



ANDHRA CEMENTS LIMITED

Subsidiary of SAGAR CEMENTS LIMITED

Treasury Management Policy

Purpose

The purpose of this Policy is to set forth the guidelines to manage liquidity and treasury related activities of Andhra Cements Limited (hereinafter referred as the 'Company'). The framework set forth in this policy shall be adopted by the Company's unlisted subsidiaries and be suitably amended to reflect their scale and nature of operations, regulatory considerations, among other aspects. These subsidiaries shall inform the Company in case of any deviations made to the aspects defined in this policy.

Scope

The scope of this Policy is to define an overall governance framework for effective management of company's funds. This policy does not cover any intercompany funding and strategic investments made by the company.

Guidelines considered for investments

The surplus investible funds shall be maintained and monitored by Corporate Treasury team.

The surplus funds are invested in such instruments that ensures safety of principal and provides high degree of liquidity to meet operational / strategic needs of the Company while maximizing the yield. The preservation of capital and liquidity are of paramount consideration and returns/ yield are secondary to this objective.

The portfolio will be managed to provide timely funding for meeting the operating expenses and other financial obligations. The short term and long-term cash forecasts will be utilised to determine the feasibility of investments made.

If the company ties up for the borrowing lines to support working capital requirements, then the minimum cash shall be computed considering the sanctioned credit limits. The evaluation of borrowing lines will be done by the treasury team in consultation to Joint Managing Director of the Company.

Liquidity and Investment Management Framework

All the investments should be made in the list of instruments which is approved by the Board through a Board resolution for any deployment of liquid cash/ surplus funds. Any changes to the approved list shall be approved by the Board of the Company. The Board may delegate this authority to the joint Managing Director/CFO/Treasury team.



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Investment Instruments

The list of approved instruments for investment of surplus funds is as follows:

- Fixed Deposits / Flexi Deposits / Certificate of Deposits with banks
- Debt mutual funds (Liquid Funds and Ultra Short terms funds only)

The maximum limits of total investible surplus funds that can be invested in the approved instruments is provided below:

Instruments	% of total investible surplus (Maximum Limits)
Fixed Deposits/Flexi Deposits/Certificate of Deposits with Banks	100%
Debt Mutual Funds (Liquid or Ultra Short-term funds)	50%

Investment of surplus funds

Debt Mutual Funds

The Treasury Head shall invest in the Debt Mutual Funds which are registered with SEBI after considering the below mentioned guidelines:

- The aggregate investment in both Liquid Fund Scheme and Ultra Short-term Scheme in an individual AMC shall not exceed ₹ 100 crores.
- The Scheme Assets under Management (AUM) shall continue to be above ₹ 5,000 crores.
- Any breach of limit shall be approved by Board of Directors.

The Treasury team of the company can invest the surplus funds in units of Liquid or Ultra Short-term Mutual Fund schemes having a ranking not less than or equal to CRISIL Rank 3 or equivalent, after considering the below mentioned broad parameters for investment:

- Type of fund (i.e. dividend, growth fund)
- AUM of the fund
- Historical returns of funds corresponding to the horizon for which funds are to be invested.
- Volatility / consistencies in return
- Parentage strength
- Fund management team etc.

The approval from Board of Directors shall be obtained if any investment is to be made in a scheme with CRISIL Rank 4 or equivalent ranking.

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The Mutual Fund investments and redemptions shall be jointly approved by at least two authorized signatories as approved as per the Board and amended from time to time.

Redemption of Investments

The redemption decisions shall be based on the returns provided by funds or other market factors such as opinion of market experts, any uncertainties relating to fund houses, etc.

Monitoring

On a monthly basis, the Treasury team shall present the details of investment which includes the nature of investment, maturity and % of return to the Joint Managing Director/CFO for review.

Investment in Fixed Deposits/ Flexi Deposits/ Certificate of Deposits

The Fixed Deposits/ Flexi Deposits/ Certificate of Deposits investment shall be placed with the Banks that qualifies the below mentioned criteria:

Instrument	Description
Fixed Deposits/ Flexi Deposits/ Certificate of Deposits	Treasury team shall invest in Banks with credit rating of A1+ and above on their Fixed Deposit / Certificate of Deposit instruments, and with a long-term bond rating of AA+ and above.

Other parameters to be considered:

- The credit rating of the bank should be monitored centrally, and any rating downgrade should be evaluated by the Treasury team and CFO.
- Wherever possible, the deposits shall be placed without any foreclosure penalty conditions.
- The FD/ CD interest rates are obtained from minimum two banks and evaluated before opening of fixed deposits.
- The FD/ CD form shall be jointly approved by the authorized signatories as approved by the Board and amended from time to time.

Forex Risk Management

Presently the Company does not receive any portion of its revenues in foreign currencies. It incurs significant portion of its expenses in foreign currencies towards fuel procurement and to some extent towards imported machinery/spare parts.

The Treasury team shall prepare a Forex Exposure sheet on a quarterly basis to identify the net Forex Exposure and evaluating need for obtaining Forex covers. The net Forex exposure



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threshold for obtaining the Forex cover shall be evaluated by Joint Managing Director/CFO in consultation with the treasury team on case to case basis.

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The following instruments are permitted for the purpose of hedging forex risk:

- **Forward contracts:** Plain vanilla forwards in OTC markets are permitted.
- **Options:** Plain vanilla option transactions (call and put or a combination thereof) are permitted.
- **New Products:** any new product to be used for hedging should be jointly approved by the authorized signatories as approved by the Board and amended from time to time.

The type of Forex product to be used to cover Forex exposure shall be jointly approved by at least two authorized signatories as approved by the Board and amended from time to time.

On a monthly basis, the Treasury team shall present the details of Forex exposure and hedge report to the CFO for review.

Borrowing Policy

The requirement of fund based and non-fund-based credit lines is evaluated and reviewed by the Joint Managing Director/CFO and the treasury team. Depending on the cash flow requirements, the Company can raise short-term or long-term funds through different modes such as short, medium and long- term loans from banks or financial institutions, line of credit, Commercial Paper and Non- Convertible Debentures.

The Board shall approve the borrowing limits of the Company as per the provisions of the Companies Act, 2013.

The Board shall delegate the authority to raise funds / avail non-fund credit lines, negotiate and finalise the terms, tenure, and rate of interest within the borrowing limits via Board resolutions.

Monitoring Framework

The Company's Treasury operations are managed on a day-to-day basis by the Treasury team under the supervision of the CFO. A report on Treasury operations shall be prepared by the Treasury team and submitted to the Board of Directors and Audit Committee for review at the end of each quarter.

This policy shall be reviewed on an annual basis, and any updation shall be submitted to the Audit Committee/ Board for approval.