRECTORS

Most of the Independent Directors are on the Board of the Company for quite some time and are well versed with their role, rights and responsibilities in the Company, the nature of industry in which the Company operates, business model of the Company and systems in place.

The Independent Directors are familiarised from time to time with various fact's of the Company's business through site visits, presentations and intra-actions with various senior executives of the Company. They are also familiarised with their role, rights and responsibilities in the Company through their appointment letter and in the Board Meeting from time to time.

During the current year, an off site meeting of all the Independent Directors was also organised, inter-alia, to facilitate exclusive intra-action & familiarisation of the newly inducted Independent Directors with the existing Independent Directors.

10. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All women employees (permanent, contractual, temporary, trainees) are covered under this policy.

It is reported that no complaint was received by the Company during the period under report.

11. CEO/CFO CERTIFICATION

In terms of the requirements of Regulation 17(8) of the SEBI (LODR) Regulations, 2015, the Managing Director & CEO and CFO have submitted necessary Certificate to the Board of Directors stating the particulars specified under the said Regulation.

This Certificate has been reviewed and taken on record by the Board of Directors at its meeting held on 27th May, 2017.

12. GENERAL BODY MEETINGS

Details of the last three Annual General Meetings are mentioned below:

Year	2013-14	2014-15	2015-16
Date	30 th Sept, 2014	28 th Dec, 2015	30 th Sept, 2016
Time	12.30 P.M.	12.30 P.M.	12.30 P.M.
Venue of the Meeting	Regd Off: Durga Cement Works Sri Durgapuram, Dachepalli-522414, Guntur Dist (A.P.)	Regd Off: Durga Cement Works Sri Durgapuram, Dachepalli-522414, Guntur Dist (A.P.)	Regd Off: Durga Cement Works Sri Durgapuram, Dachepalli-522414, Guntur Dist (A.P.)

13. DETAILS OF SPECIAL RESOLUTION(S) PASSED IN PREVIOUS THREE ANNUAL GENERAL MEETINGS

1) Financial Year 2013-2014

1. Special Resolution for Appointment of Shri S.K. Mandal as a Managing Director.
2. Special Resolution for borrowing powers of the Board upto ₹ 2000 crores.
3. Creation of charge / mortgage on the movable/immovable assets of the Company.

2) Financial Year 2014-15

Special Resolution for the Alteration of Articles of Association of the Company

3) Financial Year 2015-16

No Special Resolution was passed during 2015-16

14. DETAILS OF RESOLUTIONS PASSED THROUGH POSTAL BALLOT

No Resolutions were passed during last year through Postal Ballot.

15. RECONCILIATION OF SHARE CAPITAL AUDIT

A qualified Practising Company Secretary carried out quarterly Audit for reconciliation of Share Capital to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and physical shares with the total issued and listed capital. The audit confirmed that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

16. MEANS OF COMMUNICATION

i) Financial Results:

The quarterly, half-yearly and annual results were published in daily Newspapers which included Business Standard, Financial Express and Regional language Newspapers (Telugu) in Nava Telangana and Praja Shakti. The same were sent to the Stock Exchanges and were also displayed on the website of the Company, www.andhracemts.com.

ii) Website:

The Company's website www.andhracemts.com contains a separate dedicated section 'Investor Information' where shareholders information is available. Annual Report of the Company and its subsidiaries thereof, Notices of Postal Ballot, Board Meeting etc. are regularly updated on the website.

iii) NSE Electronic Application Processing System (NEAPS):

NEAPS is a web based application designed by NSE where Corporates are required to upload the prescribed information on the websites for viewing by the investors. The Company is electronically filing the Corporate Governance and Shareholding Pattern periodically as prescribed by NSE on NEAPS.

iv) BSE Corporate Compliance & Listing Centre (the 'Listing Centre')

BSE's Listing Centre is a web-based application designed for corporates. All periodical compliance filings like shareholding pattern, Corporate Governance report, media releases, among others are also filed electronically by the Company on the Listing Centre.

v) SEBI Complaints Redress System (SCORES):

SEBI has designed a centralised web-based system, www.scores.gov.in wherein the Investors can lodge their complaints and can view the status of their complaints being replied to by the respective Company. In compliance thereof, the Company is regularly uploading the 'Action taken Report' on the said website in respect of the Investors' references received, if any.

17. MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Management Discussion and Analysis Report forms part of the Annual Report.

18. GENERAL SHAREHOLDERS' INFORMATION**78th Annual General Meeting**

Day	: Wednesday
Date	: 27 th September, 2017
Time	: 12.30 PM
Venue	: Regd Off: Durga Cement Works, Sri Durgapuram, Dachepalli – 522414, Guntur Distt, (AP)
Dates of Book Closure	: 21.09.2017 to 27.09.2017 (Both days Include)

19. FINANCIAL CALENDAR

Details of announcement of Financial Results for different periods during the financial year ended 2016-17 are as under:

Results	Announced on
For 1 st Quarter ended 30 th June, 2016	13 th September, 2016
For 2 nd Quarter ended 30 th September, 2016	10 th December, 2016
For 3 rd Quarter ended 31 st December, 2016	10 th February, 2017

The financial results were reviewed by the Audit Committee and thereafter approved by the Board. Annual Audited Financial Results for the Financial Year ended 31st March, 2017 were announced on 27th May, 2017.

20. DIVIDEND

For the current Financial Year 2016-17, the Board has not recommended any dividend.

21. LISTING ON STOCK EXCHANGES**Equity Shares**

The Equity shares of the Company are listed on the National Stock Exchange of India Ltd. and BSE Limited.

Stock Code

The stock code of the Equity shares listed on the Stock Exchanges, are as under:

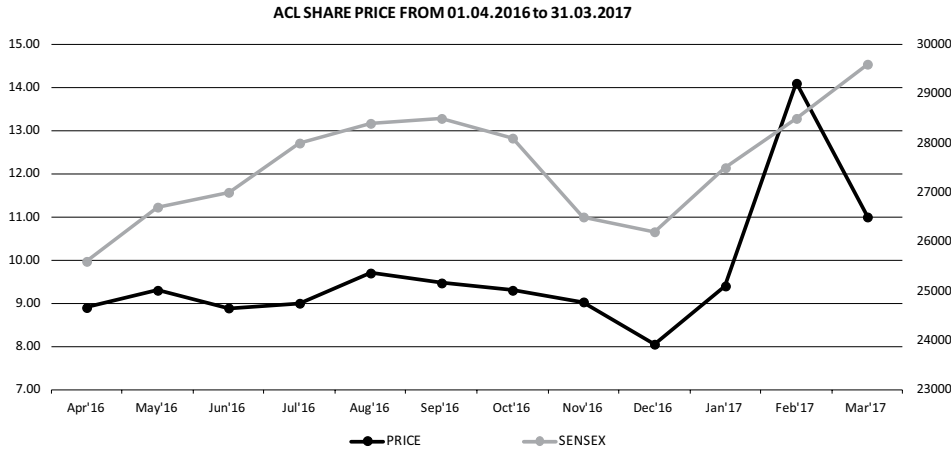
Name and address of Stock Exchange	Code
BSE Ltd.	532141
National Stock Exchange of India Limited (NSE)	ANDHRACEMT
ISIN No.	INE666E01012

22. MARKET PRICE DATA

Month-wise high and low Sensex and of the share price of the Company during the Financial Year 2016-17 were as under:

Month & Year	Bombay Stock Exchange (BSE)	
	Month's High Price (₹)	Month's Low Price (₹)
April, 2016	8.90	7.50
May, 2016	9.30	7.30
June, 2016	8.89	6.90
July, 2016	9.00	7.61
August, 2016	9.70	7.70
September, 2016	9.47	7.40
October, 2016	9.30	7.75
November, 2016	9.03	6.40
December, 2016	8.05	6.00
January, 2017	9.40	7.30
February, 2017	14.10	8.65
March, 2017	11.00	8.50

Performance in comparison to broad based indices such as BSE Sensex:



23. REGISTRAR AND TRANSFER AGENT

The details of the Registrar & Transfer Agent appointed by the Company are as under:

CIL Securities Limited,
 214, Raghava Ratna Towers, Chirag Ali Lane, Abids
 Hyderabad-500001,
 (Telephone Nos. : 040-23202465, Fax.: 040-23203028)
 e-mail: rta@cilsecurities.com
 e-mail address of the Company for redressal of Investors' complaints:
 investorcell@andhracemts.com

24. SHARE TRANSFER SYSTEM

The Board of Directors has delegated the power of re-materialisation of shares, transfers and transmission, splitting/consolidation of share certificates and issue of duplicate share certificates etc. to Shareholders'/Investors' Grievance Committee. The meetings of the Committee are periodically held to consider the requests of the Shareholders.

25. DISTRIBUTION OF SHAREHOLDING

i) The distribution of shareholding according to the number of shares as on 31st March, 2017, was as follows:

a) Distribution of shareholding:

No. of Shares held	No. of Shares	% of share capital	No. of shareholders	% of total No. of shareholders
Up to 500	4063744	1.38	49825	85.29
501 to 1000	3181079	1.08	3538	6.06
1001 to 2000	3325661	1.13	1999	3.42
2001 to 3000	2141983	0.73	802	1.37
3001 to 4000	1432052	0.49	389	0.67
4001 to 5000	2623418	0.90	537	0.92
5001 to 10000	5355170	1.83	669	1.14
10001 and above	271397385	92.46	658	1.13
TOTAL	293520492	100.00	58417	100.00

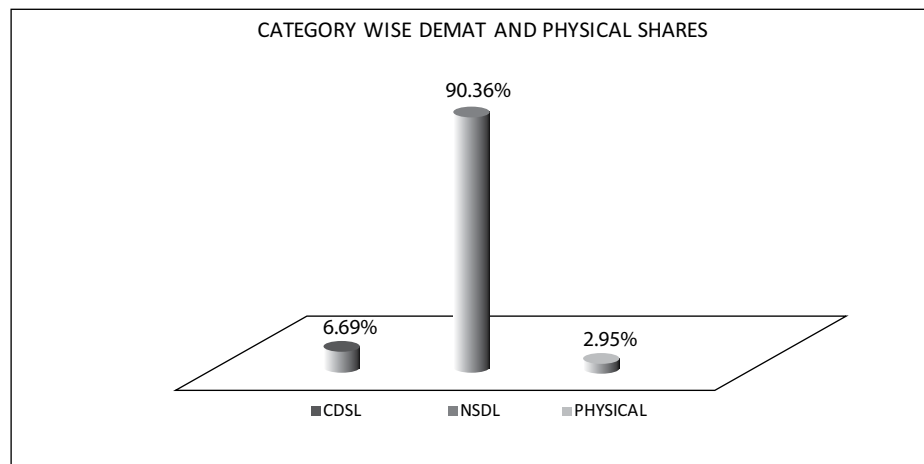
b) Category-wise Shareholding as on 31st March, 2017.

Category	No. of Shares	% to Total
Promoters	201926406	68.79
Financial Institutions	297620	0.11
FIs	7390000	2.52
Mutual Funds	12753	0.0
Banks	7669013	2.61
Body Corporate	35300569	12.03
NRIs	1650010	0.56
Resident Individuals	39274121	13.38
Total	293520492	100.00

26. DEMATERIALISATION OF SHARES AND LIQUIDITY

The Equity Shares of the Company are in compulsory dematerialized segment and are available in the Depository System of both NSDL and CDSL. Number of shares held in dematerialized and physical mode as on 31st March, 2017:

Particulars	No. of shares issued	Percentage of total capital
Held in dematerialized form in CDSL	19631143	6.69
Held in dematerialized form in NSDL	265220534	90.36
Physical	8668815	2.95
Total	293520492	100



The annual custody fees for the financial Year 2017-18, have been paid to NSDL, and to CDSL The Company's Equity Shares are liquid and actively traded on NSE and BSE.

27. PROJECT/PLANT LOCATIONS

The Company is primarily engaged in the business of manufacturing of Cement

Durga Cement Works (DCW)

Durgapuram,
Dachepalli (Mandal)
Guntur Dist, (AP).
PIN – 522414

Visakha Cement Works (VCW)

Parlupalem (Village)
Durganagar (Post)
Visakhapatnam, (AP)
PIN – 530029

28. ADDRESS FOR CORRESPONDENCE**Company's address:**

Registered Office : Durga Cement Works,
Sri Durgapuram, Dachepalli-522414,
Guntur Distt, (A. P)

Secretarial Office : 'White House', Block-III, 3rd Floor,
Begumpet, Hyderabad - 500016
E-mail: investorcell@andhracements.com

Registrar & Transfer : CIL Securities Limited,

Agent's Address 214, Raghava Ratna Towers
Chirag Ali Lane, Abids, Hyderabad- 500001
Tel.:91-40-23202465
Fax: 91-40-23203028
E-mail: rta@cilsecurities.com

29. NON-MANDATORY REQUIREMENTS

- i) The Company uploads its Quarterly, Half-Yearly and Annual Results on its website – www.andhracemts.com which is accessible to all. The results are also reported to Stock Exchanges and published in National Newspapers in English and in Hindi newspapers having wide circulation.
- ii) The Company believes in maintaining its Accounts in a transparent manner and aims at receiving unqualified report of auditors on the financial statements of the Company. During the year under review, there is no audit qualification in its financial statements.
- iii) The Company has separate persons Chairman and Managing Director/CEO.
- iv) The Internal Auditor Reports directly to Audit Committee.

30. DISCLOSURES

- i) There were no materially significant Related Party Transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their relatives, etc. that may have potential conflict with the interests of the Company at large. The related party transactions are duly disclosed in the Notes to the Financial Statements.
- ii) There were no cases of non-compliance by the Company and no penalties, strictures were imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.
- iii) No treatment different from the Accounting Standards, prescribed by the Institute of Chartered Accountants of India, has been followed in the preparation of Financial Statements.
- iv) All mandatory requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 has been complied with by the Company.

CODE OF CONDUCT - DECLARATION

As provided under the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for the year ended 31st March, 2017.

Place : New Delhi
Date: 5th August, 2017

S.K. MANDAL
Managing Director & CEO
DIN: 00086235

CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Andhra Cements Limited

We have examined the compliance of conditions of Corporate Governance by M/s ANDHRA CEMENTS LIMITED for the year ended March 31, 2017 as stipulated in Chapter IV of The Securities Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 ("SEBI Regulations") and Listing Agreements entered with the National Stock Exchange of India Limited and the BSE Limited.

The compliance of condition of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementations thereof adopted by the Company for ensuring compliance of conditions of the certificate of Corporate Governance. 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 according to the explanations given to us and representation made by the Directors and the Management, we hereby certify that the Company has complied with the conditions of Corporate Governance as stipulated in Chapter IV of SEBI Regulations and Clause 49 of the Listing Agreement of said Company with Stock Exchanges.

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 Savita Jyoti Associates

Company Secretaries

CS. Savita Jyoti

Practicing Company Secretary
(CP No. 1796)

Place: Hyderabad

Date: 27th May, 2017

CODE OF CONDUCT - DECLARATION

As provided under the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for the year ended 31st March, 2017.

Place : Noida

Date : 27th May, 2017

S.K. Mandal

Managing Director & CEO

DIN: 00086235

MANAGEMENT DISCUSSION AND ANALYSIS

(Forming part of the Report of Directors for the Year ended 31st March, 2017)

1. Industry Structure and Developments

India is the second largest producer of cement in the world. No wonder, India's cement industry is a vital part of its economy, providing employment to more than a million people, directly or indirectly. Ever since it was deregulated in 1982, the Indian cement industry has attracted huge investments, both from Indian as well as foreign investors.

The Indian cement industry is dominated by a few companies. The top 20 cement companies account for almost 70 per cent of the total cement production of the country. A total of 188 large cement plants together account for 97 per cent of the total installed capacity in the country, with 365 small plants account for the rest. Of these large cement plants, 77 are located in the states of Andhra Pradesh, Rajasthan and Tamil Nadu.

Road Ahead

India has a lot of potential for development in the infrastructure and construction sector and the cement sector is expected to largely benefit from it. Some of the recent major government initiatives such as development of 98 smart cities are expected to provide a major boost to the sector.

Expecting such developments in the country and aided by suitable government foreign policies, several foreign players such as Lafarge-Holcim, Heidelberg Cement, and Vicat have invested in the country in the recent past. A significant factor which aids the growth of this sector is the ready availability of the raw materials for making cement, such as limestone and coal.

India's cement demand is expected to reach 550-600 Million Tonnes Per Annum (MTPA) by 2025. The housing sector is the biggest demand driver of cement, accounting for about 67 per cent of the total consumption in India. The other major consumers of cement include infrastructure at 13 per cent, commercial construction at 11 per cent and industrial construction at 9 per cent.

To meet the rise in demand, cement companies are expected to add 56 MT capacity over the next three years. The cement capacity in India may register a growth of eight per cent by next year end to 395 MT from the current level of 366 MT. It may increase further to 421 MT by the end of 2017. The country's per capita consumption stands at around 190 kg.

The eastern states of India are likely to be the newer and virgin markets for cement companies and could contribute to their bottom line in future. In the next 10 years, India could become the main exporter of clinker and gray cement to the Middle East, Africa, and other developing nations of the world. Cement plants near the ports, for instance the plants in Gujarat and Visakhapatnam, will have an added advantage for exports and will logistically be well armed to face stiff competition from cement plants in the interior of the country.

A large number of foreign players are also expected to enter the cement sector, owing to the profit margins and steady demand. In future, domestic cement companies could go for global listings either through the FCCB route or the GDR route.

With help from the government in terms of friendlier laws, lower taxation, and increased infrastructure spending, the sector will grow and take India's economy forward along with it.

2. Review of Financial and Operational Performance

(i) Financial Performance

During the year under review the Company recorded a net loss of ₹ 10279 lacs. Financial performance of the Company, in brief, is as under:

	(₹ in Lacs)	
	Current Year 2016-17 (12 Months)	Previous period 2015-16 (9 months)
Net Sales	40508	29197
Other Income	233	288
PBIDT	4125	3686
Finance Cost	10501	7304
Depreciation	4004	2892
Profit/(Loss) before exceptional Items	(10331)	(6730)
Profit/(Loss) before Tax	(10331)	(6730)
Deferred Tax	52	39
Net Profit / (Loss)	(10279)	(6691)

(ii) Operational Performance

Your Company is primarily engaged in manufacture and sale of Cement including Ordinary Portland Cement, Portland Pozzolana Cement, Portland Slag Cement and Ground Granulated Blast Slag. 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.

Sales

While the overall growth of cement market for the country was at 4% as against 6% growth in the previous year, the market in Southern States have de-grown by 5% during the year, due to lack of demand. This was mainly due to subdued economic conditions, shrinkage of construction activity owing to inadequate infrastructural spending by the Government, irregular monsoon and continued decline in industrial production which have affected the demand drivers. While the capacity utilisation of the industry in the remaining part of the country was at 75% during the year, the utilisation levels were at 55% only in the southern states. During the first two quarters of the year under review, the Southern markets have de-grown by 12%. From the third quarter onwards the southern market started showing improvements, thereby the trend of de-growth was reduced to 5%. During the fourth quarter, the Southern market has come to the growth trajectory.

Cost

During the Period under review, the cost of fuel in the international market has come down due to weak demand. The Company was able to source fuel at competitive prices and reduces the cost of fuel. Consequent to the favourable crude prices, the other derivatives like the cost of Polypropylene has come down, leading to lowering of prices of HDPE Bags. Moreover, the Company has opted in favour of road movements instead of rail movements in view of its cost advantage. However, obligation to make contribution to District Mineral Foundation and National Mineral Exploration Trust has increased the limestone mining cost. The Government has introduced Swach Bharath Cess of 0.5% on all taxable services. This levy being Non-Cenvatable, the cost of services has increased.

3. Outlook

We expect cement demand to grow in the range of 8 % during the FY 2017-18 considering the following:

Budget 2017-18 has proposed a slew of measures to boost infrastructure and investment, which will be positive for the Cement Industry, as increased spending on infrastructure increases the demand for Cement. Incremental spend on Smart City Development.

The Government has decided to adopt Cement instead of bitumen for the construction of all new road projects on the grounds that Cement is more durable and cheaper to maintain than bitumen in long run. Reduction in interest rates is expected to revive the hitherto sluggish demand for home loans giving impetus to housing. Increase in industrial production and economic activities including infrastructure development initiatives undertaken by the government. Boost to affordable housing segment.

4. Opportunities and Threats

Cement consumption and demand in India has been growing during the last few years due to Government's continuous thrust on infrastructure development. However, due to market conditions, the selling price had been under pressure during the year under review and for the present as well. Further, series of recent increase in interest rates, fuel prices and key raw materials are the major constraining factors for increase in demand and have significant impact on the profitability margins of the industry.

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 freight.

5. Risks and Concerns

Risk Management is an integral part of the Company's activity. The Company has a structured Risk Management Policy. The Top and Senior Management of the Company continuously monitor and review the business risks in the verticals of Operations, Sales & Marketing, Procurement, Regulatory Affairs, Finance, IT and Human Resources and take timely measures to minimize the impact.

The key risks identified by the Company are increase in power, fuel and freight costs; capacity/demand mismatch

in the Industry; shortage of railway wagons; volatility in forex and high interest rates. Whereas a systematic risk identification and mitigation framework is in place and suitable action plan is drawn up to mitigate the same, the Company has virtually no control over external risks such as general down turn in the economy, new regulations, government policies and interest rates.

6. Internal Control Systems and their adequacy

The Company has adequate system of Internal Financial Controls in place. It had adopted policies and procedures regarding financial and operating functions for ensuring the orderly and efficient conduct of its business including adherence to Company's assets, prevention & detection of frauds and errors and timely preparation of reliable financial information. The Internal Control Systems are commensurate with the size of operations of the Company and are manned by qualified and experienced personnel.

In addition to internal controls, the internal audit function has also been set up by a firm of Chartered Accountants, who conducts audit on the basis of the Accounting Standards and Annual Audit Plan. The process includes review and evaluation of effectiveness of the existing processes, controls and compliances. It also ensures adherence to Internal control policies and systems and mitigation of the operational risks perceived for each area under audit. The Internal Audit Report(s) are reviewed by the Audit Committee.

7. Material Developments in Human Resources/Industrial Relations

The Company recognizes its human resources as the most valued asset. The Company has appointed specialized professionals in the fields of engineering, finance, administration and technical and non-technical staff to take care of its operations and allied activities.

Necessary training was imparted to the staff for operations and maintenance of Machinery by specialist from related fields including the equipment suppliers from time to time.

During the period the Industrial Relations continued to be cordial.

Cautionary Statement

Certain statements made in this Report detailing 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.

INDEPENDENT AUDITORS' REPORT

To the Members of

ANDHRA CEMENTS LIMITED

1. Report on the Financial Statements

We have audited the accompanying financial statements of Andhra Cements Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") specified under Section 133 of the Act, read with relevant Rules issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit of the financial statement in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at March 31, 2017, and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

5. Emphasis of matters

We draw attention to Note 38 to the Ind AS financial statements, in respect of preparation of Ind AS financial statements of the Company on going concern basis for the reasons stated therein. During the year, the Company has incurred a net loss of ₹ 10,279.33 Lakhs resulting into accumulated losses of ₹ 45,032.15 Lakhs against paid up share capital of ₹ 29,352.44 Lakhs as at March 31, 2017. Management of the Company believes that the Company would be able to achieve profitable operations and meet its obligations. Our opinion is not qualified in respect of these matters.

6. Other Matter

The financial information of the Company for the nine months period ended March 31, 2016 and the transition date opening balance sheet as at July 01, 2015 included in these financial statements, are based on the previously issued audited financial statements for the nine months period ended March 31, 2016 and for the fifteen months period ended June 30, 2015 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 which were audited by us on which we expressed an unmodified opinion dated May 29, 2016 and August 28, 2015 respectively. The adjustment for

the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

7. Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") as amended, issued by the Central Government of India in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account.
 - d. In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with relevant Rules issued thereunder.
 - e. The matters described under 'Emphasis of matter' paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
 - f. On the basis of the written representations received from the directors as on March 31, 2017 and taken on record by the Board of Directors, none of the director is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
 - g. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B", and

h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the information and explanations given to us:

- i) The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements; (Refer Note 35 to the Ind AS financial statement)
- ii) The Company has made provision, as required under the applicable law or accounting standards. The Company did not have any long-term contract for which there were any material foreseeable losses.
- iii) According to the information and explanation given to us, an amount of ₹ 101.94 lakhs and an amount of ₹ 193.17 lakhs pertaining to unpaid matured deposits and unpaid matured debenture respectively held with the banks are yet to be transferred, to the Investor Education and Protection Fund by the Company as on March 31, 2017. Accordingly, there has been delay in transfer.
- iv) The company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 08, 2016 to December 30, 2016. Based on audit procedures and relying on management's representation, we report that disclosures are in accordance with the books of account maintained by the Company and as produced to us by the management (Refer note 49 to the financial statement).

For CHATURVEDI & PARTNERS
Chartered Accountant
Firm Registration No. 307068E

Noida
May 27, 2017

RAVINDRA NATH CHATURVEDI
Partner
Membership No. 092087

Annexure A referred to in Independent Auditor's Report of even date to the members of Andhra Cements Limited ("the Company") on the financial statements for the year ended March 31, 2017

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation, of fixed assets;
- (b) The fixed assets have been physically verified during the year by the management on 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. According to the information and explanations given to us and as per our verification, the discrepancies noticed were not material and have been properly dealt with in the books of account.
- (c) According to information and explanations given to us, the title deeds of the immovable properties have been mortgaged as security with the Banks and Financial Institutions for securing the borrowings and loan raised by the Company. On the basis of our examination of the records of the Company and copy of the title deeds of immovable properties, the title deeds of immovable properties are held in the name of the Company. In respect of immovable properties taken on lease, the lease agreement is in the name of the Company.
- (ii) According to the information and explanations given to us, the management has conducted physical verification of inventory at reasonable intervals during the year. The discrepancies noticed on verification between physical inventories and book records were not material and have been properly dealt with in the books of account.
- (iii) According to the information and explanations given to us, the Company has not granted any loan, secured or unsecured to companies, firms, limited liabilities partnership or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, paragraph 3 (iii)(a), (iii)(b) and (iii)(c) of the Order are not applicable to the Company.
- (iv) According to the information and explanations given to us, the Company has not granted any loan, investment, guarantee and security, in respect of which compliance of provisions of section 185 and 186 of the Companies Act, 2013 are applicable.
- (v) In our opinion and according to the information and explanations given to us, The Company has not accepted any deposits within the meaning of Section 73 to 76 of the Act, and the rules framed thereunder to the extent notified during the year. Further, in respect of deposits accepted by the Company during an earlier year, the Company Law Board (Southern Regional Bench) has by its order dated July 07, 2001 directed the company to repay the said deposits in accordance with the scheme sanctioned by the BIFR. However, the BIFR in its Modified Rehabilitation Scheme dated July 21, 2008 directed the fixed deposits holders to accept the outstanding principal amount, in four annual installments, on interest free basis. Further, no other Order against the Company has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal. In respect of these deposits, the Company is yet to comply with the requirement of maintaining liquid assets and filing of Return of Deposit.
- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Rules made by the Central Government under sub-section (1) of Section 148 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of these records with a view to determining whether they are accurate or complete.
- (vii) (a) According to information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including provident fund, employee's state insurance, duty of customs, sales tax, income tax, service tax, value added tax, cess and any other statutory dues except duty of excise, which is outstanding for a period of more than six months from the date it become payable. The details are given as under:

Name of the Statute	Nature of the Dues	Amount (₹ In Lakhs)	Period to which the amount relates	Due Date	Date of Payment	Remarks
Central Excise Act, 1944	Excise Duty	201.40	2016-17	September 06, 2016	Still pending	

- (b) According to the information and explanations given to us and the records of the Company examined by us, there were no outstanding dues in respect of income tax, sales tax, service tax, duty of customs, duty of excise and value added tax which have not been deposited on account of any dispute except the following:

S. No.	Name of the Statute	Nature of Dues	Amount (₹ in lakhs)	Period to which amount relates	Forum where dispute is Pending
1	Central Excise Act, 1944	Central Excise duty	10.61	2004-05	High Court
		Central Excise duty	650.96	2006-12	CESTAT
		Central Excise duty	371.50	2007-09	CESTAT
		Central Excise duty	1.81	2010-11	CESTAT
		Central Excise duty	984.70	1995-2013	Apex Court
		Central Excise duty	799.53	2013-16	CESTAT
2	Finance Act,	Service Tax	57.02	2007-10	CESTAT
		Service Tax	298.64	2007-10	CESTAT
3	APGST Act/CST Act	Sales Tax	26.96	1995-96	High Court
		Sales Tax	8.11	2001-02	Tribunal
		Sales Tax (CST)	16.65	1991-92	Tribunal
		Sales Tax (CST)	6.53	1992-93	Tribunal
4	Orissa Sales tax Act	Sales Tax (ET)	0.21	2000-01	Tribunal
		Sales Tax (ET)	2.77	2003-04	Tribunal
5	Tamil Nadu Sales Tax Act	Sales Tax (CST)	12.30	1988-89	Tribunal
		Sales Tax	13.26	1991-92	Tribunal
		Sales Tax	5.83	1992-93	Tribunal
		Sales Tax	18.93	1996-97	Tribunal
		Sales Tax	9.16	1988-89	Commissioner (Appeals)
		Sales Tax	6.09	1989-90	Commissioner (Appeals)

- (viii) According to the information and explanations given to us, the Company has not taken loans or borrowings from the Government or Debenture holders. The Company has not defaulted in repayment of loans or borrowings to Financial Institutions and banks during the year except payment of interest which are given below.

(₹ in Lakhs)

Lender	Amount of		Period of Default (days)	Remark
	Repayment of Principal	Payment of Interest		
IDFC / EARCL	-	320.18 - 354.49	83 - 91	No. of instances 12
HDFC	-	392.02 - 364.27	1 - 91	No. of instances 12
Karur Vasya Bank	-	46.05 - 50.98	32- 92	No. of instances 12
Andhra Bank	-	90.03 - 103.00	86- 90	No. of instances 10

- (ix) According to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans have been applied by the Company during the year for the purposes for which they were obtained.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees have been noticed or reported during the year.

- (xi) According to the information and explanations given to us, the managerial remuneration paid/provided during the year is in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, the provisions of Para 3 (xii) of the Order are not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of the Act, wherever applicable and the details have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the company.
- (xvi) In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company.

For CHATURVEDI & PARTNERS
Chartered Accountant
Firm Registration No. 307068E

Noida
May 27, 2017

RAVINDRA NATH CHATURVEDI
Partner
Membership no. 092087

Annexure B to the Independent Auditor's Report on the financial statements of Andhra Cements Limited ("the Company") for the year ended March 31, 2017

(Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act"))

We have audited the internal financial controls over financial reporting of Andhra Cements Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing issued, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India and applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion and according to the information and explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For CHATURVEDI & PARTNERS

Chartered Accountant

Firm Registration No. 307068E

Noida

May 27, 2017

RAVINDRA NATH CHATURVEDI

Partner

Membership No. 092087

BALANCE SHEET AS AT MARCH 31, 2017

(₹ in lakhs unless otherwise stated)

PARTICULARS	Note No.	As at		
		March 31, 2017	March 31, 2016	July 01, 2015
I ASSETS				
1 Non-current assets				
a. Property, Plant and Equipment	5	77,749.04	81,761.24	84,532.50
b. Capital work-in-progress	5	30,155.02	28,609.21	26,530.53
c. Financial Assets				
i) Investments	6	0.95	0.95	0.17
ii) Loans	7	1,383.49	1,279.63	949.32
iii) Other financial assets	8	236.03	12.29	39.71
d. Non current tax assets (net)	9	126.34	127.42	106.23
e. Other non-current assets	10	2,654.89	4,050.62	3,791.05
		112,305.76	115,841.36	115,949.51
2 Current assets				
a. Inventories	11	2,886.85	2,503.41	4,070.71
b. Financial Assets				
i) Trade receivables	12	2,711.04	3,152.19	4,635.71
ii) Cash and cash equivalents	13	596.25	832.87	1,677.87
iii) Bank balances other than (ii) above	14	309.29	361.50	295.32
iv) Other financial assets	15	1,632.17	122.62	70.70
c. Other current assets	16	4,377.16	2,488.08	7,232.27
		12,512.76	9,460.67	17,982.58
Total Assets		124,818.52	125,302.03	133,932.09
II EQUITY AND LIABILITIES				
1 EQUITY				
a. Equity share capital	17	29,352.44	29,352.44	29,352.44
b. Other equity	18	(35,826.33)	(25,547.00)	(18,855.91)
Total Equity		(6,473.89)	3,805.44	10,496.53
2 LIABILITIES				
Non-current liabilities				
a. Financial liabilities				
i) Borrowings	19	87,997.06	85,958.45	77,106.64
ii) Other financial liabilities	20	-	-	1,436.63
b. Provisions	21	461.96	512.54	495.71
c. Deferred tax liabilities	22	911.46	963.53	1,002.39
Total Non-Current Liabilities		89,370.48	87,434.52	80,041.37
Current liabilities				
a. Financial liabilities				
i) Borrowings	23	3,858.76	3,576.68	3,231.69
ii) Trade payables	24	13,191.36	9,966.20	12,881.38
iii) Other financial liabilities	25	20,548.50	17,804.61	24,393.35
b. Other current liabilities	26	4,215.37	2,612.67	2,776.12
c. Provisions	27	107.94	101.91	111.65
Total Current Liabilities		41,921.93	34,062.07	43,394.19
Total Equity and Liabilities		124,818.52	125,302.03	133,932.09

See accompanying notes to the financial statements.

As per our report of even date attached

For CHATURVEDI & PARTNERS
Chartered Accountants
Firm Registration No. 307068E

RAVINDRA NATH CHATURVEDI
Partner
Membership No. 092087

Place : Noida
Date : May 27, 2017

FOR AND ON BEHALF OF THE BOARD

K N Bhandari
Chairman
DIN No. 00191219

S K Mandal
Managing Director
DIN No. 00086235

G. Tirupati Rao
Company Secretary

A K Agrawal
Chief Financial Officer

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs unless otherwise stated)

PARTICULARS	Note No.	For the Year ended March 31, 2017	For the Nine Months period ended March 31, 2016
Income			
I Revenue from operations	28	40,508.17	33,847.49
II Other income	29	232.72	288.33
III Total income (I+II)		40,740.89	34,135.82
IV Expenses:			
a. Cost of materials consumed	30	4,077.33	4,213.79
b. Cost of goods sold		149.10	-
c. Changes in inventories of finished goods and work-in- progress.	31	506.94	382.10
d. Employee benefits expense	32	2,823.90	1,605.72
e. Finance costs	33	10,501.01	7,403.63
f. Depreciation and amortization expense	5	4,004.20	3,012.28
g. Excise duty		5,579.43	4,650.55
h. Other expenses	34	23,478.71	19,593.44
Total expenses (IV)		51,120.62	40,861.51
V Profit/(Loss) before exceptional items and tax (III-IV)		(10,379.73)	(6,725.69)
VI Exceptional items		-	-
VII Profit/(Loss) before tax (V+VI)		(10,379.73)	(6,725.69)
VIII Tax expense:			
(1) Current Tax		-	-
(2) Deferred Tax		(67.75)	(37.48)
Total (VIII)		(67.75)	(37.48)
IX Profit/(loss) for the year/period from continuing operations (VII-VIII)		(10,311.98)	(6,688.21)
X Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			
- Remeasurement of employees defined benefits		48.33	(4.26)
(ii) Income tax effect on above		(15.68)	1.38
Total (X)		32.65	(2.88)
XI Total comprehensive income (IX+ X)		(10,279.33)	(6,691.09)
Earning per equity share:			
(1) Basic		(3.51)	(2.28)
(2) Diluted		(3.51)	(2.28)

See accompanying notes to the financial statements.

As per our report of even date attached

For CHATURVEDI & PARTNERS
Chartered Accountants
Firm Registration No. 307068E

FOR AND ON BEHALF OF THE BOARD

RAVINDRA NATH CHATURVEDI
Partner
Membership No. 092087

K N Bhandari
Chairman
DIN No. 00191219

S K Mandal
Managing Director
DIN No. 00086235

Place : Noida
Date : May 27, 2017

G. Tirupati Rao
Company Secretary

A K Agrawal
Chief Financial Officer

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs unless otherwise stated)

	For the year ended March 31, 2017		For the Nine Months period ended March 31, 2016	
A. Cash flow from operating activities				
Loss Before Tax		(10,379.73)		(6,725.69)
Adjustment for:				
Depreciation and amortization expense	4,004.20		3,012.28	
Provision for Employee Benefits	48.33		(4.26)	
Provision for doubtful debts, advances and deposits	1.29		(12.89)	
Interest income on deposits	(135.81)		(95.46)	
Finance cost	10,088.47	14,006.48	7,104.75	10,004.42
Operating Profit before working capital changes		3,626.75		3,278.73
Decrease / (Increase) in inventories	(383.44)		1,567.31	
Decrease / (Increase) in trade receivable	439.86		1,483.52	
Decrease / (Increase) in financial and other Assets	(3,581.95)		4,406.49	
(Decrease) / Increase in trade payable and other liabilities	5,138.62	1,613.09	(6,460.83)	996.49
Cash generated from operations		5,239.84		4,275.22
Direct Taxes paid		1.08		(21.19)
Net Cash (used in) / generated from operations		5,240.92		4,254.03
B. Cash flow from investing activities				
Purchase of Property, Plant and Equipment (included CWIP and net of Capital Creditor and advances)	(264.36)		(1,734.50)	
Purchase of Investments	-		(0.79)	
Net investment in Bank Fixed Deposit	(102.02)		(43.52)	
Interest Received	107.78		50.90	
Net cash used in investing activities		(258.60)		(1,727.91)

(₹ in lakhs unless otherwise stated)

	For the year ended March 31, 2017	For the Nine Months period ended March 31, 2016
C. Cash flow from financing activities		
Proceeds from Long Term Borrowings	2,750.00	2,800.00
Repayment of Long Term Borrowings	-	(519.56)
Proceeds from Short Term Borrowings (net of repayments)	282.08	345.00
Interest and Finance Charges Paid	(8,251.02)	(5,996.56)
Net cash generated from financing activities	(5,218.94)	(3,371.12)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(236.63)	(845.00)
Cash and cash equivalents at the beginning of the year	832.87	1,677.87
Cash and cash equivalents at the end of the period / year	596.25	832.87
Cash and Cash Equivalent		
Cash and bank balance	596.25	832.87
	596.25	832.87

1. Bank balance includes restricted amount of ₹ 309.29 (₹ 361.50 Lakhs) towards Fixed Deposit.
2. The Cash flow statement has been prepared under ' indirect method ' as set out in Ind AS -7s as specified under Section 133 of the Companies Act, 2013.
3. Previous year's figures have been regrouped, wherever necessary

As per our report of even date attached

For CHATURVEDI & PARTNERS
Chartered Accountants
Firm Registration No. 307068E

FOR AND ON BEHALF OF THE BOARD

RAVINDRA NATH CHATURVEDI
Partner
Membership No. 092087

K N Bhandari
Chairman
DIN No. 00191219

S K Mandal
Managing Director
DIN No. 00086235

Place : Noida
Date : May 27, 2017

G. Tirupati Rao
Company Secretary

A K Agrawal
Chief Financial officer

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs unless otherwise stated)

A. Equity share capital

Equity shares of ₹ 10 each issued, subscribed and fully paid up

Particulars	No. of Shares	Amount
As at July 01, 2015	293,520,492	29,352.05
Changes in share capital during the year	-	-
Add: Forfeited Shares (Refer Note 17.5)	-	0.39
Balance as at March 31, 2016	293,520,492	29,352.44
Changes in share capital during the year	-	-
Balance as at March 31, 2017 (Refer Note 17)	293,520,492	29,352.44

B. Other equity

Particulars	Equity Component of Financial instrument	Reserves and Surplus					Other Comprehensive Income	Total
		Securities premium reserve	Capital reserve	Capital Redemption Reserve	Quary Land Amortization Reserve	Retained Earnings		
Refer note		a	b	c	d	e		
Balance as at July 01, 2015	139.54	9,054.05	10.00	1.94	0.29	(17,738.04)	(206.46)	(8,738.68)
Loss for the year					-	(6,688.21)		(6,688.21)
Re-measurement of the net defined benefit (liabilities)/ assets							(2.88)	(2.88)
Balance as at March 31, 2016	139.54	9,054.05	10.00	1.94	0.29	(34,543.48)	(209.34)	(25,547.00)
Loss for the year						(10,311.98)		(10,311.98)
Re-measurement of the net defined benefit (liabilities)/ assets							32.65	32.65
Balance as at March 31, 2017	139.54	9,054.05	10.00	1.94	0.29	(44,855.46)	(176.69)	(35,826.33)

Note:

- Security premium reserve: The amount of difference between the issue price and the face value of the shares is recognised in Security premium reserve.
- Capital reserve: Investment subsidy in respect of Visakha Unit received during the accounting year end March 31, 1981.
- Capital redemption reserve: The company had created Capital redemption reserve out of the profits for redemption of preference shares. This reserve may be utilized for the specified purposes in accordance with the provisions of the Act.

- d Query land amortization reserve was created for subsidy granted by the Government for construction of residential quarters for workers at Jayantipuram mines.
 - e Retained earnings: Retained earnings comprise of the profits/(losses) of the company earned till date net of distributions and other adjustments.
-

See accompanying notes to the Ind AS financial statements.

As per our report of even date attached

For CHATURVEDI & PARTNERS
Chartered Accountants
Firm Registration No. 307068E

RAVINDRA NATH CHATURVEDI
Partner
Membership No. 092087

Place : Noida
Date : May 27, 2017

FOR AND ON BEHALF OF THE BOARD

K N Bhandari
Chairman
DIN No. 00191219

G. Tirupati Rao
Company Secretary

S K Mandal
Managing Director
DIN No. 00086235

A K Agrawal
Chief Financial Officer

NOTES TO IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

1. Company Overview

Andhra Cements Limited (the Company) is a Public Limited Company domiciled in India and is incorporated in India under the provisions of Companies Act, 1956. Its shares are listed on two stock exchanges in India. The company is engaged in the manufacturing and selling of Cement and Cement related products. The Company caters mainly to the domestic market.

2. Recent accounting pronouncements

Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of Cash Flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of Cash Flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable from April 1, 2017.

Amendment to Ind AS 7

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The effect on the financial statements is being evaluated by the Company.

Amendment to Ind AS 102

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in

its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The requirements of the amendment have no impact on the financial statements as the standard is not applicable to the Company.

3. Significant Accounting policies

3.1 Statement of Compliance

These financial statements of the Company have been prepared in accordance with Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rule 2016, the relevant provisions of Companies Act, 2013 and guidelines issued by the Security and Exchange Board of India (SEBI), as applicable.

The Company has prepared its financial statements up to the year ended March 31, 2016 in accordance with generally accepted accounting principles in India, including accounting standards read with Section 133 of the Companies Act, 2013 notified under Companies (Accounting Standards) Rules, 2006 ("Previous GAAP"). These are the Company's first Ind AS financial statements. The date of transition to Ind AS is July 01, 2015. Refer note 4 below for the details of first time adoption exemptions availed by the Company.

3.2 Basis of preparation

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rule 2016, and presentation requirements of Schedule III to the Act under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair value.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

3.3 Critical accounting judgments and key sources of estimation uncertainty

The preparation of the financial statements in conformity with the Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosures as at date of the financial statements and the reported amounts of the revenues and expenses for the years presented. The estimates and associated assumptions are based on historical experience and other factors that

are considered to be relevant. Although these estimates are based upon the management's best knowledge of current events, actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Judgments In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements.

Discount rate used to determine the carrying amount of the Company's defined benefit obligation: The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Contingences and commitments: In the normal course of business, contingent liabilities may arise from litigations and other claims against the Company. Where the potential liabilities have a low probability of crystallizing or are very difficult to quantify reliably, company treat them as contingent liabilities. Such liabilities are disclosed in the notes but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, the company do not expect them to have a materially adverse impact on the financial position or profitability.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- (a) **Income taxes:** The Company's tax jurisdiction is India. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions.
- (b) **Useful lives of property, plant and equipment:** As described in Note 3.8, the Company reviews

the estimated useful lives and residual values of property, plant and equipment at the end of each reporting period. During the current financial year, the management determined that there were no changes to the useful lives and residual values of the property, plant and equipment.

- (c) **Allowances for doubtful debts:** The Company makes allowances for doubtful debts based on an assessment of the recoverability of trade and other receivables. The identification of doubtful debts requires use of judgment and estimates.

3.4 Operating Cycle and Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification in accordance with Part-I of Division- II of Schedule III of the Companies Act, 2013.

An asset is treated as current when it (a) Expected to be realised or intended to be sold or consumed in normal operating cycle; (b) Held primarily for the purpose of trading; or (c) Expected to be realised within twelve months after the reporting period, or (d) The asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when (a) It is expected to be settled in normal operating cycle; or (b) It is held primarily for the purpose of trading; or (c) It is due to be settled within twelve months after the reporting period, or (d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, results in its settlement by the issue of equity instruments do not affect its classification. The Company classifies all other liabilities as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its normal operating cycle.

3.5 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment inclusive of excise duty and excluding taxes or duties collected on behalf of government.

Sale of Goods Revenue from the sale of goods is recognised when all the significant risks and rewards of ownership of the goods have been transferred to the buyer, usually on delivery of the goods.

Interest income Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividends Dividend income from investments is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

3.6 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker regularly monitor and review the operating results of the whole company as one segment of cement and cement related products. Thus, as defined in Ind AS 108 'Operating Segment' the company's entire business falls under the one operating segment and hence the necessary information has been disclosed in the financial statements.

3.7 Foreign Currencies

Functional and presentation Currencies: The financial statements are presented in Indian Rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

Transactions and translations: Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign-currency-denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in net profit in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the transaction.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cash flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

3.8 Property, plant and equipment

Property, plant and equipment (PPE) are initially recognised at cost. The initial cost of PPE comprises its purchase price, including non-refundable duties and

Notes Forming Part of Ind AS Financial Statements

taxes net of any trade discounts and rebates. The cost of PPE includes interest on borrowings (borrowing cost) directly attributable to acquisition, construction or production of qualifying assets subsequent to initial recognition, PPE are stated at cost less accumulated depreciation (other than freehold land, which are stated at cost) and impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and useful lives.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and capital work in progress) less their residual values over the useful lives, using the straight- line method ("SLM") in the manner prescribed in schedule II to the Act. Management believes based on a technical evaluation (which is based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.) that the useful lives of the assets as considered by the company reflect the periods over which these assets are expected to be used. Such classes of assets and their estimated useful lives are as under;

S. NO	Nature of Asset/ Component of Assets	Useful life of assets/ components of assets
1	Buildings	6-25
2	Plant and Equipments	5-25
3	Furniture and Fixtures	7
4	Office Equipments	10
5	Vehicles	10
6	Railway Siding	25

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between sales proceeds and the carrying amount of the asset and is recognised in profit or loss. Fully depreciated assets still in use are retained in financial statements.

3.9 Capital work-in-progress and intangible assets under development

Capital work-in-progress/intangible assets under development are carried at cost, comprising direct cost, related incidental expenses and attributable borrowing cost.

3.10 Intangible assets

Intangible assets are measured on initial recognition at cost and subsequently are carried at cost less accumulated amortization and accumulated impairment losses, if any.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses on derecognition are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses).

The Company amortises intangible assets with a finite useful life using the straight-line method over the useful lives determined by the terms of the agreement / contract. The estimated useful life is reviewed annually by the management.

3.11. Impairment of Assets

Financial assets: The Company assesses on a forward-looking basis the expected credit losses associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

PPE and intangibles assets: Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be

recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the Statement of Profit and Loss.

3.12 Income tax

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognised in Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Current tax: Current tax is measured at the amount of tax expected to be payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961. Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the asset and the liability on a net basis.

Deferred tax: Deferred income tax is recognised using the Balance Sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred tax assets are recognised only to the extent that it is probable that either future taxable profits or reversal of deferred tax liabilities will be available, against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred

tax asset is realised or the deferred tax liability is settled. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

3.13 Leases

Leases are classified as finance leases whenever the terms of lease transfer substantially all the risks and rewards of ownership to the lessee. Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Operating Lease: Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where another systematic basis is more representative of the time pattern in which economic benefits from leased assets are consumed. The aggregate benefit of incentives (excluding in inflationary increases where rentals are structured solely to increase in line with the expected general inflation to compensate for the lessor's inflationary cost increases, such increases are recognised in the year in which the benefits accrue) provided by the lessor is recognized as a reduction of rental expense over the lease term on a straight-line basis.

Finance Lease: Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

3.14 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3.15 Provisions and Contingent Liabilities:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of

a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date.

If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

3.16 Inventories

Raw Materials and stores and parts are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished product in which they will be incorporated/ use are expected to be sold at or above cost. Cost of raw materials and stores and spares is determined on weighted average cost method.

Work in progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct material, labour, cost of conversion and other overheads incurred in bringing the inventory to their present location and condition. Cost of finished goods includes excise duty.

Saleable scrap, whose cost is not identifiable, is valued at net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business less estimated cost of completion/costs necessary to make the sale.

3.17 Non-derivative financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

a. Financial assets

Cash and cash equivalents: The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks, which are unrestricted for withdrawal and usage.

Trade Receivables and Loans: Trade receivables are initially recognised at fair value. Subsequently, these assets are held at amortised cost, using the effective interest rate (EIR) method net of any expected credit losses. The EIR is the rate that discounts estimated future cash income through the expected life of financial instrument.

Debt Instruments: Debt instruments are initially measured at amortised cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVTPL') till derecognition on the basis of (i) the entity's business model for managing the financial assets and (ii) the contractual cash flow characteristics of the financial asset.

Equity Instruments: All investments in equity instruments classified under financial assets are initially measured at fair value, the Company may, on initial recognition, irrevocably elect to measure the same either at FVOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis.

b. Financial assets – Subsequent measurement

Financial assets at amortised cost: Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income (FVTOCI): Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to solely payments of principal and interest on the principal amount outstanding and by selling financial assets.

Financial assets at fair value through profit or loss (FVTPL): Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other

comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

c. Financial liabilities

Loans and borrowings: After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost on accrual basis.

d. Financial liabilities - Subsequent measurement

Financial liabilities are measured at amortised cost using the effective interest method. The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings: After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost on accrual basis.

e. Derecognition of financial assets:

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of financial liabilities) is derecognized from the company's balance sheet when the obligation specified in the contract is discharged or cancelled or exposes.

f. Offsetting of financial instruments

Financial assets and financial liabilities are set and the net amount is reported in financial statements if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

3.18 Exceptional items

Items of income or expense from ordinary activities which are non-recurring and are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Company are disclosed as Exceptional items in the Statement of Profit & Loss.

3.19 Borrowing costs

General and specific borrowing costs (including exchange differences arising from foreign currency borrowing to the extent that they are regarded as an adjustment to interest cost) that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

3.20 Employee Benefits

Retirement benefit in the form of Provident Fund and Superannuation Schemes are defined contribution schemes. The Company has no obligation, other than the contribution payable to the respective funds. The Company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund. Gratuity liability is funded defined benefit obligation and is provided for on the basis of actuarial valuation done on projected unit credit method at the balance sheet date. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods. The Company treats accumulated leaves expected to be carried forward beyond twelve months, as long term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the end of each financial year. The Company presents the leave as current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement beyond 12 months after the reporting date. Where the Company has unconditional legal and contractual right to defer the settlement for the period beyond 12 months, the same is presented as non-current liability. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred.

3.21 Earnings per share (EPS)

Basic EPS is computed by dividing the profit or loss attributable to the equity shareholders of the Company by the weighted average number of Ordinary shares outstanding during the year. Diluted EPS is computed by adjusting the profit or loss attributable to the ordinary equity shareholders and the weighted average number

Notes Forming Part of Ind AS Financial Statements

of ordinary equity shares, for the effects of all dilutive potential Ordinary shares.

4. Explanation of transition to Ind AS

As stated in Note 3.1, the Company's financial statements for the year ended March 31, 2017 are the first annual financial statements prepared by the Company in order to comply with Ind AS. The adoption of Ind AS was carried out in accordance with Ind AS 101, using July 01, 2015 as the transition date. The transition was carried out from Previous GAAP (based on the AS framework) to Ind AS. The effect of adopting Ind AS has been summarized in the reconciliations provided below.

Ind AS 101 generally requires full retrospective application of the Standards in force at the first reporting date. However, Ind AS 101 allows certain exemptions in the application of particular Standards to prior periods in order to assist companies with the transition process.

Exemptions Availed:

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has availed the following exemptions:

- a) The Company has elected to continue with the carrying value of all of its plant and equipment and intangible assets as recognised as of July 01, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date. Revaluation reserve created earlier on revaluation of property plants and Equipment has been transferred to retained earnings.
- b) There being no change in the functional currency of the Company, it has opted to continue with the carrying values measured under the previous GAAP and use that carrying value as the deemed cost for property, plant and equipment and intangible assets on the date of transition.
- c) The company has classified the financial assets and financial liabilities in accordance with Ind AS-109 on the basis of facts and circumstances that existed at the date of transition to Ind AS.

Reconciliations The accounting policies as stated above in Note 3 have been applied in preparing the financial statements for the year ended March 31, 2017, the financial statements for the nine months ending March 31, 2016 and the preparation of an opening Ind AS statement of financial position as at July 1, 2015. In preparing its opening Ind AS Balance Sheet and Statement of Profit and Loss for the nine months ended March 31, 2016, the Company has adjusted amounts reported in financial statements prepared in accordance with Previous GAAP.

An explanation of how the transition from Previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables:

i. Reconciliation of equity:

(₹ in lakhs unless otherwise stated)

Particulars	As at March 31, 2016	As at July 1, 2015
Equity as per Previous GAAP	7,605.21	14,235.51
Equity component of Financial instrument	139.54	139.54
Impact of fair value of interest on security deposit and other (net)	6.66	106.31
Deferred tax liabilities on revaluated assets	(963.53)	(1,002.39)
Deferred tax liabilities-Others	(2,982.44)	(2,982.44)
Equity as per Ind AS	3,805.44	10,496.53

ii. Reconciliation of total comprehensive income:

(₹ in lakhs unless otherwise stated)

Particulars	As at March 31, 2016
Profit for the year as per Previous GAAP	(6,510.52)
Re-measurement of employees defined benefits plans	4.26
Effect of financial assets fair valuation	(99.65)
Others	(119.78)
Impact of Deferred tax on above	37.48
Net Profit for the year as per Ind AS	(6,688.21)
Others Comprehensive income (net of income tax)	(2.88)
Total comprehensive income as per Ind AS	(6,691.09)

iii. Explanation of material adjustments to Cash Flows for the nine months ended March 31, 2016:

The transition from Previous GAAP to Ind AS has no material impact on the Cash Flows.

IV. Reconciliation of Balance Sheet

(₹ in lakhs unless otherwise stated)

	Footnotes	Balance Sheet As at March 31, 2016			Balance Sheet As at July 1, 2015		
		Previous GAAP	Ind AS adjustment	Ind AS	Previous GAAP	Ind AS adjustments	Ind AS
I Assets							
1 Non-current assets							
A Property, plant and equipment	a	81,761.24	-	81,761.24	84,532.50	-	84,532.50
B Capital work-in-progress		28,609.21	-	28,609.21	26,530.53	-	26,530.53
C Financial assets							
(i) Investments		0.95	-	0.95	0.17	-	0.17
(ii) Loans		1,279.63	-	1,279.63	949.32	-	949.32
(ii) Other financial assets		12.29	-	12.29	39.71	-	39.71
D Non-current tax assets (net)		127.42	-	127.42	106.23	-	106.23
E Other non-current assets	e	3846.08	204.54	4,050.62	3591.30	199.75	3,791.05
F Deferred tax assets (net)	b	2,982.44	(2,982.44)	-	2,982.44	(2,982.44)	-
2 Current assets							
A Inventories		2503.41	-	2503.41	4,070.71	-	4,070.71
B Financial assets							
(i) Trade Receivables		3,152.19	-	3,152.19	4,635.71	-	4,635.71
(ii) Cash and cash equivalents		832.87	-	832.87	1,677.87	-	1,677.87
(iii) Bank balances other than (ii) above		361.50	-	361.50	295.32	-	295.32
(iv) Others	e	79.21	43.41	122.62	70.70	-	70.70
C Other current assets		2692.60	(204.54)	2,488.08	7,432.02	(199.75)	7,232.27
Total assets		128,241.04	(2,939.03)	125,302.03	136,914.53	(2,982.44)	133,932.09
II Equity and liabilities							
1 Equity							
A Equity share capital		29,352.44	-	29,352.44	29,352.44	-	29,352.44
B Other equity	c	(21,747.23)	(3,799.77)	(25,547.00)	(15,116.93)	(3,738.99)	(18,855.92)
2 Liabilities							
2.1 Non-current liabilities							
A Financial liabilities							
(i) Borrowings	d	86,007.90	(49.45)	85,958.45	77,199.68	(93.04)	77,106.64
(ii) Other financial liabilities					1,436.63	-	1,436.63
B Provisions		512.54	-	512.54	495.71	-	495.71
C Deferred tax liabilities (Net)	b	-	963.53	963.53	-	1,002.39	1,002.39
2.2 Current liabilities							
A Financial liabilities							
(i) Borrowings		3,576.68	-	3,576.68	3,231.69	-	3,231.69
(ii) Trade Payables		9,966.20	-	9,966.20	12,881.38	-	12,881.38
(iii) Other financial liabilities	e	20,470.60	(2666.00)	17,804.61	27,322.28	(2,928.93)	24,393.35
B Other current liabilities	e	-	2,612.67	2,612.67	-	2,776.12	2,776.12
C Provisions		101.91	-	101.91	111.65	-	111.65
Total equity and liabilities		128,241.04	(2,939.03)	125,302.03	136,914.53	(2,982.44)	133,932.09

v. Reconciliation of Statement of Profit and Loss for the nine months period ended March 31, 2016

(₹ in lakhs unless otherwise stated)

	Footnotes	Previous GAAP	Ind AS adjustments	Ind AS
Income				
Revenue from operation	f	29,196.94	4,650.55	33,847.49
Other income		288.33	-	288.33
Total Income		29,485.27	4,650.55	34,135.82
Expenses				
Cost of material consumed		4,213.79	-	4,213.79
Change in inventories of finished goods and Work-in-progress		382.10	-	382.10
Excise duty	f	-	4,650.55	4,650.55
Employee benefit expenses	g	1,609.98	(4.26)	1,605.72
Finance cost	d	7,303.98	99.65	7,403.63
Depreciation and amortization expenses.	a	2,892.50	119.78	3,012.28
Other expenses		19,593.44	-	19,593.44
Total expenses		35,995.79	4865.72	40,861.51
Profit before exceptional items and tax		(6,510.52)	(215.17)	(6,725.69)
Exceptional items		-	-	-
Profit before tax		(6,510.52)	(215.17)	(6,725.69)
Tax expenses				
Current tax		-	-	-
Deferred tax	b	-	(37.48)	(37.48)
Profit for the year (A)		(6,510.52)	(177.69)	(6,688.21)
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Income tax relating to items that will not be reclassified to profit or loss	g & b	-	4.26	4.26
			(1.38)	(1.38)
Other comprehensive income for the year (B)		-	2.88	2.88
Total comprehensive income for the year (A-B)		(6,510.52)	(180.58)	(6691.09)

Footnotes to the Reconciliations

- a Property Plant and Equipment:** The Company has elected to continue with the carrying value of all of its plant and equipment and intangible assets as recognised as of July 01, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date. Revaluation reserve created earlier on revaluation of property plants and Equipment has been transferred to retained earnings.
- b Income tax:** Current income tax component on the gain/(loss) on fair value of defined benefit plans and equity instruments have been transferred to the OCI under Ind AS. Deferred income tax have been recognised on the adjustments made on transition to Ind AS.
- c Other equity:** Adjustments to retained earnings and OCI have been made in accordance with Ind AS, for the above-mentioned transition items.
- d Borrowings:** Under India GAAP, promoter borrowing has been accounted for at its cost under borrowings. Under Ind AS the promoter borrowing has been segregated equity component using the effective interest method and impact thereof transferred to retained earnings.
- e** The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes.
- f Excise Duty:** Under Previous GAAP, excise duty was netted off against sale of goods. However, under Ind AS, excise duty is included in sale of goods and is separately presented as expense on the face of Statement of Profit and Loss. Thus, sale of goods under Ind AS has increased with a corresponding increase in expenses.
- g Defined benefits obligations:** Under Ind AS, actuarial gains and losses are recognised in the OCI as compared to being recognised in the Statement of Profit and Loss under the previous GAAP.

Note 5. Property, Plant and Equipment

(₹ in lakhs unless otherwise stated)

Gross carrying value	Land - Freehold	Buildings	Plant and Equipment	Motor vehicles	Furniture	Railway Siding	Total tangible assets	Capital work in progress
As at July 01, 2015	679.90	5,867.12	99,308.86	271.16	582.48	183.05	106,892.56	26,530.53
Additions	65.87	-	171.56	-	3.59	-	241.02	2,078.68
Disposals/ Adjustments	-	-	-	-	-	-	-	-
As at March 31, 2016	745.77	5,867.12	99,480.42	271.16	586.07	183.05	107,133.58	28,609.21
Additions	-	-	-	-	-	-	-	1,545.81
Disposals/ Adjustments	-	-	-	22.25	-	-	22.25	-
As at March 31, 2017	745.77	5,867.12	99,480.42	248.91	586.07	183.05	107,111.33	30,155.02
Depreciation	Land - Freehold	Buildings	Plant and Equipment	Motor vehicles	Furniture	Railway Siding	Total tangible assets	Capital work in progress
As at July 01, 2015	-	2,287.36	19,265.99	142.06	490.75	173.90	22,360.06	-
Charge for the period	-	104.63	2,877.08	15.69	14.89	-	3,012.28	-
Disposals/ Adjustments	-	-	-	-	-	-	-	-
As at March 31, 2016	-	2,391.99	22,143.08	157.74	505.63	173.90	25,372.34	-
Charge for the year	-	134.42	3,832.76	20.73	16.29	-	4,004.20	-
Disposals/ Adjustments	-	-	-	14.25	-	-	14.25	-
As at March 31, 2017	-	2,526.40	25,975.83	164.22	521.93	173.90	29,362.29	-
Net book value	Land - Freehold	Buildings	Plant and Equipment	Motor vehicles	Furniture	Railway Siding	Total tangible	Capital work in progress
As at July 01, 2015	679.90	3,579.76	80,042.87	129.10	91.73	9.15	84,532.50	26,530.53
As at March 31, 2016	745.77	3,475.13	77,337.34	113.42	80.44	9.15	81,761.24	28,609.21
As at March 31, 2017	745.77	3,340.72	73,504.59	84.69	64.14	9.15	77,749.04	30,155.02

Notes:-

5.1. Capital Work In-Progress includes interest cost of ₹ 5,259.96 lakhs

5.2. Refer Note no 19.3 and 19.4 for property, plant and equipment pledged as security by the Company

Note 6. Investments

(₹ in lakhs unless otherwise stated)

PARTICULARS	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Others - Unquoted			
(i) Equity Shares			
2500 fully paid up equity shares of ₹ 10 each of Andhra Pradesh Heavy machinery and Engineering limited	0.25	0.25	0.25
(ii) Investment in Government securities			
National Saving Certificates (Lodged as security with Govt. Depts.)	0.95	0.95	0.17
	1.20	1.20	0.42
Less: Provision for impairment in value of Investment	0.25	0.25	0.25
Total	0.95	0.95	0.17
Note:-			
Aggregate amount of unquoted investment	1.20	1.20	0.41
Aggregate provision for impairment in value of Investments	0.25	0.25	0.25

Note 7. Loans

(₹ in lakhs unless otherwise stated)

PARTICULARS	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Security deposits			
(i) Unsecured, considered good unless otherwise stated	1,383.49	1,279.63	949.32
(ii) Unsecured considered doubtful	0.50	0.50	0.50
	1,383.99	1,280.13	949.82
Less: Provision for impairment in Value	0.50	0.50	0.50
Total	1,383.49	1,279.63	949.32

Note 8. Other financial assets

(₹ in lakhs unless otherwise stated)

PARTICULARS	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Non - Current Bank Balances			
Bank Deposits with more than 12 months maturity	154.23	-	22.66
Interest accrued but not due on Term Deposit with Banks	69.51	-	4.17
	223.74	-	26.83
Other Receivables	12.29	12.29	12.88
Total	236.03	12.29	39.71

Note 9. Non-Current tax assets (net)

(₹ in lakhs unless otherwise stated)

PARTICULARS	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Advance tax including Tax Deducted at Source	97.27	98.35	77.16
Minimum alternate tax (MAT)	29.07	29.07	29.07
Total	126.34	127.42	106.23

Note 10. Other non-current assets

(₹ in lakhs unless otherwise stated)

PARTICULARS	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Capital Advances	2,412.37	3,846.08	3,591.30
Prepaid expenses	6.32	22.68	-
	2,418.69	3,868.76	3,591.30
Balances with Government Authorities			
Deposits under protest	236.20	181.86	199.75
	236.20	181.86	199.75
Total	2,654.89	4,050.62	3,791.05

Note 11. Inventories

(₹ in lakhs unless otherwise stated)

PARTICULARS	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Raw Materials	410.91	257.12	550.24
Work-In-Progress	238.32	380.41	524.97
Finished Goods	118.85	483.70	721.25
Stores and Spares	2,155.43	1,418.84	2,310.91
	2,923.51	2,540.07	4,107.37
Less: Provision for Obsolete Stores	36.66	36.66	36.66
Total	2,886.85	2,503.41	4,070.71

Note 12. Trade receivables

(₹ in lakhs unless otherwise stated)

PARTICULARS	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Unsecured (Refer Note 48)			
Considered good	2,711.04	3,152.19	4,635.71
Considered doubtful	733.31	733.31	733.31
	3,444.35	3,885.50	5,369.02
Less: Allowance for doubtful receivables	733.31	733.31	733.31
Total	2,711.04	3,152.19	4,635.71

Note 13. Cash and cash equivalents

(₹ in lakhs unless otherwise stated)

PARTICULARS	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Balances with Bank:			
Current accounts	592.23	828.57	1,671.01
Cash on hand:			
Cash on hand	4.02	4.30	6.86
Total	596.25	832.87	1,677.87

Note 14. Bank balances other than cash and cash equivalents

(₹ in lakhs unless otherwise stated)

PARTICULARS	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
On account of earmarked balances:			
- Security against unpaid matured Debentures	190.00	190.00	190.00
- Savings Bank Account with Mining Department	0.80	0.80	0.80
On account of margin money deposited:			
- Margin Money against Guarantees with maturity of more than 3 months but less than 12 months	118.49	170.70	104.52
Total	309.29	361.50	295.32

Note 15. Other financial assets

(₹ in lakhs unless otherwise stated)

PARTICULARS	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Receivable from related parties (Refer Note no.53)	1,500.95	-	-
Interest on Term Deposit with Banks	31.10	72.58	23.84
Other Receivable	100.12	50.04	46.86
Total	1,632.17	122.62	70.70

Note 16. Other current assets

(₹ in lakhs unless otherwise stated)

PARTICULARS	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Advances to related parties(Refer Note no.53)			
Unsecured, Considered Good	-	29.73	1,732.54
Advances to suppliers			
Unsecured, Considered Good	3,920.51	2,214.89	4,945.81
Doubtful	56.86	56.86	56.86
Less : Allowance for doubtful advances	(56.86)	(56.86)	(56.86)
	3,920.51	2,214.89	4,945.81
Prepaid expenses	96.49	26.43	46.38
Balances with Government Authorities			
Unsecured, Considered Good	360.16	217.03	507.54
Total	4,377.16	2,488.08	7,232.27

Note 17. Equity share capital

(₹ in lakhs unless otherwise stated)

PARTICULARS	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Authorized			
Equity Shares, ₹ 10/- par value			
400,000,000 (March 31, 2016: 400,000,000 and July 01, 2015: 400,000,000)	40,000.00	40,000.00	40,000.00
Cumulative Redeemable Preference Shares, ₹ 100/- par value			
10,000,000 (March 31, 2016: 10,000,000 and July 01, 2015: 10,000,000)	10,000.00	10,000.00	10,000.00
	50,000.00	50,000.00	50,000.00
Issued, Subscribed and Paid-Up			
Equity Shares, ₹ 10/- par value			
293,520,492 (March 31, 2016: 293,520,492 and July 01, 2015: 293,520,492)	29,352.05	29,352.05	29,352.05
Add: Forfeited Shares (Refer Note 17.5)	0.39	0.39	0.39
	29,352.44	29,352.44	29,352.44

Note 17.1 Terms/Rights attached to Equity Shares

The Company has only one class of equity shares having a face value of ₹ 10 per Share and each holder of equity shares is entitled to one vote per share. In the event of liquidation, the holders of equity shares will be entitled to receive the remaining assets of the company, after distribution of all preferential amounts, in proportion to their share holdings. Dividend - Each Share is entitled to dividend, if declared. The dividend if any, proposed by board of Directors subject to the approval of shareholders ensuring in Annual General meeting, except in case of interim dividend.

Note 17.2 Share held by the holding Company

Name of the Share holder	As at	As at	As at
	March 31, 2017	March 31, 2016	July 01, 2015
	(No. of shares)	(No. of shares)	(No. of shares)
Jaypee Development Corporation Limited	201,926,406	201,926,406	201,926,406

Note 17.3 Shareholders holding more than 5% shares of the Company:

Name of the Share holder	As at		As at		As at	
	March 31, 2017		March 31, 2016		July 01, 2015	
	No. of shares	%	No. of shares	%	No. of shares	%
Jaypee Development Corporation Ltd.	201,926,406	68.79%	201,926,406	68.79%	201,926,406	68.79%
Infrastructure Development Finance Company Ltd.	-	-	-	-	28,784,722	9.81%
Housing Development Finance Corporation Ltd.	25,957,055	8.84%	25,957,055	8.84%	25,957,055	8.84%

Note 17.4 The Reconciliation of the number of shares outstanding is set-out below:

Details	As at	As at	As at
	March 31, 2017	March 31, 2016	July 01, 2015
Number of shares at the beginning	293,520,492	293,520,492	293,520,492
Add: Shares issued during the period	-	-	-
Number of shares at the end	293,520,492	293,520,492	293,520,492

Note 17.5 Forfeited shares (amount originally paid up) is ₹ 38,860/-**Note 18. Other Equity**

PARTICULARS	(₹ in lakhs unless otherwise stated)		
	As at	As at	As at
	March 31, 2017	March 31, 2016	July 01, 2015
i. Equity Component of Financial instrument	139.54	139.54	139.54
ii. Other reserves			
Securities premium reserve	9,054.05	9,054.05	9,054.05
Capital reserve	10.00	10.00	10.00
Capital Redemption Reserve	1.94	1.94	1.94
Land Amortization Reserve	0.29	0.29	0.29
Retained Earnings	(44,855.46)	(34,543.48)	(27,855.27)
Other Comprehensive Income	(176.69)	(209.34)	(206.46)
	(35,965.87)	(25,686.54)	(18,995.45)
(Refer statement of changes in equity)			
Total	(35,826.33)	(25,547.00)	(18,855.91)

Note 19. Borrowings

(₹ in lakhs unless otherwise stated)

PARTICULARS	As at	As at	As at
	March 31, 2017	March 31, 2016	July 01, 2015
Secured: (Refer Note No. 19.1 to 19.6)			
Term Loans from Banks	14,800.00	14,800.00	11,175.00
Term Loans from Financial Institutions	71,846.31	69,029.47	63,272.24
Unsecured:(Refer Note No. 19.1 to 19.6)			
Term Loans from related party	1,350.76	2,128.98	2,659.40
Total	87,997.06	85,958.45	77,106.64

Note 19.1

Terms and Conditions of the borrowings as on March 31, 2017

(₹ in lakhs unless otherwise stated)

Nature of Loan	As at March 31, 2017	As at March 31, 2016	As at June 30, 2015	Rate of Interest	Nature of Security	Terms of Repayment
IDFC Limited/ EARCL Term Loan	35,296.31	33,729.47	33,100.00	Current Rate of Interest - 11.5%, reset on change of lender's CPLR.	Refer Note 19.2	Refer Note No.19.4
HDFC Limited Term Loan	36,550.00	35,300.00	34,600.00	Current Rate of Interest - 11.5%, reset on change of lender's CPLR.	Refer Note 19.2	Refer Note No.19.5
Andhra Bank Ltd Term Loan	9,900.00	9,900.00	7,500.00	Current Rate of Interest - 12.25%, reset on change of lender's CPLR.	Refer Note 19.2	Refer Note No.19.5
Karur Vasya Bank Term Loan	4,900.00	4,900.00	4,500.00	Current Rate of Interest - 12.25%, reset on change of lender's CPLR.	Refer Note 19.2	Refer Note No.19.5
Jaypee Development Corp.Ltd Unsecured Loan	3,265.24	2,967.82	3,426.00	Current Rate of Interest - 10 %	Unsecured	Repayable in 4 years Monthly installments of ₹ 87.55 Lakhs
	89,911.55	86,797.29	83,126.00			

Note 19.2

Term Loans are secured by first charge by way of mortgage, on immovable properties and hypothecation of all movable properties, machinery, machinery spares, tools, furniture fixture & accessories present and future, and second charge on current assets including inventories, stores and spares, book debts, operating cash flow receivables etc., Further secured by first charge on Intangible Assets and other reserve relating to the project, and pledge of 75 % Shares of Promoter Holding (Minimum of 33% of total Paid up Capital of the Company). Moreover, Personal Guarantee of Mr. Manoj Gaur for secured term loans.

Note 19.3

At the end of each year, HDFC shall have the right to appropriate 100% of surplus cash flows which contribute to DSCR being above 1.1 x, towards prepayment of the loans and upon such prepayment, the loans shall stand reduced proportionately in the inverse order of maturity. Such prepayment shall not attract any prepayment premium

Note 19.4

Repayment in 56 quarterly installments w.e.f. June 15, 2018. Repayment Schedule are given below:

Period		% of Total loan	No. of Installment	Total
From	To	Each Installment		
June 15, 2018	March 15, 2019	0.50	4	2
June 15, 2019	March 15, 2020	1.00	4	4
June 15, 2020	March 15, 2021	1.25	4	5
June 15, 2021	March 15, 2022	1.50	4	6
June 15, 2022	March 15, 2023	1.75	4	7
June 15, 2023	March 15, 2024	2.25	4	9
June 15, 2024	March 15, 2028	2.50	16	40
June 15, 2028	March 15, 2030	2.00	8	16
June 15, 2030	March 15, 2031	1.50	4	6
June 15, 2031	March 15, 2032	1.25	4	5
TOTAL			56	100

Note 19.5

Repayment in 56 quarterly installments w.e.f. June 30, 2018. Repayment Schedule are given below:

Period		% of Total loan	No. of Installment	Total
From	To	Each Installment		
June 30, 2018	March 31, 2019	0.50	4	2
June 30, 2019	March 31, 2020	1.00	4	4
June 30, 2020	March 31, 2021	1.25	4	5
June 30, 2021	March 31, 2022	1.50	4	6
June 30, 2022	March 31, 2023	1.75	4	7
June 30, 2023	March 31, 2024	2.25	4	9
June 30, 2024	March 31, 2028	2.50	16	40
June 30, 2028	March 31, 2030	2.00	8	16
June 30, 2030	March 31, 2031	1.50	4	6
June 30, 2031	March 31, 2032	1.25	4	5
TOTAL			56	100

Note 19.6

Details of default in payment of interest as on March 31, 2017

(₹ in lakhs unless otherwise stated)

Bank	Period From	To	Period	Amount
IDFC	January 15, 2017	March 31, 2017	16-76	1,092.28
HDFC	January 31, 2017	March 31, 2017	30-60	944.31
Karur Vasya Bank	January 31, 2017	March 31, 2017	30-60	143.27
Andhra Bank	January 31, 2017	March 31, 2017	30-60	196.03
TOTAL				2,375.89

Note 20. Other financial liabilities

(₹ in lakhs unless otherwise stated)

PARTICULARS	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Secured			
Interest on sub-debt	-	-	1,436.63
Total	-	-	1,436.63

Note 21. Provisions

(₹ in lakhs unless otherwise stated)

PARTICULARS	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Provisions for employee benefits			
For leave benefits	72.22	86.28	85.49
For gratuity	389.74	426.26	410.22
Total	461.96	512.54	495.71

Note 22. Deferred tax liabilities (net)

(₹ in lakhs unless otherwise stated)

PARTICULARS	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	11,111.75	9,995.21	5,959.40
Other temporary difference	16.04	47.45	79.76
Deferred tax liability	11,127.79	10,042.66	6,039.16
Expenditure allowed for tax purpose on payment basis	283.35	358.69	326.82
Carry forward unobserved depreciation	9,664.47	8,451.93	4,441.44
Allowance for doubtful debts and advances	268.51	268.51	268.51
Deferred tax assets	10,216.33	9,079.13	5,036.77
Deferred tax liability (net) (Refer Notes No. 50)	911.46	963.53	1,002.39

Note 23. Borrowings

(₹ in lakhs unless otherwise stated)

PARTICULARS	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
From Banks			
Secured:			
Loans repayable on demand	3,851.53	3,569.45	3,224.46
From other parties			
Unsecured:			
Loans from Sales tax authority	7.23	7.23	7.23
Total	3,858.76	3,576.68	3,231.69

Note:-

23.1. Working Capital Loans are secured by first pari passu charge by way of hypothecation of the current assets and second Charge on fixed assets of the company. These loans are further secured by Personal guarantee of earlier Chairman, Mr. Manoj Gaur.

Note 24. Trade payables

(₹ in lakhs unless otherwise stated)

PARTICULARS	As at	As at	As at
	March 31, 2017	March 31, 2016	July 01, 2015
- Total outstanding dues of Micro Enterprises and Small Enterprises	-	-	-
- Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises (Refer note 42)	13,191.36	9,966.20	12,881.38
Total	13,191.36	9,966.20	12,881.38

Note 25. Other financial liabilities

(₹ in lakhs unless otherwise stated)

PARTICULARS	As at	As at	As at
	March 31, 2017	March 31, 2016	July 01, 2015
(a) Current maturities of long term debt	847.05	745.80	5,880.54
(b) Interest Accrued but not due	212.11	198.47	184.16
(c) Interest accrued and due	3,596.77	1,162.82	68.94
(d) Unpaid matured deposits and interest accrued thereon (Refer Note No.46 (iii))	101.94	102.15	102.21
(e) Unpaid matured debentures and interest accrued thereon (Refer Note No.46 (ii))	193.17	193.17	193.19
(f) Unclaimed Redeemable Cumulative Preference Share	1.92	1.92	1.92
(g) Others			
- Capital creditors	9,062.71	9,222.97	8,382.98
- Deposits received from dealers and others	613.08	443.15	443.16
- Liability for power consumption	2,360.12	1,405.32	1,656.70
- Other liabilities	3,559.63	4,328.84	7,479.56
Total	20,548.50	17,804.61	24,393.35

Notes:-

- 25.1. Unpaid matured Debentures are secured to the extent of ₹ 193.19 lakhs (₹ 193.19 lakhs) against deposit in a separate bank account with lien thereon in favour of Debenture Trustees. As per Modified Scheme 2008 (MS-08), Principal amount is payable as and when claimed by the Debenture Holders after adjusting the repayments made earlier, if any.
- 25.2. The redeemable Cumulative First Preference Shares remain unclaimed aggregating to ₹ 1.92 lakhs (₹ 1.92 lacs). The payment against these shares are being made as and when claimed by the holders.
- 25.3. There are an amount of ₹ 295.11 lakhs due for payment to the Investor Education and protection Fund under Section 125 of the Companies Act 2013 as on March 31, 2017.

Note 26. Other current liabilities

(₹ in lakhs unless otherwise stated)

PARTICULARS	As at	As at	As at
	March 31, 2017	March 31, 2016	July 01, 2015
Advances from Customers	2,155.87	1,876.78	1,149.40
Statutory Remittances	2,059.50	735.89	1,626.72
Total	4,215.37	2,612.67	2,776.12

Note 27. Provisions

(₹ in lakhs unless otherwise stated)

PARTICULARS	As at	As at	As at
	March 31, 2017	March 31, 2016	July 01, 2015
Provisions for employee benefits			
For leave benefits	25.37	15.25	18.03
For gratuity	82.57	86.66	93.62
Total	107.94	101.91	111.65

Note 28. Revenue from operations

(₹ in lakhs unless otherwise stated)

PARTICULARS	For the Year ended March 31, 2017	For the Nine Months period ended March 31, 2016
Sale of products (Inclusive of excise duty)	40,327.72	33,847.49
Other operation revenue	180.45	-
	40,508.17	33,847.49

Note 29. Other income

(₹ in lakhs unless otherwise stated)

PARTICULARS	For the Year ended March 31, 2017	For the Nine Months period ended March 31, 2016
Interest income	135.81	95.46
Other receipts	96.91	179.98
Credit balance written back	-	12.89
Total	232.72	288.33

Note 30. Cost of materials consumed

(₹ in lakhs unless otherwise stated)

PARTICULARS	For the Year ended March 31, 2017	For the Nine Months period ended March 31, 2016
Limestone	1,212.72	941.76
Slag	465.49	695.56
Gypsum	693.81	500.09
Pozzolona and other material	1,242.18	577.78
Clinker	463.13	1,498.60
Total	4,077.33	4,213.79

Note 31. Changes in inventories of finished goods and work-in-progress.

(₹ in lakhs unless otherwise stated)

PARTICULARS	For the Year ended March 31, 2017	For the Nine Months period ended March 31, 2016
Finished goods:		
Opening inventories	483.70	721.25
Closing inventories	118.85	483.70
Total (A)	364.85	237.55
Work-in-progress :		
Opening inventories	380.41	524.96
Closing inventories	238.32	380.41
Total (B)	142.09	144.55
Total (A+B)	506.94	382.10

Note 32. Employee benefits expense

(₹ in lakhs unless otherwise stated)

PARTICULARS	For the Year ended March 31, 2017	For the Nine Months period ended March 31, 2016
Salaries and wages	2,684.04	1,430.27
Contribution to provident and other Funds	68.35	53.64
Staff Welfare Expense	71.51	121.81
Total	2,823.90	1,605.72

Note 33. Finance costs

(₹ in lakhs unless otherwise stated)

PARTICULARS	For the Year ended March 31, 2017	For the Nine Months period ended March 31, 2016
Interest on borrowings	10,088.47	7,104.75
Other borrowing costs	412.54	298.88
Total	10,501.01	7,403.63

Note 34. Other expenses

(₹ in lakhs unless otherwise stated)

PARTICULARS	For the year ended March 31, 2017	For the Nine Months ended March 31, 2016
Power and Fuel	12,886.46	9,585.86
Freight Loading etc., on Sales	7,239.28	7,389.24
Consumption of Stores and Spares Parts and Components	819.88	609.19
Rent	173.24	209.61
Repairs and Maintances:		
- Buildings	15.82	2.45
- Machinery	87.33	82.50
- Other Assets	13.37	6.88
Insurance	45.09	58.64
Rates and Taxes	128.00	106.74
Advertisement and Business Promotion	5.73	14.56
Commission on Sales	214.78	183.58
Directors Sitting Fee	13.00	10.40
Payment to Auditors		
- As Statutory Auditor	13.00	5.93
- For reimbursement of Expenses	0.38	0.14
Allowance for bad and Doubtful debts	1.29	-
Packing Expenses	1,358.16	963.35
Legal and Professional Expenses	139.24	126.21
Printing and Stationery	4.24	10.61
Telephone and Other Communication Expenses	23.41	14.26
Travelling and Conveyance	31.82	40.16
Miscellaneous expenses	265.19	173.13
Total	23,478.71	19,593.44

Note 35. Contingent Liabilities

(i) Claims against the Company not acknowledged as debts including contractual obligation:

(₹ in lakhs unless otherwise stated)

Particulars	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Government Claims for Non-Statutory dues	195.30	195.30	195.30
Electricity Claims	210.72	210.72	210.72
Claims of Project Suppliers	-	952.00	952.00
Other Claims (Suppliers etc.)	75.37	75.37	75.37

(ii) Letter of Credit (LC) outstanding:

(₹ in lakhs unless otherwise stated)

Particulars	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Letter of Credit	-	60.31	118.90

(iii) Disputed demands under litigation

(₹ in lakhs unless otherwise stated)

Particulars	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
APGST/ VAT (amount paid under protest ₹ 1.25 lakhs)	36.33	36.33	36.33
CST	23.18	23.18	80.17
TGST (amount paid under protest ₹ 1.71 lakhs)	67.29	67.29	67.29
OST (amount paid under protest ₹ 0.50 lakhs)	3.48	3.48	3.48
Central Excise (amount paid under protest ₹ 36.11 lakhs)	2,855.52	1,051.84	1,069.22
Service Tax (amount paid under protest ₹ 104.26 lakhs)	459.91	415.08	415.08

Note 35.1 The Ministry of Textiles, vide its Order dated June 30th, 1997 and July 1st, 1999, has deleted the Cement from the list of commodities to be packed in Jute bags, under the Jute Packaging Materials (Compulsory Use of Packing Materials), Act, 1987. In view of this, the Company does not expect any liability for non-dispatch of cement in jute bags in respect of earlier years.

Note 35.2 Excise authority, although accepted payment of principal amount of ₹ 629 lacs under installment scheme in terms of BIFR Order (MS-08), has subsequently filed an appeal in AAIFR against the said order in respect of reliefs for interest etc., granted to the Company. AAIFR allowed the appeal which was contested by the Company before Hon'ble Delhi High Court. The Delhi High Court disposed the appeal by giving liberty to revenue to decide case on merits and as per guidelines applicable to sick Companies which later confirmed by

AAIFR in its Final order. The Excise Department has issued a Show Cause Notice (SCN) on 19th June 2015 demanding ₹ 984.70 Lakhs towards interest on the principal amount against which Company file writ petition no. 27732 of 2015 in Hon'ble High Court, Hyderabad. Simultaneously, Company submitted the reply for the SCN on March 21, 2016. Excise Department confirmed the Demand against SCN on 04.10.2016 subjected to decision in writ petition no. 27732 of 2015. Company preferred Writ petition no 36553 of 2016 dated 28.10.2016 in the Hon'ble High Court, Hyderabad against the orders of Commissioner Excise confirming the Demand but the Hon'ble High Court, Hyderabad in its order dated 24.03.2017 has dismissed both the petition with mentioned that there are no merits in the writ petition. Against the order of the Hon'ble High Court, Hyderabad, the Company has filed SLP(C) with Hon'ble Supreme Court of India on

26-05-2017 which was Diary as No. 16654/2017 and the Company is confident of waiver of interest in terms of Hon'ble BIFR directions in MS08.

Note 35.3 Export obligation: The Company has export obligation in connection with import of machineries under Export Promotion Capital Goods Scheme (EPCG). In the event of non-fulfillment of the export obligation upto FY 2016-17, the company may be held liable for differential custom duty of ₹ 838.16 Lakhs (approximately) and interest thereon. Moreover, the Company has filled request letter for 8 years extension from December 2014 for Export Commitments, dated March 17, 2016, in light of, the commercial production from the Plant started from December 2014 and due to Global recession, Exports of our products (Cement and Clinker) are not viable and rates being offered in international market are lower than even cost and the matter is under consideration with EPCG.

Note 35.4 Employee benefit: During the previous period, employee benefit expenses includes arrears of salaries

Note 36. Capital Commitments

(₹ in lakhs unless otherwise stated)

Particulars	As at March 31, 2017	As at March 31, 2016	As at July 01, 2015
Estimated value of contracts to be executed on capital account (net of advances)	325.77	505.42	985.00

Note 37. Erection of 30 MW Captive Power Plant is completed and has started commercial production since April 01, 2017.

Note 38. During the year, the Company has incurred a Net Loss of ₹ 10,279.33 Lakhs resulting into accumulated losses of ₹ 45,032.15 Lakhs (included Total Comprehensive Income), against paid up share capital of ₹ 29,352 Lakhs as at March 31, 2017. However, the Company has earned operating profits (i.e. profits before Interest and Depreciation) of ₹ 4,225.88 lakhs for the year ended March 31, 2017. The Company plans to implement various marketing and cost control measures to help the Company establish consistent profitable operations and cash flows. Subsequent to the year-

Note 39. CIF Value of Imports:

(₹ in lakhs unless otherwise stated)

Particulars	For the year ended March 31, 2017	For the Nine Months period ended March 31, 2016
Raw Material	2,684.56	463.01
Stores and Spares	38.08	-

Note 40. Remuneration amounting to ₹ 45.26 lakhs to ex-whole time Directors and ex-Managing Director Payable for the earlier years is pending for approval of Central Government.

Note 41. Some of the records of the company like

Notes Forming Part of Ind AS Financial Statements

and wages and other expenses of ₹ 1,150 Lakhs in terms of Memorandum of Settlement u/s 18(1) of the Industrial Dispute Act, 1947, entered into with the Labour Unions on 6th March, 2012. However, some of the workers have filed an application with Central Government Industrial Tribunal cum Labour Court under section 33(c) (2) of Industrial Dispute Act, 1947 in year 2013-14 demanding payment of ₹ 59.34 Lakhs which had been waived off as per the above settlement with the registered labour union. The case is under trail with Central Government Industrial Tribunal cum Labour Court under section 33(c) (2) of Industrial Dispute Act, 1947.

Note 35.5 Fuel Surcharge Adjustment (FSA) of ₹ 408.16 lakhs levied by APSFDCL in 2008-09 which is under disputed and challenged by all cement companies in the Hon'ble Supreme Court. The management is confidence that decision will be in favour of Company. FSA as on 31.03.2017 is ₹ 403.31 lacs (net of ₹ 4.85 lacs as deposit in FY 2012-13) and interest thereon amounting ₹ 250.65 lacs, both have been sufficiently provided for into books of account.

end, The Company has commissioned its captive power plant which will help in reduction of power cost. The Company is also exploring other options for additional funds for its operations and liabilities / obligations on maturity. These measures as well as improvement in the conditions for the cement industry, improvement in capacity utilization and enhancement in revenues are expected to increase operational efficiency and achieve profitability. The management is of the view that the Company will be able to achieve profitable operations and meet its liabilities in due course. Accordingly, these financial statements have been prepared on the basis that the Company will continue as a going concern for the foreseeable future.

agreements with suppliers/agents, statements of Bank Accounts including those at some of the branches/deposits for the period prior to June 1994, have still not been restored by the erstwhile promoters/management. The matter being pending since considerable long time, no material adjustment, in this respect, is likely to arise.

Note 42. The Company did not have any outstanding dues under trade payable to Micro Small and Medium Enterprises Development Act, 2006. The disclosure on the above is based on the information available with the Company.

(₹ in lakhs unless otherwise stated)

	As at March 31, 2017	As at March 31, 2016
(a) Dues remaining unpaid as at Balance Sheet date		
- Principal amount	-	-
- Interest amount	-	-
(b) Interest paid in terms of section 16 of the Act, along with the amount of payment made to the supplier and services providers beyond the appointed day during the period	-	-
(c) Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during period) but without adding the interest specified under the Act	-	-
(d) Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	-	-
(e) Interest accrued and remaining unpaid as at Balance Sheet date	-	-

Note 43. Some of the Sundry Debtors, Deposits Retention Money, Sundry Creditors and Advances are subject to confirmations. The management does not expect any material adjustment on account of such confirmation.

Note 44. The Company is exclusively engaged in the business of cement and cement related products. As per Ind AS 108 "Operating Segments", specified under Section 133 of the Companies Act, 2013, there are no reportable business and geographical segment applicable to the Company.

Note 45. In accordance with Ind AS 17 "Leases", the company has taken Asset on Operating Lease, the total of Future minimum lease payment under non-cancellable operating lease for each of the following periods:

(₹ in lakhs unless otherwise stated)

Particulars	Less than 1year	1-5 years	Total payments
July 01, 2015			
Minimum lease payment	57.36	113.71	171.07
Present value of minimum lease payment	53.80	89.35	143.15
March 31, 2016			
Minimum lease payment	57.12	70.90	128.03
Present value of minimum lease payment	48.99	53.19	102.18
March 31, 2017			
Minimum lease payment	56.77	14.13	70.90
Present value of minimum lease payment	43.21	9.98	53.19

Lease payments recognized in the statement of Profit and loss for the year is ₹ 57.12 Lacs.

Leasing Arrangement clause

- a) Lease term is for 60 Months basis, One month moratorium, and 59 rentals.
- b) At the end of the lease period following options would be offered to us:
 1. Terminate the lease and return the equipment.
 2. Renew the Lease for secondary period.
 3. Purchase the equipment at Fair Market value.

Note 46. BIFR

- (i) 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.

- (ii) 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 shown under the head "Other Financial Liabilities".
- (iii) 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. The unclaimed fixed deposits at year end are shown under the head "Other Financial Liabilities".

Note 47. Details of Employees Benefits as required by the Ind AS 12 "Employee Benefits" are given below: -

a) **Defined contribution plans:**

The company has recognized the following amounts in the Statement of Profit and Loss (included in Contribution to provident and other funds:

(₹ in lakhs unless otherwise stated)

Particulars	For the year ended March 31, 2017	For the Nine Months period ended March 31, 2016
Contribution to provident fund	56.51	68.00

b) **Defined benefit plan:**

(i) Reconciliation of opening and closing balances of Defined Benefit obligation

(₹ in lakhs unless otherwise stated)

	For the year ended March 31, 2017		For the Nine Months period ended March 31, 2016	
	Gratuity	Earned Leave	Gratuity	Earned Leave
Defined Benefits obligation at the beginning of the year	512.92	101.53	503.83	103.53
Current Service Cost	25.31	10.07	20.37	5.03
Interest Cost	41.03	8.12	30.23	6.21
Actuarial (gain)/loss	(32.77)	(15.06)	9.27	(5.01)
Benefit paid	(74.19)	(7.07)	(50.78)	(8.23)
Defined Benefit obligation at the year end	472.31	97.59	512.92	101.53

(ii) Reconciliation of fair value of assets and obligation:

(₹ in lakhs unless otherwise stated)

	For the year ended March 31, 2017		For Nine Months period ended March 31, 2016	
	Gratuity	Earned Leave	Gratuity	Earned Leave
Present value of obligation at year end	472.31	97.59	512.92	101.53
Amount recognized in Balance Sheet	(472.31)	(97.59)	(512.92)	(101.53)

(iii) Expenses recognized during the year

(₹ in lakhs unless otherwise stated)

	For the year ended March 31, 2017		For Nine Months period ended March 31, 2016	
	Gratuity	Earned Leave	Gratuity	Earned Leave
Current Service Cost	25.31	10.07	20.37	5.03
Interest Cost	41.03	8.12	30.23	6.21
Actuarial gain/(loss)	(32.77)	(15.06)	9.27	(5.01)
Total Cost recognized in the Profit & Loss A/c	33.57	3.13	59.87	6.23

(iv) Actuarial assumption

(₹ in lakhs unless otherwise stated)

	For the year ended March 31, 2017	For Nine Months period ended March 31, 2016
Discount rate of return on plan assets (per annum)	7.87	8.00
Rate of escalation in salary (per annum)	5.50	5.50
Average balance service	6.83	6.54

The estimate of rate of escalation is salary considered in actuarial valuation, taken into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is as certified by the actuary.

Note 48. Financial risk management and policies

Note 48.1 Capital Risk Management

The Company manages its capital to ensure that the Company will be able to continue as going concern while maximising the return to stakeholders through optimisation of debt and equity balance i.e. debt equity ratio.

The capital structure of the Company consists of net debt (borrowings as detailed in notes 19 & 23 offset by cash and bank balances) and total equity of the Company. Equity consists of equity capital, share premium and all other equity reserves attributable to the equity holders.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants.

Note 48.2 Financial-Risk-Management

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance and support the Company's operations. The Company's principal financial assets comprise investments, cash and bank balance, trade and other receivables.

The Company is exposed to various financial risks such as market risk, credit risk and liquidity risk. The financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

a) Market Risk

The Company's activities expose it primarily to the financial risk of changes in foreign currency exchange rates and changes in interest rates. There have been no changes to the Company's exposure to market risk or the manner in which it manages and measures the risk in recent past.

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk. Financial instruments affected by market risk include borrowings and bank deposits.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to import of store and spare and other materials. The Company's foreign currency risks are identified, measured and managed at periodic intervals in accordance with the Company's policies. Particulars of un-hedged foreign currency exposures as at the reporting date:

(₹ in lakhs unless otherwise stated)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Payables	-	162.97	173.42

b) Credit Risk:

Credit risk is the risk that counterparty will default on its contractual obligations resulting in financial loss to the company. The Company has adopted a policy of only dealing with creditworthy customers.

In many cases an appropriate advance as security deposits or letter of credit / bank guarantee is taken from the customers to cover the risk. In other cases, credit limit is granted to customer after assessing the credit worthiness based on the

information supplied by credit rating agencies, publicly available financial information or its own past trading records and trends.

At March 31, 2017, the company did not consider there to be any significant concentration of credit risk, which had not been adequately provided for. The carrying amount of the financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the maximum exposure to credit risk.

Ageing analysis of the age of trade receivable amounts that are not due as at the end of reporting year:

(₹ in lakhs unless otherwise stated)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
With in Credit period	675.25	834.95	2,867.98

Ageing analysis of the age of trade receivable amounts that are past due as at the end of reporting year but not impaired:
(₹ in lakhs unless otherwise stated)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade Receivables:			
Less than 60 days	756.03	1,453.99	1,018.19
61 to 120 days	336.79	290.72	220.95
121 to 180 days	275.43	250.40	98.05
Over 180 days	667.54	322.13	430.54
Total	2,035.79	2,317.24	1,767.73

c) Liquidity Risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities to meet obligations when due. The Company's treasury team is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows.

The table below summarizes the maturity profile of the Company's financial assets and financial liabilities based on contractual undiscounted payments:

(₹ In lakhs unless otherwise stated)

Particulars	Less than 1 year	1-5 years	> 5 years	Total payments
March 31, 2017				
Borrowings (including Current maturities of long terms debts)	4,358.76	17,655.64	69,841.44	91,855.84
Trade and other payables	13,191.36	-	-	13,191.36
Other financial liabilities	20,548.48	-	-	20,548.49
March 31, 2016				
Borrowings (including Current maturities of long terms debts)	3576.68	11350.17	74608.28	89353.13
Trade and other payables	9966.20	-	-	9966.20
Other financial liabilities	17804.61	-	-	17804.61
April 1, 2015				
Borrowings (including Current maturities of long terms debts)	3231.69	7126.22	69980.41	80338.32
Trade and other payables	12881.38	-	-	12881.38
Other financial liabilities	24393.35	1436.63	-	25829.98

Note 49. Details of Specified Bank Notes (SBN) as defined in the Ministry of Corporate Affairs (MCA) notification G.S.R. 308 (E) dated March 31, 2017 held and transacted during the period November 08, 2016 to December 30, 2016 are under:

(Amount in ₹)

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	126,500	48,713	175,213
(+) Permitted receipts		541,384	541,384
(-) Permitted payments	4,500	553,793	553,793
(-) Amount deposited in Banks	122,000	-	122,000
Closing cash in hand as on 30.12.2016	-	40,804	40,804

Note 50. Income tax expense:

a) Components of income tax expense:

(₹ in lakhs unless otherwise stated)

	For the Year ended March 31, 2017	For the Nine Months period ended March 31, 2016
Components of Income Tax Expense		
Deferred tax charge/(credit)		
Current year	(52.07)	(38.86)
Income tax expense for the year recognized in the Statement of Profit and Loss	(52.07)	(38.86)

b) Reconciliation of Income tax expense to the accounting profit for the year:

(₹ in lakhs unless otherwise stated)

	For the Year ended March 31, 2017		For the Nine Months period ended March 31, 2016	
Profit / (loss) before tax	(10,379.80)		(6,725.71)	
Property, plant and equipment – Depreciation	96.03	0.93%	(25.33)	(0.38%)
Effect of temporary differences	31.39	0.30%	32.33	0.48%
Others	(75.35)	(0.73%)	31.86	0.47%
Income tax expense for the year	-	-	-	-
Income Tax Expense recognized in the Statement of Profit & Loss	52.07	0.50%	38.86	0.57%

c) Tax assets and liabilities

(₹ in lakhs unless otherwise stated)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current tax assets (net)	126.34	127.42	106.23

d) Deferred tax assets and liabilities

(₹ in lakhs unless otherwise stated)

	As at March 31, 2017	As at April 1, 2016	As at July 1, 2015
Fixed Assets: impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting	11,111.75	9,995.21	5,959.40
Others temporary difference	16.04	47.45	79.76
Deferred Tax Assets	11,127.79	10,042.66	6,039.16
Expenditure allowed for tax purpose on payment basis	283.35	358.69	326.82
Allowance for doubtful debts and advances	268.51	268.51	268.51
Carry forward unabsorbed depreciation	9,664.47	8,451.93	4,441.44
Deferred tax Liabilities	10,216.33	9,079.13	5,036.77
Deferred tax liabilities (net)	911.46	963.53	1,002.39

The Company has recognised deferred tax assets arising on account of carried forward tax losses and unabsorbed depreciation to the extent of the deferred tax liabilities arising on account of the timing difference on depreciation.

Note 51. Value of consumption of Spare parts and components consumed during the year:

(₹ in lakhs unless otherwise stated)

	For the year ended March 31, 2017		For the Nine Months period ended March 31, 2016	
	Value	%	Value	%
Raw Material Consumed				
Indigenous	4,025.82	98.74	4,123.51	97.86
Imported	51.51	1.26	90.28	2.14
Total	4,077.33	100	4,213.79	100
Spare parts and components				
Indigenous	789.02	96.24	591.01	97.02
Imported	30.86	3.76	18.18	2.98
Total	819.88	100	609.19	100

Note 52. Detail of consumption:**Note 52.1 Raw material consumed during the year:**

(₹ in lakhs unless otherwise stated)

Particulars	For the year ended March 31, 2017	For the Nine Months period ended March 31, 2016
Limestone	1,212.72	941.76
Gypsum	693.81	500.09
Clinker	463.13	1,498.60
Slag	465.49	695.56
Pozzolona and Other Material	1242.18	577.78
Total	4077.33	4,213.79

Note 52.2 Turnover during the year:

(₹ in lakhs unless otherwise stated)

Particulars	For the year ended March 31, 2017	For the Nine Months period ended March 31, 2016
Cement	40,327.72	33,847.49
Total	40,327.72	33,847.49

Note 53. Related Party disclosures as required by Ind AS-24 issued by Ministry of Corporate Affairs (MCA) are as under:**Note 53.1 List of related parties and their relationship:**

(₹ in lakhs unless otherwise stated)

Sr. No	Relationship	Parties
1	Key Managerial Personnel (KMP)	Shri K N Bhandari, Chairman from 11.08.2014 Shri S K Mandal, Managing Director from 11.08.2014 Shri A. K Agrawal, Chief Financial Officer Shri G. Tirupati Rao, Company Secretary & GM (L)
2	Ultimate Holding Company	Jaypee Infra Ventures Pvt. Ltd., being Holding Company of Jaypee Development Corporation Limited
3	Holding Company	Jaypee Development Corporation Limited
4	Associate	Jaiprakash Associates Limited
5	Enterprise over which, companies stated at S. No. (2) to (4) above have significant influence.	Jaypee Cement Corporation Limited Himalayaputra Aviation Limited JIL Information Technology Limited Bhilai Jaypee Cement Limited Bokaro Jaypee Cements Limited

Note 53.2 Transactions with related parties:

(₹ in lakhs unless otherwise stated)

Particulars	Key Managerial Personnel KMP	Holding Company	Associate	Enterprises having significant Influence
Key Managerial				
K N Bhandari (Sitting Fee)	1.60 (1.40)			
S K Mandal – Managerial remuneration	103.14 (70.29)			
A. K Agrawal	28.40 (2.31)			
G. Tirupati Rao	19.30 (15.24)			
Repayment of Loan				
Jaypee Development Corporation Limited		(62.30) (538.45)		
Interest expense				
Jaypee Development Corporation Limited		235.13 (245.39)		
Purchase of Fixed Assets				
Jaiprakash Associates Limited			22.82 (199.89)	
Jaypee Cement Corporation Limited				19.13 (39.35)
Purchase of material				
Jaypee Cement Corporation Limited				132.18 (894.25)
Jaiprakash Associates Limited			1467.42 (1512.98)	
JIL Information Technology Limited			1.49 (-)	
Sale of Material				
Jaiprakash Associates Limited			625.82 (8.26)	
Jaypee Cement Corporation Limited				150.65 (10.79)
Services Received				
Jaiprakash Associates Limited			867.46 (506.42)	
JIL Information Technology Limited			0.50 (-)	
Balances at the end of the period				
(i) Loans, Interest payable and Advances				
Jaypee Development Corporation Limited		3265.25 (2967.81)		
(ii) Balances Receivable				
Bhilai Jaypee Cement Limited				1500.95 (21.47)
(iii) Balances payable				
Jaiprakash Associates Limited			8967.88 (7,634.25)	
Jaypee Cement Corporation Limited				2196.57 (800.63)
JIL Information Technology Limited				0.44 (-)

Note 54. The Company has not given advances in the nature of loans whose particulars are required to be disclosed in terms of clause 32 of the listing agreement.

Note 55. Earnings per Share (EPS)

(₹ In lakhs unless otherwise stated)

Particulars	For the year ended March 31, 2017	For the Nine Months period ended March 31, 2016
Net profit for the period (before OCI)	(10,311.98)	(6,688.21)
Weighted average no. of Equity Shares	2,93,520,492	2,93,520,492
Diluted average no. of Equity Shares	2,93,520,492	2,93,520,492
Basic earnings per share (in ₹)	(3.51)	(2.28)
Diluted earnings per share (in ₹)	(3.51)	(2.28)
Face value of each shares (in ₹)	10	10

Note 56. The Board of Directors of the Company vide resolution dated February 11, 2015, approved extension of financial year 2014-15 of the Company by a period of 3 months i.e., upto June 30, 2015. Accordingly, the annual account of the Company for the financial year 2014-15 were prepared for a period of 15 months from April 01, 2014 to June 30, 2015 and for financial year 2015-16 has been prepared for period of 9 months from July 01, 2015 to March 31, 2016.

Note 57. All amounts in the financial statements are presented in Lakhs (INR) except per share data and as otherwise stated. Figures in brackets represent corresponding previous year figures. Previous year's figures have been regrouped / rearranged wherever considered necessary.

See accompanying notes to the financial statements.

For CHATURVEDI & PARTNERS

Chartered Accountants
Firm Registration No. 307068E

RAVINDRA NATH CHATURVEDI

Partner
Membership No. 092087

Place : Noida
Date : May 27, 2017

FOR AND ON BEHALF OF THE BOARD

K N Bhandari
Chairman
DIN No. 00191219

S K Mandal
Managing Director
DIN No. 00086235

G. Tirupati Rao
Company Secretary

A K Agrawal
Chief Financial Officer

ANDHRA CEMENTS LIMITED

CIN : L26942AP1936PLC002379

Registered Office : Durga Cement Works, Sri Durgapuram, Dachepalli-522414, Guntur (Dist) (A.P.)

ADMISSION SLIP

DP ID	Folio No./Client ID	No. of shares
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Name(s) and address of the member in full :

I/We hereby record my/our presence at the 78th Annual General Meeting of the Company to be held on Wednesday, September 27, 2017 at 12.30 P.M. at the Regd. Office of the Company at Durga Cement Works, Sri Durgapuram, Dachepalli-522414, Guntur (Dist) (AP)

 Member
 Proxy

Signature of Member/Proxy

✂

ANDHRA CEMENTS LIMITED

CIN : L26942AP1936PLC002379

Registered Office : Durga Cement Works, Sri Durgapuram, Dachepalli-522414, Guntur (Dist) (A.P.)

FORM NO.MGT-11

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN	CIN : L26942AP1936PLC002379
Name of the Company	ANDHRA CEMENTS LIMITED
Registered Office	Durga Cement Works, Sri Durgapuram, Dachepalli-522414, Guntur (Dist) (A.P.)

Name of the member(s)	
Registered Address	
E-Mail ID	
DPID and Client ID / Folio No	

I/We, being the member(s) of shares of the above named Company, hereby appoint

- Name : Address :
having e-mail Id Signature or failing him
- Name : Address :
having e-mail Id Signature or failing him
- Name : Address :
having e-mail Id Signature

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Wednesday, September 27, 2017 at 12.30 P.M. at the Regd. Office of the Company at Durga Cement Works, Sri Durgapuram, Dachepalli-522414, Guntur (Dist) (AP) and at any adjournment thereof in respect of such resolutions as are indicated below:

Ordinary Business	
1	To receive, consider & adopt the Audited Balance Sheet of the Company for the year ended 31st March, 2017, Statement of Profit & Loss for the year ended on that date
2	To appoint a Director in place of Shri Harish Vaid (DIN: 00009507), who retires by rotation and, being eligible, offers himself for re-appointment
3	To appoint a Director in place of Shri Vijai Kumar Jain (DIN: 00387576), who retires by rotation and, being eligible, offers himself for re-appointment
4	To ratify appointment of M/s Chaturvedi & Partners, Chartered Accountants (Firm Regn. No.307068E), as Statutory Auditors
Special Business	
5	Re-Appointment of Shri K.N. Bhandari (DIN: 00191219) as an Independent Director of the Company
6	Re-Appointment of Shri S.D.M. Nagpal (DIN: 00131037) as an Independent Director of the Company
7	Re-Appointment of Shri R.K. Pandey (DIN: 00190017) as an Independent Director of the Company
8	Re-Appointment of Shri Ravindra Kumar Singh (DIN: 0859229) as an Independent Director of the Company
9	Ratification of the Remuneration of Cost Auditors, M/s J.K. Kabra & Co, (Firm Regn. No. 00009) of the Company

Signed this day of 2017

Signature of Member

Signature of Proxy holder(s)

Affix
Revenue
Stamp

Notes:

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
- A proxy need not be a member of the Company.



**REGISTERED POST
PRINTED MATTER**

If undelivered, please return to :
The Secretarial Department
Andhra Cements Limited
"White House", 3rd Floor, Block-III,
H. No. 6-3-1192/1/1, Begumpet,
Hyderabad - 500016.

