

Andhra Cements Limited



73rd Annual Report 2011-12

BOARD OF DIRECTORS

1. Shri MANOJ GAUR - Chairman
(w.e.f. 10.02.2012)
2. Shri PANKAJ GAUR
(w.e.f. 10.02.2012)
3. Shri VINAYAK R MAVINKURVE - Nominee Director (IDFC)
(w.e.f. 09.11.2011)
4. Shri NAVEEN KUMAR SINGH
(w.e.f. 10.02.2012)
5. Shri K.N. BHANDARI
(w.e.f. 21.08.2007)
6. Shri S.D.M. NAGPAL
(w.e.f. 15.11.2011)
7. Shri R.K. PANDEY
(w.e.f. 15.11.2011)
8. Shri R.K. SINGH
(w.e.f. 10.02.2012)
9. Shri HARISH K VAID
(w.e.f. 10.02.2012)
10. Shri SHAIENDRA GUPTA
(w.e.f. 10.02.2012)
11. Shri B.K. TAPARIA
(w.e.f. 18.05.2012)
12. Shri V. K. JAIN
(w.e.f. 18.05.2012)

CFO

Shri L. Chandrasekar

**GM - LEGAL &
COMPANY SECRETARY**

Shri G. Tirupati Rao

AUDITORS**Chaturvedi & Partners**
Chartered Accountants
New Delhi.**BANKERS**Andhra Bank
Axis Bank
Bank of Baroda
Canara Bank
Syndicate Bank
Vijaya Bank**FINANCIAL INSTITUTIONS**Housing Development Finance
Corporation Ltd.Infrastructure Development
Finance Company Ltd.**REGISTERED OFFICE**Durga Cement Works
Durgapuram
Dachepalli - 522 414
Guntur Dist. (A.P)
Ph & Fax : 08649-257429**PLANTS**Durga Cement Works
Durgapuram (A.P)Visakha Cement Works
Visakhapatnam (A.P)**REGISTRAR & SHARE
TRANSFER AGENT**CIL Securities Ltd.
214, Raghav Ratna Towers
Chirag Ali Lane, Abids
Hyderabad - 500 001
Ph: 040-23202465**Contents****Page No.**

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Proxy and Attendance Slip**E-MAIL ID FOR INVESTORS**

investorcell@andhracements.com

NOTICE

NOTICE is hereby given that the Seventy Third Annual General Meeting of the Members of the Company will be held on Saturday the 15th September, 2012 at 3.30 PM at the Registered Office of the Company at Durga Cement Works, Durgapuram, Dachepalli - 522 414, Guntur District (AP) to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Statement of Profit and Loss for the period of Nine months ended 31st March, 2012 and the Audited Balance Sheet as at 31st March, 2012, together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri K.N. Bhandari, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri S.D.M. Nagpal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri R.K. Pandey, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s Chaturvedi & Partners, Chartered Accountants as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

To consider and if thought fit, to pass, with or without modification(s), the following Resolutions as "**Ordinary Resolutions**":

6. "**RESOLVED THAT** Shri Manoj Gaur be and is hereby appointed as a Director of the Company, liable to retire by rotation."
7. "**RESOLVED THAT** Shri Pankaj Gaur be and is hereby appointed as a Director of the Company, liable to retire by rotation."
8. "**RESOLVED THAT** Shri Naveen Kumar Singh be and is hereby appointed as a Director of the Company, liable to retire by rotation."
9. "**RESOLVED THAT** Shri Ravindra Kumar Singh be and is hereby appointed as a Director of the Company, liable to retire by rotation."
10. "**RESOLVED THAT** Shri Harish K. Vaid be and is hereby appointed as a Director of the Company, liable to retire by rotation."
11. "**RESOLVED THAT** Shri Shailendra Gupta be and is hereby appointed as a Director of the Company, liable to retire by rotation."
12. "**RESOLVED THAT** Shri B.K. Taparia be and is hereby appointed as a Director of the Company, liable to retire by rotation."
13. "**RESOLVED THAT** Shri V.K. Jain be and is hereby appointed as a Director of the Company, liable to retire by rotation."
14. To consider and if thought fit, to pass, with or without any modification(s), the following Resolution as Ordinary Resolution:

"**RESOLVED THAT** pursuant to the provisions of Section 293(1)(d) and other applicable provisions if any, of the Companies Act, 1956 and in supersession of the earlier resolutions passed in this regard, consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time for the Company's business, any sum or sums of money which together with the moneys already borrowed by the Company (apart from the borrowings from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital and its free reserves that is to say, reserves not set apart for any specific purpose, provided that the total amount so borrowed by the Board shall not at any time exceed Rs. 2,000 crores (Rupees Two Thousand Crores)."

15. To consider and if thought fit, to pass, with or without any modification(s), the following Resolution as Ordinary Resolution:

"**RESOLVED THAT** pursuant to Sections 16, 94 and other applicable provisions if any, of the Companies Act, 1956, (including any statutory modification or re-enactment thereof, for the time being in force), the Authorized Share Capital of the Company be and is hereby increased from Rs. 4,500,000,000 consisting of 400,000,000 Equity Shares of Rs. 10 each and 5,000,000 Cumulative Redeemable Preference Shares of Rs. 100 each to Rs. 5,000,000,000 consisting of 400,000,000 Equity Shares of Rs. 10 each and 10,000,000 Cumulative Redeemable Preference Shares of Rs. 100 each, ranking pari passu with the existing Shares and consequently the existing Clause V of the Memorandum of Association of the Company be and is hereby altered by deletion of the exiting Clause V and substituting in place thereof, the following as new Clause V:

"The Authorised Share Capital of the Company is Rs. 5,000,000,000 (Rupees Five Hundred Crores Only) consisting of 400,000,000 Equity Shares of Rs. 10 each and 10,000,000 Cumulative Redeemable Preference Shares of Rs. 100 each."

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to take such steps and actions and give such directions as may be in its absolute discretion deemed necessary and to settle any question that may arise in this regard."

16. To consider and if thought fit, to pass, with or without any modification(s), the following Resolution as a Special Resolution :

"**RESOLVED THAT** pursuant to Sections 31 and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification or re-enactment thereof, for the time being in force), Article 5 of the Articles of Association of the Company be and is hereby substituted by the following new Article 5 :

"The Authorised Share Capital of the Company shall be such amount and be divided into such shares as may, from time to time, be provided in Clause V of the Memorandum of Association, with power to increase or reduce the capital and divide the shares in the capital of the Company for the time being into Equity Share Capital and Preference Share Capital, and to attach thereto respectively any preferential, qualified or special rights, privileges or conditions, as may be determined in accordance with these presents and to modify or abrogate any such rights, privileges or conditions in such manner as may, for the time being, be permitted by the said Act."

17. To consider and if thought fit, to pass, with or without any modification(s), the following Resolution as a Special Resolution :

"**RESOLVED THAT** pursuant to sections 258, 259 and all other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government, the number of Directors of the Company be increased from Twelve to Twenty."

"**RESOLVED FURTHER THAT** pursuant to section 31 and all other applicable provisions, if any, of the Companies Act, 1956, existing Article 103 of the Articles of Association of the Company shall stand deleted and the following shall stand substituted in its place and stead as new Article 103 with effect from the date of Central Government's approval in accordance with the provisions of the Companies Act, 1956:

103. Subject to the provisions of Section 252 of the Act, unless otherwise determined, the number of Directors shall not be less than Four and not more than Twenty, inclusive of Ex-officio and Special Directors, if any."

"**RESOLVED FURTHER THAT** the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board

Place: New Delhi
Date : 01.08.2012

G. TIRUPATI RAO
GM - Legal & Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The Proxy form duly completed must be lodged at the Registered Office of the Company at least 48 hours before the time fixed for the meeting.
3. Explanatory Statement pursuant to the provisions of section 173 (2) of the Companies Act, 1956 in relation to the resolutions set out in item nos 6 to 17, is annexed hereto and forms part of the notice.
4. Pursuant to Clause 49 of the Listing Agreement, the particulars of Directors seeking appointment / reappointment at the meeting are annexed.
5. Members are requested to notify immediately their e-mail ID, change of address, if any, to their Depository Participants (DPs) in respect of their shareholding in Demat Accounts and to the Company's Registrar /Share Transfer Agents in respect of their shareholding in physical segment by mentioning folio nos. etc.
6. Members/Proxies should bring the attendance slip sent herewith duly filled in for attending the meeting.
7. The Register of Members and Share Transfer Books of the Company will remain closed from 08.09.2012 to 15.09.2012 (both days inclusive) for the purpose of the Annual General Meeting of the Company.
8. All documents referred to in the Notice and accompanying Explanatory Statement, as well as the Annual Report are open for inspection at the Registered Office of the Company on all working days, except Sunday and other holidays, between 11.00 AM and 1.00 PM upto the date of Annual General Meeting.
9. Members desiring any information as regards the accounts are requested to write to the Company at least 10 days before the date of the Meeting, so as to enable the Management to keep the information ready.
10. Members are requested to kindly bring their copies of the Annual Report to the Meeting. Copies of the Annual Report will not be distributed at the Annual General Meeting. No gifts / coupons shall be distributed at the Annual General Meeting.
11. M/s CIL Securities Ltd, 214, Raghava Ratna Towers, Chirag Ali lane, Abids, Hyderabad - 500001, Tel No. 040-23202465, Fax No. 040-23203028, continues to act as the Registrar and Share Transfer Agent (RTA) to undertake all investor-servicing activities for the share in demat and physical segments. Investors are requested to write to RTA on all share related matters i.e transfer, transmission, change of address, nomination, power of attorney, demat / remat etc.

12. The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by e-mail to its members. To support this green Initiative of the Government in full measure, the Company initiated steps to send the various notices / documents meant for the shareholders electronically on their e-mail addresses as obtained from Depositories / other sources, unless specially requested to be sent in physical form. The members who have not registered / updated their e-mail addresses so far, are requested to register / update their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participant. Members who hold their shares in physical form and who are desirous of receiving the communications / documents in electronic form are requested to promptly register their e-mail addresses with the Company.

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

Item Nos. 6 to 9

Shri Manoj Gaur, Shri Pankaj Gaur, Shri Naveen Kumar Singh and Shri R.K. Singh were appointed as Directors of the Company w.e.f 10th February, 2012 to fill the casual vacancies due to the resignations of Shri G.P. Goenka, Dr. A.L. Ananthanarayanan, Dr. Sushil Chandra and Shri R.K. Bhargava respectively.

By virtue of Section 262 of the Companies Act, 1956 read with Article 108 of the Articles of Association of the Company Shri Manoj Gaur, Shri Pankaj Gaur, Shri Naveen Kumar Singh and Shri R. K. Singh hold office upto the date of ensuing Annual General Meeting of the Company. The Company has received notices in writing along with deposit of Rs. 500 each from members of the Company in terms of Section 257 of the Companies Act, 1956, signifying their intention to propose the candidatures of Shri Manoj Gaur, Shri Pankaj Gaur, Shri Naveen Kumar Singh and Shri R.K. Singh for the respective office of Director at the ensuing Annual General Meeting.

The Board is of the view that, having regard to their professional experience and knowledge, it will be in the interest of the Company, to appoint Shri Manoj Gaur, Shri Pankaj Gaur, Shri Naveen Kumar Singh and Shri R.K. Singh as Non-Executive Directors of the Company liable to retire by rotation.

The approval of the Members is sought to item Nos. 6 to 9 of the Notice in respect of the appointment of above mentioned Directors.

Details regarding Shri Manoj Gaur, Shri Pankaj Gaur, Shri Naveen Kumar Singh and Shri R.K. Singh and their brief resume are given in the annexure to this Notice.

None of the Directors of the Company, except the appointees themselves is concerned or interested in the said Resolutions.

The Board recommends the resolutions for your approval.

Item Nos. 10 to 13

Shri Harish K. Vaid and Shri Shailendra Gupta were appointed as Additional Directors of the Company w.e.f. 10th February, 2012 and Shri B.K. Taparia and Shri V.K. Jain were also appointed as Additional Directors of the Company w.e.f. 18th May, 2012. Pursuant to section 260 of the Companies Act, 1956, the above named Directors hold office up to the ensuing Annual General Meeting. The Company has received notice in writing alongwith a deposit of Rs.500 each from Member(s) of the Company in terms of Section 257 of the Companies Act, 1956, signifying his/their intention to propose the candidatures of Shri Harish K Vaid, Shri Shailendra Gupta, Shri B K Taparia and Shri V K Jain for the office of Director at the ensuing Annual General Meeting.

The Board is of the view that, having regard to their professional experience and knowledge, it will be in the interest of the Company, to appoint Shri Harish K. Vaid, Shri Shailendra Gupta, Shri B.K. Taparia and Shri V.K. Jain as Directors of the Company.

The approval of the Members is sought to resolutions at item Nos. 10 to 13 of the Notice in respect of the appointment of Shri Harish K. Vaid, Shri Shailendra Gupta, Shri B.K. Taparia and Shri V.K. Jain.

Brief details about Shri Harish K. Vaid, Shri Shailendra Gupta, Shri B.K. Taparia and Shri V.K. Jain are given in the annexure to this Notice.

None of the Directors of the Company, except the appointees themselves is concerned or interested in the said Resolutions.

The Board recommends the resolution for your approval.

Item No. 14

In view of the present plant upgradation / expansion project for increase of plant capacity from 1.40 MTPA to 3.0 MTPA and for future business operations of the Company, it is proposed to increase the borrowing limits of the Board of Directors, of Rs. 1000 crores approved by the Shareholders in their Extra Ordinary General Meeting held on 21st August, 2007 to Rs. 2000 crores to enable the Company to borrow and avail the loans/ financial assistances from the Financial Institutions / Banks / others as and when required by the Company.

The consent of the Members is sought in terms of Section 293(1)(d) of the Companies Act, 1956.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

The Board recommends the resolutions for your approval.

Item No. 15 & 16

In order to facilitate raising of further Share capital to meet its requirement of funds, the Authorised Share Capital of the Company is proposed to be increased from Rs. 450 Crores to Rs. 500 Crores, as detailed in the resolution. Consequently, Clause V of the Memorandum of Association and Article 5 of the Articles of Association of the Company are required to be altered, as proposed.

Copy of the Memorandum & Articles of Association of the Company together with the proposed alterations is available for inspection by the Members at the Registered Office of the Company between 11.00 AM and 1.00 PM on all working days except Sundays and other holidays up to the date of Annual General Meeting.

While the alteration of the Authorised Share Capital in the Memorandum of Association is required to be passed by an Ordinary Resolution, the alteration in the Articles of Association is required to be passed by a Special Resolution.

Board recommends these Resolutions for the approval of the Members accordingly.

None of the Directors of the Company is, in any way, concerned or interested in the Resolutions.

Item No. 17

To meet the challenges of revival and rehabilitation of the present plants of the Company and also the expansion plans, it is imperative that the Company's Board is further strengthened. The Company accordingly, needs to increase the strength of its Board to add more Directors with necessary qualifications, skills, experience and/or background in related fields.

In view of the above, it is proposed to increase the total number of Directors from Twelve to Twenty.

Consequently, Article 103 of the Articles of Association of the Company is sought to be amended in the manner as set out in the resolution.

In terms of Section 259 of the Companies Act, 1956, the aforesaid amendment requires approval of the Central Government besides obtaining approval of the shareholders by passing a Special Resolution.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

The Board recommends the resolution for your approval.

By Order of the Board

Place : New Delhi

Date : 01.08.2012

Registered Office:

Durga Cement Works

Durgapuram, Dachepalli – 522414

Guntur District (AP)

G. TIRUPATI RAO

GM - Legal & Company Secretary

ANNEXURE
Details of Directors seeking appointment at the forthcoming Annual General Meeting of the Company (Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange)

Particulars	Shri K.N. Bhandari	Shri S.D.M. Nagpal	Shri R. K. Pandey	Shri Manoj Gaur
Date of Birth	01.03.1942	02.02.1942	20.01.1940	16.06.1964
Date of Appointment	21.08.2007	15.11.2011	15.11.2011	10.02.2012
Qualifications	BA, LLB	MA, AICWA.	M.Com, LL.B, FCS, DBA	B.E (Hons) (Civil)
Expertise in specific functional area (experience in approx. years)	Finance and Insurance Management. (50 Years)	Finance, Accounts and Systems (48 Years)	Finance , Legal & Corp. Advisory Services, (50 Years)	Industrialist having expertise in all functions of management. (27 years)
Directorships held in other public & private companies	<ul style="list-style-type: none"> • Hindalco Inds. Ltd. • Suraj Diamonds & Jewellery Ltd • Agriculture Insurance Co. Ltd • Saurashtra Cements Ltd • Shristi Infrastructure Development Corp. Ltd • Credence Logistics Ltd • Magna Fin. Corp. Ltd • Magna HDI General Insurance Co. Ltd • NRC Ltd • Jaybharat Textiles & Real Estate Ltd. • Midas Asset Reconstruction Co. Pvt Ltd 	<ul style="list-style-type: none"> • NTPC-SAIL Power Company Pvt. Ltd. • Bhilai Jaypee Cement Ltd. • Kanpur Fertilizers & Cement Ltd. • Jaypee Uttar Bharat Vikas Pvt Ltd. 	<ul style="list-style-type: none"> • PTC Inds. Ltd. • Precise Laboratories Pvt Ltd. • Kamdhenu Ispat Ltd. • British Health Products (India) Ltd • Hanung Toys & Textiles Ltd. • Shree Rajasthan Syntex Ltd. • Morgan Ventures Ltd. • Jindal Polyfilms Ltd • Mefcom Capital/Markets Ltd • Ritoh India Ltd • Welcure Drugs & Pharmaceuticals Ltd • Sanghi Inds. Ltd • Kanpur Fertilizers & Cement Ltd • Jaypee Uttar Bharat Vikas Pvt.Ltd. • Uninet Infra Technologies Pvt Ltd • Steren Impex Pvt.Ltd • Jaypee Development Corporation Ltd 	<ul style="list-style-type: none"> • Jaiprakash Associates Ltd. • Jaiprakash Power Ventures Ltd. • Jaypee Inftratech Ltd. • Jaypee Sports International Ltd • Jaypee Ganga Infrastructure Corp. Ltd. • Prayagraj Power Generation Co.Ltd. • Jaypee Cement Corp. Ltd. • Jaypee Assam Cement Ltd • Gujarat Jaypee Cement & Infrastructure Ltd • Kanpur Fertilizers & Cement Ltd • MP Jaypee Coal Ltd • Madhya Pradesh Jaypee Minerals Ltd • Jaiprakash Agri Initiatives Co. Ltd • Jaypee Infra Ventures (A Private Company with unlimited liability) • Indesign Enterprises Pvt. Ltd • Jaypee Jan Sewa Sansthan (A Private Company with unlimited liability)
Chairmanship/ Membership of Board Committees of other companies	Chairmanship -1 Membership - 2	Chairmanship -1 Membership - 1	Chairmanship -1 Membership - 1	Chairmanship - Nil Membership - Nil
Number of shares held	Nil	Nil	Nil	Nil

ANNEXURE
Details of Directors seeking appointment at the forthcoming Annual General Meeting of the Company (Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange)

Particulars	Shri Pankaj Gaur	Shri R.K. Singh	Shri Naveen K Singh	Shri Harish K. Vaid
Date of Birth	18.01.1971	13.07.1945	17.09.1975	19.01.1954
Date of Appointment	10.02.2012	10.02.2012	10.02.2012	10.02.2012
Qualifications	B.E (Instrumentation)	B.E (Hons) (Civil)	B.Com	B.Com, FCS, DCP, LL.B
Expertise in specific functional area (experience in approx. years)	Head of Construction Division of the Group (19 years)	Ex-Chairman of Indian Railway Board with expertise in management functions. (44 years)	Head of Southern Cement Plant Operators of the Group, (14 years)	Secretarial, Legal and Corporate Advisory functions., (35 years)
Directorships held in other public & private companies	<ul style="list-style-type: none"> ● Jaiprakash Associates Ltd. ● Sangam Power Generation Co.Ltd ● Jaypee Meghalaya Power Ltd ● Jaypee Cement Corp. Ltd ● Jaypee Assam Cement Ltd ● Jaypee Arunachal Power Ltd ● Jaypee Infra Ventures (A Private Company with unlimited liability) ● Jaypee Jan Sewa Sansthan (A Private Company with unlimited liability) 	<ul style="list-style-type: none"> ● Jaiprakash Associates Ltd. ● Bokaro Jaypee Cement Ltd. ● Jaiprakash Agri Initiatives Co. Ltd 	<ul style="list-style-type: none"> ● Sangam Power Generation Co.Ltd ● Jaypee Cement Corp. Ltd ● Jaypee Arunachal Power Ltd 	<ul style="list-style-type: none"> ● Jaypee Sports International Ltd ● Jaypee Assam Cement Ltd ● Jaypee Arunachal Power Ltd ● Iborshoume Ltd ● Indesign Enterprises Pvt Ltd
Chairmanship/ Membership of Board Committees of other companies	Chairmanship - Nil Membership - Nil	Chairmanship - Nil Membership - Nil	Chairmanship - Nil Membership - Nil	Chairmanship - Nil Membership - 2
Number of shares held	Nil	Nil	Nil	Nil

ANNEXURE
Details of Directors seeking appointment at the forthcoming Annual General Meeting of the Company (Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange)

Particulars	Shri Shailendra Gupta	Shri B.K. Taparia	Shri V.K. Jain
Date of Birth	16.02.1960	27.11.1939	11.10.1950
Date of Appointment	10.02.2012	18.05.2012	18.05.2012
Qualifications	B.Com, FCA	M.Com, Certified Associate of Indian Institute of Bankers	B.E (Mechanical)
Expertise in specific functional area (experience in approx. years)	Corporate Finance and Accounts, (29 years)	Finance and Management Service, (42 years)	Cement Technology (41 years)
Directorships held in other public & private companies	Nil	<ul style="list-style-type: none"> • Jaiprakash Associates Ltd. • Jaiprakash Power ventures Ltd. • Bhilwara Infrastructure Pvt. Ltd. • V & S International Pvt Ltd. 	<ul style="list-style-type: none"> • Bhilai Jaypee Cement Ltd. • Super Channels Ltd.
Chairmanship/ Membership of Board Committees of other companies	Chairmanship- Nil Membership - Nil	Chairmanship - 1 Membership - 1	Chairmanship - Nil Membership - Nil
Number of shares held	Nil	Nil	Nil

Directors' Report

To the Members,

Your Directors have pleasure in presenting the 73rd Annual Report and the Audited Accounts of your Company for the Nine months period i.e from 1st July 2011 to 31st March 2012.

FINANCIAL RESULTS

(Rs in Lakhs)

	Current Period 2011-12 (9 Months)	Previous Period 2010 – 11 (15 Months)
Gross Sales	3.40	7091.45
Net Sales	2.78	6298.10
Other Income	228.19	314.47
PBIDT	(2476.37)	(1639.33)
Finance Cost	887.16	1330.94
Depreciation	67.51	127.94
Profit/(Loss) before exceptional items	(3431.04)	(3108.92)
Exceptional Items (Income)	5508.87	--
Profit/(Loss) before Tax	2077.83	(3108.92)
Deferred Tax	1111.12	(648.84)
Net Profit / (Loss)	966.71	(2460.08)

DIVIDEND

Efforts are being made to revive the plants of the Company which were lying closed. In the absence of operations during the period under review, the Directors regret their inability to recommend any dividend.

OPERATIONS

During the period under review, both the plants remained shutdown and non operational. The Durga Cement Works (DCW) plant of the Company was in production primarily till the end of the first quarter of 2010 and production at Visaka Cement Works (VCW) plant could not be continued from the beginning of September, 2010. The production activities remained suspended thereafter. Consequent to this, the Company faced severe liquidity crisis leading to stoppage of supply of material and services, disconnection of power and termination of agreement thereof, non-payment of employee related costs, statutory and other obligations thereby adversely affecting the business of the Company.

CHANGE IN MANAGEMENT

As stated above, the Company has been going through a severe financial crisis and the production at its plants stood suspended. The revival and restructuring of the company's business required substantial capital infusion. In order to overcome the situation, the erstwhile Promoters decided to transfer their controlling stake in the Company and entered into a Share Subscription and Share Purchase Agreement (SSSPA) on 15th November, 2011 with Jaypee Development Corporation Limited (JDCL), a wholly owned subsidiary of Jaypee Infra Ventures (A Private Company with Unlimited Liability), the companies belonging to Jaypee Group. In terms of the SSSPA, the erstwhile Promoters agreed to transfer 4,81,19,550 Equity Shares of the Company held by them to JDCL in tranches @ Rs.12 per share. JDCL also agreed to subscribe for 14,75,00,000 Equity Shares of Rs.10 each of the Company at a premium of Rs 2 per share aggregating to Rs.177 crores on

preferential basis, the proceeds whereof are being utilized for reviving the Plants.

The proposal of acquisition of Promoters' holding by and the Preferential Allotment to JDCL triggered the obligation of the acquirer to make the Open Offer to the existing shareholders of the Company. Accordingly, an Open Offer was made by JDCL to the existing shareholders to acquire upto 7,63,15,328 Equity Shares of the Company representing 26% of the expanded paid up Equity Capital of the Company. The offer remained open from 25th January, 2012 to 8th February, 2012.

Thus, during the year under report, JDCL acquired 14,75,00,000 Equity Shares of the Company by way of Preferential Issue, purchased of 2,17,22,336 Equity Shares from erstwhile Promoters and 63,06,856 Equity Shares through Open Offer. Consequently, as on 31st March, 2012 the shareholding of JDCL in the Company stood at 17,55,29,192 Equity Shares constituting 59.80% of the expanded capital base. With the acquisition of the above shares, JDCL also acquired the managing control over the company and was categorised as Promoter with effect from 10th February, 2012. Accordingly, Andhra Cements Limited became a subsidiary of Jaypee Development Corporation Limited and in turn, a subsidiary of Jaypee Infra Ventures (A Private Company with Unlimited Liability) thus becoming part of the Jaypee Group. Post 31st March, 2012, further tranche of 4,84,160 Equity Shares has been transferred by the erstwhile Promoters to JDCL in terms of the said SSSPA, leaving a balance of 2,59,13,054 Equity Shares yet to be transferred to JDCL.

OUTLOOK

After the taking over of management by the new Promoters and infusion of funds by them, the work on revival of the Plants started in its right earnest. The production is expected to be resumed from September / October, 2012. Thus, the future outlook for the Company is bright.

CHANGES IN SHARE CAPITAL

During the year under report, the Company issued and allotted 14,75,00,000 equity shares of Rs 10/- each at a premium of Rs 2/- per shares on 10th February, 2012 aggregating to Rs. 177 crores to M/s. Jaypee Development Corporation Limited (JDCL) on preferential issue as per the Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. Consequently the paid-up capital of the Company stood increased from Rs. 146,02,04,920/- to Rs. 293,52,04,920/-. There is no change in the paid-up capital of the Company thereafter. The proceeds of the Issue are being utilized for the purpose for which it was made.

DIRECTORATE

During the period under report, Shri Amitava Mondal, submitted resignation from the office of Directorship and ceased to be Director of the Company w.e.f. 12.07.2011.

Shri J. Jayaraman, submitted resignation from the office of Directorship and ceased to be Director of the Company w.e.f. 07.10.2011.

Shri G.P. Goenka, Dr. A.L. Ananthanarayanan, Shri R.K. Bhargava and Dr. Sushil Chandra submitted resignations from their office of Directorships and ceased to be Directors of the Company w.e.f. 10.02.2012.

Your Directors wish to place on record their appreciation for their contribution during their tenure on the Board.

Shri Vinayak Mavinkurve was nominated as Director by IDFC Ltd as their nominee w.e.f. 09.11.2011.

Shri Sain Ditta Mal Nagpal and Shri Radha Krishna Pandey were appointed as Additional Directors w.e.f. 15.11.2011 and their appointment was confirmed in the Annual General Meeting held on 30.12.2011.

Shri Manoj Gaur was appointed as Director of the Company in the casual vacancy of Shri G P Goenka, Shri Pankaj Gaur was appointed in the casual vacancy of Dr. A L Ananthanarayanan, Shri Naveen Kumar Singh was appointed in the casual vacancy of Dr. Sushil Chandra and Shri Ravindra Kumar Singh was appointed in the casual vacancy of Shri R K Bhargava, w.e.f. 10.02.2012. The proposal for their appointment as Directors is included in the notice for your approval.

Shri Harish K. Vaid and Shri Shailendra Gupta were appointed as Additional Directors on the Board w.e.f 10.02.2012 and Shri B.K. Taparia and Shri V.K. Jain were appointed as Additional Directors on the Board w.e.f 18.05.2012. They will hold office till the date of ensuing Annual General Meeting and are eligible for re-appointment.

Shri K.N. Bhandari and Shri S.D.M. Nagpal and Shri R.K. Pandey, Directors of the Company who retire by rotation and being eligible offer themselves for re-appointment. Proposals for their re-appointment have been included in the Notice of the Annual General Meeting for your approval.

AUDITORS

M/s. Lodha & Co, Chartered Accountants and M/s. Chaturvedi & Partners, Chartered Accountants will retire at the ensuing Annual General Meeting. While, M/s. Chaturvedi & Partners have expressed their willingness to continue in the office, M/s Lodha & Co, have expressed their unwillingness to continue as Auditors due to their other assignments. Hence, the Board recommends appointment of M/s Chaturvedi & Partners as Auditors of the Company till the conclusion of next Annual General Meeting. The proposed Auditors have furnished the requisite certificate of eligibility under section 224 (1B) of the Companies Act, 1956. Members are requested to approve the appointment of the Auditors and to fix their remuneration.

The observations of the Auditors and the Notes on Financial Statement are self explanatory. The observations in para 4 of the Auditors' Report are further explained by the Management as follows:

Since the production activities were suspended during the period and there being limitation & constrains and non-availability of employees & their support, confirmation/verification, reconciliation of various assets and liabilities could not be carried out. These shall be carried out upon resumption of normal production. Adjustments with respect to advances, debtors, claims, interest and other charges/expenses etc. shall be accounted for after negotiation/settlement/finalisation of the related matters as explained in Note no. 36(a) & (b). Interest on borrowing has been capitalised and necessary allocation/adjustment shall be carried out on completion of the project and certain bills, claims relating to project supplies/services shall also be accounted for on complete documentation, negotiation, etc, as explained in Note no. 38 (a) & (b). In view of the proposed recommencement of production and emerging certainty with respect to the profitability, there would be sufficient taxable income to claim the deferred tax credit.

COST AUDITOR

Since the production at both the plants of the Company stood suspended during the period under review, Cost Auditor had not been appointed to conduct the Cost Audit for the nine months period i.e from 1st July 2011 to 31st March, 2012.

INSURANCE

During the period under review, all the properties of the Company including its buildings, plant and machinery and stocks are adequately insured.

LISTING

All the shares of the Company are listed on National Stock Exchange of India (NSE) and BSE Ltd. (BSE).

CORPORATE GOVERNANCE

A report on Corporate Governance together with Management Discussion and Analysis Reports and the certificate of compliance from Practicing Company Secretary regarding compliance with clause 49 of the Listing Agreement with the Stock Exchanges are attached to this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, the Directors, based on the representation received from the Operating Management, certification by the CFO to the Board of Directors and after due enquiry, confirm in respect of the audited annual accounts for the period of 9 months ended 31st March, 2012:

- a. that in the preparation of the accounts in respect of the period under report, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the reporting period and of the Profit for the period ended 31st March 2012;
- c. that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities, and
- d. that the accounts have been prepared on a going concern basis.

REDEMPTION OF PREFERENCE SHARES

A sum of Rs.1.92 lacs towards redemption 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.

REPAYMENT OF FIXED DEPOSITS

In accordance with the Modified Rehabilitation Scheme (MS-08), the Company is settling the claims lodged by fixed deposit holders. During the period no claim has been received from the Fixed Deposit holders.

REDEMPTION OF DEBENTURES

In terms of MS-08, Debentures amounting to Rs. 0.74 lacs were redeemed during the period. An amount of Rs.195.68 lacs being balance of principal remain unclaimed and deposited with bank, under lien in favour of Debenture Trustees (Canara Bank).

INVESTOR EDUCATION AND PROTECTION FUND

Repayment of the matured fixed deposits and debentures are covered by the BIFR Sanctioned Scheme.

PARTICULARS OF EMPLOYEES

A statement showing the particulars of employees, pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, is annexed and forms an integral part of this Report.

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

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

EMPLOYEES RELATIONS

Employees' salaries, wages and other benefits which were in arrears since July 2010 have been settled as per the terms of the memorandum of settlement under Section 18(1) of Industrial Disputes Act, 1947 entered on 6th March 2012 between the Company and Andhra Cement Company Employees Union. Your Directors wish to place on record their appreciation for the dedication and spirit with which the employees and officers of the Company are working for revival of the Plants.

ACKNOWLEDGEMENTS

Your Directors express their sincere gratitude for the continued support and guidance received by the Company from various State & Central Government Authorities, Financial Institutions and Banks.

For and on behalf of the Board

Place : Noida
Date : 18.05.2012

MANOJ GAUR
Chairman

ANNEXURE TO DIRECTORS' REPORT

Information under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is given below :

A) EMPLOYED THROUGHOUT THE FINANCIAL PERIOD AND IN RECEIPT OF REMUNERATION AGREEGATING Rs.60,00,000/- OR MORE PER ANNUM.

Nil

B) EMPLOYED FOR A PART OF THE FINANCIAL PERIOD AND IN RECEIPT OF REMUNERATION AGREEGATING Rs. 5,00,000/- OR MORE PER MONTH.

Nil

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

A. Conservation of Energy :

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

The measures for energy conservation could not be fully implemented due to discontinuation of operations at Plants during the period.

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

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

- C. Foreign Exchange Earnings & Outgo : Current Period Previous Year

i) Total Foreign Exchange outflow (Rs.lacs)	Nil	10.36
ii) Total Foreign Exchange inflow (Rs. lacs)	Nil	Nil

FORM "A"

Form for Disclosure of particulars with respect to conservation of energy.

	Current Period (9 Months)	Previous Period (15 Months)
A. Power and Fuel Consumption:		
1. POWER:		
a) Purchased:		
Units (KWH in lacs)	Nil	278
Total Amount (in Rs. lacs) **	Nil	1774**
Rate / Unit (in Rs.)	Nil	6.37
** i) Includes Rs. 401.82 lacs towards FSA charges pertaining to 2008-09 billed by APSEB from July 2010		
ii) Includes Rs. 160 lacs towards minimum demand charges from August 2010 to November 2010		
iii) Includes Rs. 95.04 lacs towards minimum units charged by APSEB (i.e. 8 lacs units per month)		
b) Own Generation :		
Through D.G. Sets		
Net Units (KWH in lacs)	Nil	Nil
Unit / Lt of Diesel/Furnace Oil	Nil	Nil
Cost / Unit (in Rs.)	Nil	Nil
2. COAL :		
Quantity (Tonnes)	Nil	22927
Total Cost (in Rs. lacs) *	Nil	719
Average Rate per MT (Rs.)	Nil	3137
* Excluding penalty and other charges		
3. FURNACE OIL :		
Quantity (K.Lts)	Nil	Nil
Total Cost (in Rs./lacs)	Nil	Nil
Average Rate (Rs./K.Ltr)	Nil	Nil
B. Consumption per unit of production:		
Production - OPC/PPC/PSC/GGBS (in MT)	Nil	220690
Power Consumption in Kwh/MT of cement	Nil	84.73
Coal Consumption to Clinker	Nil	0.20
Others (Specify)		

FORM "B" (See Rule 2)

(Form for disclosure of particulars with respect to absorption)

- Research & Development (R&D) : The Company has not undertaken any Research and Development activities and no expenditure have been incurred.
- Technology Absorption, Adaptation & Innovation : NA

Note: Current Year figures not available, due to the plant shutdown during the current period

REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement)

1. Company's Philosophy

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

2. Board of Directors

- i) The composition of the Board is in conformity with Clause 49 of the Listing Agreement with the Stock Exchanges.
- ii) The Company has a Non-Executive Chairman belonging to Promoters' Group and the number of Independent Directors is half of the total number of Directors.
- iii) None of the Directors on the Board is a Member of more than 10 Committees or Chairman of more than 5 Committees as specified in Clause 49, across all companies in which he is Director.
- iv) The names and categories of the Directors on the Board, their attendance at Board Meetings held during the nine months period i.e from 1st July 2011 to 31st March 2012 and the number of Directorships and Committee Chairmanships / Memberships held by them in other Companies is given below. Other Directorships do not include alternate Directorships, Directorships of Private Limited Companies and of Companies incorporated outside India. Chairmanship / Membership of Board Committees include only Audit Committee and Shareholders'/Investors' Grievance Committee.

Name	Category	Board Meeting Attendance	Last AGM Attendance	No. of other Directorships	No. of other Committee positions held	
					Member	Chairman
Shri G.P. Goenka*	NED	02	No	06	1	0
Shri J.Jayaraman*	NED & ID	Nil	No	01	0	0
Dr A.L. Ananthanarayanan*	NED & ID	02	No	02	1	0
Dr. Sushil Chandra*	NED & ID	04	No	01	0	0
Shri Raj Kumar Bhargava*	NED & ID	04	No	07	6	2
Shri Amitava Mondal*	NED & ID	Nil	No	02	2	0
Shri K.N. Bhandari	NED & ID	04	No	11	1	1
Shri Sain Ditta Mal Nagpal	NED & ID	02	No	02	1	1
Shri Radha Krishna Pandey	NED & ID	02	No	13	1	1
Shri Vinayak R Mavinkurve	NED & ID	03	No	0	0	0
Shri Manoj Gaur	NED	01	NA	13	0	0
Shri Pankaj Gaur	NED	Nil	NA	06	0	0
Shri Naveen Kumar Singh	NED	Nil	NA	03	0	0
Shri Ravindra Kumar Singh	NED & ID	Nil	NA	03	0	0
Shri Harish K Vaid	NED	01	NA	03	2	0
Shri Shailendra Gupta	NED	01	NA	0	0	0
Shri B.K. Taparua	NED & ID	NA	NA	03	1	2
Shri V.K. Jain	NED	NA	NA	02	0	0

* Ceased to be a Director, NED: Non-Executive Director, ID: Independent Director

Notes:

- Shri Amitava Mondal - resigned and ceased to be a Director of the Company w.e.f 12.07.2011
- Shri. J. Jayaraman - resigned and ceased to be a Director of the Company w.e.f 07.10.2011
- Shri.G P Goenka - resigned and ceased to be a Director of the Company w.e.f 10.02.2012
- Shri R K Bhargava - resigned and ceased to be a Director of the Company w.e.f 10.02.2012
- Dr A L Ananthanarayanan - resigned and ceased to be a Director of the Company w.e.f 10.02.2012
- Dr Sushil Chandra - resigned and ceased to be a Director of the Company w.e.f 10.02.2012
- Shri Vinayak R Mavinkurve- Nominated as Director by IDFC Ltd as their Nominee w.e.f 09.11.2011
- Shri Sain Ditta Mal Nagpal - appointed as Director w.e.f 15.11.2011
- Shri Radha Krishna Pandey- appointed as Director w.e.f 15.11.2011
- Shri Manoj Gaur - appointed as Director w.e.f 10.02.2012 in casual vacancy of Shri G P Goenka.
- Shri Pankaj Gaur - appointed as Director w.e.f 10.02.2012 in casual vacancy of Dr. A L Ananthanarayanan
- Shri Naveen Kumar Singh - appointed as Director w.e.f 10.02.2012 in casual vacancy of Dr. Sushil Chandra
- Shri Ravindra Kumar Singh- appointed as Director w.e.f 10.02.2012 in casual vacancy of Shri R K Bhargava.
- Shri Harish K Vaid - appointed as an Additional Director w.e.f 10.02.2012
- Shri Shailendra Gupta - appointed as an Additional Director w.e.f 10.02.2012
- Shri B.K. Taparua - appointed as an Additional Director w.e.f 18.05.2012
- Shri V.K. Jain - appointed as an Additional Director w.e.f 18.05.2012

3. Number of Board Meetings held and Dates thereof

During the 9 Months period ended 31st March 2012 Four Meetings of the Board of Directors were held on 28.09.2011, 15.11.2011, 27.11.2011 and 10.02.2012.

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

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

5. Code of Conduct

The Board of Directors has laid down Code of Conduct for all the Board Members and Senior Management personnel of the Company.

All the Board Members and Senior Management personnel have on March 31, 2012, affirmed compliance with the Code of Conduct. Since the Company is presently Board managed, pending appointment of a CEO, a declaration to this effect, duly signed by the CFO is annexed.

6. Audit Committee

- (i) The Board constituted an Audit Committee in accordance with the requirements of Section 292A of the Companies Act, 1956. Its terms of reference are in conformity with Clause 49 of the Listing Agreement entered into with the Stock Exchanges. Statutory Auditors and Internal Auditors were regular invitees to the Committee Meetings. Dr. AL Ananthanarayanan, the then Chairman of the Audit Committee could not attend the last Annual General Meeting held on 30.12.2011 due to his pre-occupation.
- (ii) The terms of reference of the Audit Committee are broadly as under :
- a. Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
 - b. Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
 - c. Reviewing with management on the annual financial statements before submission to the Board, focusing primarily on :
 - Any changes in accounting policies and practices
 - Major accounting entries based on exercise of judgment by management
 - Qualifications in draft audit report
 - Significant adjustments arising out of audit
 - The going concern assumption
 - Compliance with accounting standards
 - Compliance with stock exchange and legal requirements concerning financial statements
 - Any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of the Company at large.
 - d. Reviewing with the management, external and internal auditors and the adequacy of internal control systems.
 - e. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit and fixing the remuneration of the Internal Auditors.
 - f. Discussion with internal auditors any significant findings and follow up thereon.
 - g. Reviewing the findings of any internal investigations by internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
 - h. Discussion with external auditors before the audit commences, nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 - i. Reviewing the company's financial risk management policies.
- (iii) The Audit Committee was re-constituted by the Board at their Meeting held on 10th February, 2012 due to the Management Change and resignations of earlier Board Members. Presently, the Audit Committee consists of Mr. K.N. Bhandari, Mr R.K. Pandey and Mr.Shailendra Gupta, Two members are Non-executive and independent Directors and one member is Non-executive Director. Mr. K.N. Bhandari is the Chairman of the

Committee. In the opinion of the Board, all the members of the Audit Committee have accounting or related financial management expertise. The Company Secretary acts as the Secretary to the Committee.

- During the 9 months period ended 31st March 2012, the Audit Committee has met 3 times, i.e., on 28.09.2011, 27.11.2011 and 10.02.2012

The attendance details for the Committee Meetings are as follows:

Name	Designation	No. of Audit Committee Meetings attended
Dr. A.L. Ananthanarayanan *(upto 10.02.2012)	Chairman	02
Mr. K.N. Bhandari	Member	03
Dr. Sushil Chandra *(upto 10.02.2012)	Member	03
Mr. R.K. Bhargava *(upto 10.02.2012)	Member	03

* Members of the Committee resigned upon change of management.

7. Remuneration Committee

- The Board constituted a Remuneration Committee in accordance with the requirements of Schedule XIII of the Companies Act, 1956; its terms of reference being in conformity with Clause 49 of the Listing Agreement entered into with the Stock Exchanges.
- Brief description of terms of reference of the Remuneration Committee:
 - To determine, on behalf of the Board of Directors, the Company's policies on the remuneration of the Executive Directors.
 - To approve all elements of the remuneration package of all the Executive Directors i.e. salary, benefits, bonus, commission, stock options, etc.
 - To approve the fixed component and performance- linked incentives, along with the performance criteria.
 - To determine the service contracts, notice period, severance fees, etc.
- The Remuneration Committee was re-constituted by the Board at their Meeting held on 10th February, 2012 due to the Management Change and resignations of earlier Board Members. Presently, the Remuneration Committee consists of Mr. Ravindra Kumar Singh and Mr. S.D.M. Nagpal. Mr. Ravindra Kumar Singh is the Chairman of the Committee. Both the members are Non-executive and Independent Directors. The Company Secretary acts as the Secretary to the Committee.
- No Remuneration Committee Meeting was held during the 9 months period ended 31st March 2012.

v) Remuneration of Directors:

- The terms of appointment of the Executive Directors are governed by resolutions passed by the Remuneration Committee, Board of Directors and the Shareholders of the Company and approval of the Central Government and subject to the provisions of the Companies Act 1956. Presently, there is no whole time Director in the Company.

The details of remuneration to Non- Executive Directors during the 9 months period ended 31st March 2012 were as follows:

Sl.No.	Name of Director	Sitting fee	Benefits	Total (Rs.)
	(Non- Executive Directors)			
1	Mr. G.P. Goenka*	Nil	--	Nil
2	Mr. J. Jayaraman*	Nil	--	Nil
3	Dr. A.L. Ananthanarayanan*	30000	--	30000
4	Dr. Sushil Chandra*	60000	--	60000
5	Mr. K.N. Bhandari	60000	--	60000
6	Mr. R.K. Bhargava*	60000	--	60000
7	Mr. Radha Krishna Pandey	15000	--	15000
8	Mr Vinayak R Mavinkurve	22500	--	22500
9	Mr Sain Ditta Mal Nagpal	15000	--	15000
	Total	2,62,500	--	2,62,500
	Grand Total	2,62,500	--	2,62,500

*ceased to be Director/Member of the respective Committees.

- (b) The remuneration to Non-Executive Directors is restricted only to Sitting Fee for attending the meetings of the Board and its Committees. The Company pays sitting fee of Rs. 7,500/- per meeting to Non-Executive Directors for attending the meetings of the Board / or its Committees, besides reimbursement of traveling and out-of-pocket expenses incurred by the Directors for attending the meetings.
- (vi) Non-Executive Directors of the Company do not have any share holding in the Share Capital of the Company.

8. Investors' Grievances / Share Transfer Committee

- (i) The Board constituted an Investor Grievance & Share Transfer Committee in accordance with the requirements of Clause 49 of the Listing Agreement entered into with the Stock Exchanges. This Committee approves share transfer requests; oversees the redressal of shareholders' and investors' grievances like delay in the transfer of shares, non-receipt of the Annual Report and approves the sub-division, transmission and issue of duplicate shares etc.
- (ii) The Investors' Grievance & Share Transfer Committee was re-constituted by the Board at their Meeting held on 10th February, 2012 due to the Management Change and resignations of earlier Board Members. Now, the Investors' Grievance & Share Transfer Committee presently consists of Mr. S.D.M. Nagpal, Mr. Ravindra Kumar Singh and Mr. Harish K. Vaid. Mr. S.D.M. Nagpal is the Chairman of the Committee. Two members are Non-executive and Independent Directors and third one is Non-executive Director. The Company Secretary acts as the Secretary to the Committee.
- (iii) The Company has received 62 complaints during the 9 months period ended 31st March 2012, all of which stand redressed.

9. Risk Management

The Company manages risks as an integral part of its decision making process. The Audit Committee and the Board of Directors are regularly apprised regarding key risk assessment and risk mitigation mechanisms.

10.CEO / CFO Certification

In the absence of the appointment of CEO, the CFO has submitted necessary certificate to the Board of Directors stating the particulars specified under Clause 49(V) of the

Listing Agreement. This certificate has been reviewed by the Audit Committee and taken on record by the Board of Directors at their respective meetings held on May 18, 2012.

11. General Body Meetings

(i) Particulars of the last three Annual General Meetings

Year	Date of AGM	Time	Venue
2008-09	25.08.2009	12.30 PM	Regd. Off: Durga Cement Works, Durgapuram, Dachepalli, 522414 Guntur District, AP
2009-10	30.08.2010	02.00 PM	Regd. Off: Durga Cement Works, Durgapuram, Dachepalli, 522414 Guntur District, AP
2010-11	30.12.2011	11.30 AM	Regd. Off: Durga Cement Works, Durgapuram, Dachepalli, 522414 Guntur District, AP

(ii) Special Resolutions:

- (a) At the AGM held on 25th August 2009, Special Resolutions were passed for the following matters:
- to increase authorized capital from Rs. 140 crores to Rs. 170 crores divided into 16,50,00,000 equity shares of Rs. 10/- each and 5,00,000 cumulative redeemable preference shares of Rs. 100/- each,
 - to inserting new articles of 65A to 65D,
 - for issue of 65,00,00 - convertible warrants of Rs. 23.93 each,
 - 15,00,000 - secured optionally convertible debentures-A of Rs. 100 each (OCD-A) and 15,00,000 - secured optionally convertible debentures-B of Rs. 100/- each (OCD-B),
 - 10,00,000 - secured non-convertible debentures of Rs. 100/- each (NCDs) and
 - option to convert the IDFC term loan of Rs. 5 crores into equity shares in case of default.
- (b) At the AGM held on 30th August, 2010, Special Resolutions were passed for the following matters:
- Approving the appointment of Mr. P.K. Goyenka, and re-appointment of Mr. Shrivardhan Goenka, as Executive Directors and
- Issue of 7764401 equity shares of Rs. 10/- each aggregating to Rs. 18.64 crore to IDFC & HDFC by way of preferential issue.
- (c) At the Annual General Meeting held on 30th December 2011, no Special Resolution was passed.

(iii) Special Resolutions passed through Postal Ballot

Special Resolutions were passed last year i.e on 20th December 2011 through Postal Ballot on the following matters:

- to increase authorized capital from Rs. 170 crores to Rs. 450 crores divided into 40,00,00,000 equity shares of Rs. 10/- each and 50,00,000 cumulative redeemable preference shares of Rs. 100/- each,
- Issue and allotment of 14,75,00,000 equity shares of Rs. 10/- each at premium of Rs. 2/- per share to Jaypee Development Corporation Ltd on preferential basis.

The requisite particulars in respect of the said exercise of Postal Ballot are as under:

Sl. No	Particulars	Details / Dates
1	Date of Board Meeting	15.11.2011
2	Scrutinizer appointed by the Board of Directors at its meeting	Ms. Latika Jetey, Practicing Company Secretary, New Delhi
3	Alternate Scrutinizer appointed by the Board of Directors at its meeting	Mr. Sudarsan Pahi, Practicing Company Secretary, New Delhi
4	Date of Notice seeking Shareholders approval	15.11.2011
5	Date of Completion of Dispatch of Notice	18.11.2011
6	Last date of receipt of duly filled Postal Ballot Form	19.12.2011
7	Date of submission of Scrutinizer's report to the Chairman	20.12.2011
8	Date of declaration of Result	20.12.2011

Particulars of Resolutions Passed:**Ordinary Resolution:**

1	Alteration of Memorandum of Association -Increase of Authorised Share Capital from Rs. 170 crores to 450 crores
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Special Resolutions:

2	Alteration of Articles of Association - Increase of Authorised Share Capital from Rs. 170 crores to 450 crores
3	Approval for Issue and allotment of 147500000 equity shares of Rs. 10/- at a premium of Rs. 2/- per share to Jaypee Development Corporation Ltd on Preferential Basis

The Voting pattern on the resolutions:

Particulars	Total Votes	Total Valid Votes Cast	Total Valid votes cast in favour of the Resolution	Total Valid votes cast against the resolution
Resolution .1	84634470	84612104	84588998	23106
Resolution. 2	84634470	84612717	84603501	9216
Resolution. 3	84634470	84613983	84589563	24420

The result of the Postal Ballot was announcement at the Registered Office of the Company, through Stock Exchanges and Newspapers - Business Standard (English), Hyderabad Edition as well as Praja shakthi (Telugu), Hyderabad & Guntur Editions.

12. Disclosures

- (i) In the bonafide opinion of the Board of Directors there are no related party transactions that may have potential conflict with the interest of the company at large. Related party transactions in terms of 'AS-18 Related Parties' are disclosed in the Annual Accounts.
- (ii) Trading in shares of the Company was suspended by NSE w.e.f. 03.11.2011 due to non-compliance of certain requirements of Listing Agreement. However, NSE has revoked the suspension of trading w.e.f. 19.12.2011, after satisfactory redressal of the issues.
- (iii) The company does not have a Whistle Blower Policy since the same is non-mandatory under Clause 49 of the Listing Agreement. However, no employee is denied access to the Audit Committee.
- (iv) The Company has complied with all the mandatory requirements of Clause 49 as detailed herein. As regards adoption of non-mandatory requirements under said clause, a Remuneration Committee of the Directors, as detailed hereinabove, is already in existence. Also please see para 16 hereinafter.

13. Management Discussion & Analysis Report

The Management Discussion and Analysis Report is attached to the Annual Report.

14. Compliance Officer

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

Address	- 'White House' 3rd Floor, Block-III, H.No. 6-3-1192/1/1, Begumpet, Hyderabad - 500016, AP
e-mail	- gtrao@andhracements.com
Phone	- 040-67272727
Fax	- 040-67272728

15. Means of Communication

The Quarterly, Half yearly and Annual Financial Results of the Company are normally published in Business Standard (English), Andhra Prabha and Praja Shakti (Telugu) News Papers. The company is in the process of developing a website.

GENERAL SHAREHOLDER INFORMATION

- i). Annual General Meeting:
- | | | |
|---------------|---|---|
| Date and Time | : | 15.09.2012, at 3.30 PM |
| Venue | : | at Regd. Off, Durga Cement Works
Durgapuram, Dachevallli - 522414
Guntur(Dist), AP. |
- ii) Financial Year :
- | | | |
|--|---|---|
| | : | 2011-12 (9 Months)
(01.07.2011-31.03.2012) |
|--|---|---|
- iii). Book Closure Dates :
- | | | |
|--|---|---|
| | : | 08.09.2012 to 15.09.2012
(both days inclusive) |
|--|---|---|

iv) Dividend Payment Date : No dividend proposed.

v). Financial Calendar 2012 -13

Consideration & publication of Financial Results

For the quarter ended 30.06.2012 : 1st week of August, 2012

For the quarter ended 30.09.2012 : 2nd week of November, 2012

For the quarter ended 31.12.2012 : 2nd week of February, 2013

For the quarter ended 31.03.2013 : 2nd week of May, 2013

vi).Listing of Equity Shares on : **Bombay Stock Exchange Limited**

Stock Exchanges: P. J. Towers, Dalal Street, Fort
MUMBAI - 400 001

National Stock Exchange of India Ltd

Plot No.C/1, G-Block, Bandra-Kurla Complex
Bandra (E), Mumbai - 400051

vii).Stock Code:

Bombay Stock Exchange (BSE) : 532141

National Stock Exchange (NSE) : ANDHRACEMT

ISIN Numbers in NSDL & CDSL : INE666E01012

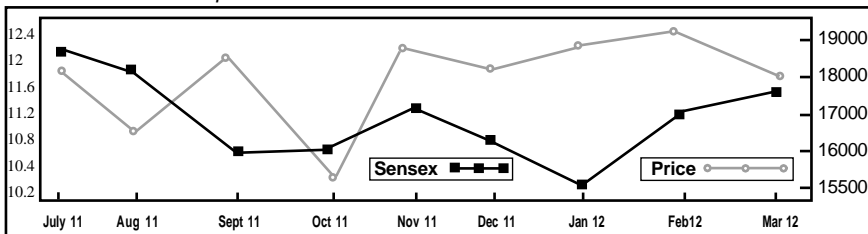
Listing fees for and up to the year 2012-13 have been paid to the BSE and NSE, where shares are listed and also paid the custodian fee for the year 2012-13 to NSDL and CDSL.

viii).Market Price Data

The following is the data of high and low closing quotations of equity shares of the Company during the period July 2011 to March 2012.

Month & Year	Bombay Stock Exchange (BSE)	
	Month's High Price(Rs.)	Month's Low Price(Rs.)
July, 2011	11.89	9.25
August, 2011	10.85	8.28
September, 2011	12.21	8.85
October, 2011	10.25	8.14
November, 2011	12.07	8.07
December, 2011	11.85	11.10
January, 2012	12.29	11.25
February, 2012	12.40	10.65
March, 2012	11.60	9.35

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



ix) Share Transfer System :

About 96.99% of shares of the Company were held in electronic form and transfer of these shares is done through the depositories with no involvement of the Company. Share transfer requests received in physical form are processed by the Company's Registrar and Share Transfer Agents (RTA) and after effecting the share transfer the share certificates are returned within a period of 15 days in most cases, and in other cases within 30 days, from the date of receipt, subject to the documents being in order and complete in all respects.

x) Reconciliation of Share Capital Audit :

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

xi) Distribution of Shareholding and Shareholding Pattern as on 31st March 2012:**a) Distribution of shareholding:**

No. of Shares held	No. of Shares	% of share capital	No. of share holders	% of total No. of share holders
Up to 500	3812425	1.30	50291	91.86
501 to 1000	1904520	0.65	2184	3.99
1001 to 2000	1713551	0.58	1059	1.92
2001 to 3000	943177	0.32	355	0.65
3001 to 4000	678191	0.23	185	0.34
4001 to 5000	1075811	0.37	222	0.41
5001 to 10000	1778394	0.61	229	0.42
10001 and above	281614423	95.94	222	0.41
TOTAL	293520492	100.00	54747	100.00

b) Shareholding pattern as on 31st March, 2012

Category	No. of Shares(*)	% to total
Promoters	175529192	59.80
Financial Institutions	297620	0.10
FIs	7390000	2.52
Mutual Funds	12753	0.00
Banks	5432	0.0
Body Corporate	94208880	32.10
NRIs	576448	0.20
Resident Individuals	15500167	5.28
Total	293520492	100.00

(*) Consequent to the allotment of 14,75,00,000 equity shares of Rs. 10/- each at a premium of Rs. 2/- per share to Jaypee Development Corporation Ltd, by way preferential issue on 10.02.2012, the number of shares issued by the increased from 14,60,20,492 to 29,35,20,492.

Holding Company - Jaypee Development Corporation Ltd

During the period under review Jaypee Development Corporation Ltd (JDCL), wholly owned subsidiary of Jaypee Infra Ventures (A private company with unlimited liability), both belonging to Jaypee Group, has acquired the shares by way of Open Offer, Preferential issue and purchase of equity shares from the then promoters of the Company, JDCL share holding increased to 59.80% as on 31st March 2012. As JDCL holds more than 51% of the share capital of the Company, JDCL became the Promoter and the Holding Company of ACL and also taken the Management Control of the Company w.e.f 10th February 2012. Consequent to this, Andhra Cements Ltd became a subsidiary company of Jaypee Development Corporation Ltd. and also that of Jaypee Infra Ventures (A private company with unlimited liability).

xii) Dematerialisation of Shares and liquidity:

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

As on 31st March, 2012 - 28,46,91,256 shares of the Company (96.99 %) had been dematerialized. The entire shareholding of the Promoters in the Company is held in demat form.

The Company's shares are being regularly traded on the BSE and NSE.

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

Not Applicable

xiv). Plants Locations:

Durga Cement Works (DCW) Durgapuram, Dachepalli (Mandal) Guntur Dist, (AP). PIN – 522414	Visakha Cement Works, (VCW) Parlupalem (Village) Durganagar (Post) Visakhapatnam, (AP) PIN - 530029
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xv). Registrar & Share Transfer Agent :

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

xvi). Address for Correspondence:

Shri G.T. Rao, Company Secretary & Compliance Officer
 Andhra Cements Limited (Jaypee Group),
 3rd Floor, Block-III, "White House"
 H.No. 6-3-1192/1/1, Begumpet, Hyderabad - 500016, (A.P).
 (Telephone Nos. 040-67272727, Fax No. 040-67272728)
 e-mail: investorcell@andhracements.com,

16. Non-mandatory Requirements**(a) Remuneration Committee**

The Company has constituted a Remuneration Committee. Relevant details of the Remuneration Committee are provided in para 7 of this Report.

(b) Training of Board of Directors

As regards training of Board members, the Directors on the Board are seasoned professionals having wide range of expertise in diverse fields. They keep themselves abreast with the latest developments in the field of Management, Technology and Business Environment through various symposiums, seminars etc.

(c) Shareholders' Rights

The Company uploads its Quarterly, Half - Yearly and Annual Results, shareholding information, statutory communication with the Stock Exchanges, press releases and presentations on the web site of BSE and NSE, which is accessible to all. The Results are also reported to Stock Exchanges and published in National Newspapers in English and Telugu, having wide circulation.

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

I have examined the compliance of conditions of Corporate Governance by M/s ANDHRA CEMENTS LIMITED for the 9 months period ended March 31, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance of conditions of the certificate of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me and representation made by the Directors and the Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

I further state that no investor grievances are pending against the Company as per the records maintained by the Share Holders / Investors Grievance Committee.

I 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

Place : Secunderabad
Date : 18th May 2012

CS. Savita Jyoti
Practicing Company Secretary
(CP No. 1796)

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

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

We confirm that the Company has, in respect of the Financial Year 2011-12 (9 months) received from the members of the Board and the senior management personnel of the Company a declaration of compliance with the Code of Conduct as applicable to them.

Place : Noida
Date : 18th May 2012

L. CHANDRASEKAR
CFO

MANAGEMENT DISCUSSION AND ANALYSIS

(Forming part of the Report of Directors for the Nine months period ended 31st March, 2012)

1. Industry Structure and Developments

The Report of the Working Group on Cement Industry for XII Five Year Plan (2012-17), Department of Industrial Policy and Promotion, Ministry of Commerce and Industry (December 2011), has given some findings and recommendations :

- Large producers contribute about 97% of the installed capacity while mini plants account for the rest. Among these, 98% of the capacity is in the private sector and the rest in public sector.
- During 2006-2011, while installed capacity increased at an average annual rate of 13.6 per cent, production witnessed an increase of 9.1 per cent.
- Cement plants in India utilized about 27% of fly ash generated by thermal power plants and almost all the granulated slag generated by steel plants in 2010-11.

The Government of India plans to increase its investment in infrastructure to US \$1 trillion in the Twelfth Five Year Plan (2012-17) as compared to US \$ 514 billion (estimated figure) spent on infrastructure development under the Eleventh Five Year Plan (2007-12). Further, infrastructure projects such as the dedicated freight corridors, upgraded and new airports and ports are expected to enhance the scale of economic activity, leading to a substantially increased in cement demand. Housing sector and road also provide significant opportunities. The cement demand is likely to be sensitive to the growth in these sectors and also the policy initiatives.

In view of the demand and installed capacity growth projections, the additional installed capacity requirement during the next 15 years (up to 2027) would be approx. 1035 million tons. Global Cement Production has continued to expand at an average rate of 6.4% in the last five years. China (with an average annual growth of 11.4% and India (with an average annual growth of 9.8%) have been the drivers of the growth in global cement output.

Domestic demand for cement has been increasing in India. Among the states, Maharashtra has the highest share in consumption at 12.2%, followed by Uttar Pradesh, while in terms of production; Andhra Pradesh is leading with 14.7% of total production followed by Rajasthan. The cement industry is one of the major beneficiaries of the infrastructure boom. Cement has virtually no substitutes and there is hardly any credible threat to the sector from other products with similar uses.

Private housing sector is the major consumer of cement (53%) followed by the government infrastructure sector. A step up in demand of the sectors, which are major users of cement, could provide some stimulus to the cement sector as well.

Planning Commission has identified Roads as one of the thrust areas for infrastructure development and creation of a sound and durable road infrastructure in the country. Even after this, the condition of our roads network is poor. One of the reasons for the poor road conditions is the adoption of conventional 'Bitumen Roads', which results in numerous problems during operation, particularly after rains. Consequently, a substantial amount of expenditure is to be incurred repeatedly on maintaining these roads every year, entailing extra costs. A better option to solve this problem is opting for

technoeconomically superior cement concrete roads and thus ensuring a quality network of roads, which need almost no maintenance throughout their life, apart from generating fuel savings, being environment friendly and facilitating free and smooth flow of traffic.

Thus with a view to creating a world-class road infrastructure in the country for the rapid and inclusive growth of the economy, the Working Group recommended that:

- i. All new expansions in the National and State Highways may be made of cement concrete as a Policy. To begin with, this percentage could be 30% of the total allocations.
- ii. All existing National and State Highways constructed by using bitumen should be replaced with concrete surface wherever strengthening is required, by adopting the technology of concrete overlays, popularly known as White Topping.
- iii. Use of PPC may be made mandatory in the construction of roads as policy not only for National and State Highways but also in the construction of roads by all agencies including CPWD, State PWDs etc. This has already been permitted by the Indian Roads Congress.
- iv. All existing city roads having bitumen surface be converted gradually to cement concrete and new ones should preferably be constructed with cement concrete technology.
- v. All connection roads in villages must be done with cement concrete technology.

Thus, the attention of the Government, is very clear on infrastructure development and cement being an integral part of this development process, its importance and value will increase more in the days to come.

Road Ahead

It is anticipated that the cement industry players will continue to increase their annual cement output in coming years and the country's cement production will grow at a compound annual growth rate (CAGR) of around 12 per cent during 2011-12 - 2013-14 to reach 303 Million Metric Tons, according to a report titled 'Indian Cement Industry Forecast to 2012', by research firm RNCOS.

As per Cement Manufacturers Association, it is well known that the Industry recorded an exponential growth with the introduction of partial decontrol in 1982 culminating in total decontrol in 1989. The capacity, which was 29 Million tons in 1981-82, rose to 219 Million tons at the end of FY 09. While it took 8 decades to reach the 1st 100 Million ton capacity, the 2nd 100 Million ton was added in just 10 years. The Industry has been facing a chronic problem of insufficient availability of the main fuel coal, driving the manufacturers to resort to use of alternatives at steep cost.

Developments in the domestic environment and a huge number of infrastructure projects are likely to boost demand for cement consumption in India, which is bound to increase manifold in the coming years. With rising demand and adequate supply, the industry has a bright future.

2. Review of Financial and Operational Performance

(i) Financial Performance

During the period under review the Company recorded a net profit of Rs.966.71 lakhs. The financial performance of the Company, in brief, is as under :

(Rs in Lakhs)

	Current Period 2011-12 (9 Months)	Previous Period 2010-11 (15 Months)
Gross Sales	3.40	7091.45
Net Sales	2.78	6298.10
Other Income	228.19	314.47
PBIDT	(2476.37)	(1639.33)
Finance Cost	887.16	1330.94
Depreciation	67.51	127.94
Profit/(Loss) before exceptional items	(3431.04)	(3108.92)
Exceptional Items (Income)	5508.87	--
Profit/(Loss) before Tax	2077.83	(3108.92)
Deferred Tax	1111.12	(648.84)
Net Profit / (Loss)	966.71	(2460.08)

(ii) Operational Performance

Your Company is primarily engaged in manufacture and sale of Cement including Ordinary Portland Cement, Portland Pozolan Cement, Portland Slag Cement and Grand 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.

During the period under review, both the plants remained shutdown and non operational. The Durga Cement Works (DCW) plant of the Company was in production primarily till the end of the first quarter of 2010 and production at Visaka Cement Works (VCW) plant could not be continued from the beginning of September, 2010. The production activities remained suspended thereafter. Consequent to this, the Company faced severe liquidity crisis leading to stoppage of supply of material and services, disconnection of power and termination of agreement thereof, non-payment of employee related costs, statutory and other obligations thereby adversely affecting the business of the Company. After the taking over of management by the new Promoters and infusion of funds by them as detailed in subsequent Para 3 of this report under the head "Change in Management", the work on revival, upgradation and expansion of both the Plants were undertaken to increase aggregate Plants capacity from 1.4 MTPA to 3.0 MTPA. The production at both the Plants is likely to resume by the end of 2nd quarter of the current year.

3. Change in Management

During the period under review, the Company has been going through a severe financial crisis and the production at its plants stood suspended. The revival and restructuring of the company's business required substantial capital infusion. In order to overcome the situation, the erstwhile Promoters decided to transfer their controlling stake in the Company and entered into a Share Subscription and Share Purchase Agreement (SSSPA) on 15th November, 2011 with Jaypee Development Corporation Limited (JDCL), a wholly owned subsidiary of Jaypee Infra Ventures (A Private Company with Unlimited Liability), the companies belonging to Jaypee Group. In terms

of the SSSPA, JDCL acquired 14,75,00,000 equity shares of the Company by way of Preferential Issue, purchased of 2,17,22,336 equity shares from erstwhile Promoters and 63,06,856 equity shares through Open Offer. Consequently, as on 31st March, 2012 the shareholding of JDCL in the Company stood at 17,55,29,192 equity shares constituting 59.80% of the expanded capital base. With the acquisition of the above shares, JDCL also acquired the managing control over the Company and was categorised as Promoter with effect from 10th February, 2012. Accordingly, Andhra Cements Limited became a subsidiary of Jaypee Development Corporation Limited and in turn, a subsidiary of Jaypee Infra Ventures (A Private Company with Unlimited Liability) thus becoming part of the Jaypee Group.

4. Outlook

After the taking over of management by the new Promoters and infusion of funds by them as detailed in Para 3 above of this report under the head "Change in Management", the work on revival of the Plants started in its right earnest. The production is expected to be resumed from September / October, 2012. Thus, the future outlook for the Company is bright.

5. 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.

6. Risks and Concerns

Cement industry being highly energy intensive, any possible rise in energy cost might affect Company's business adversely. Cement consumption is a function of macro external factors such as economic growth, Government policies etc. The growth in cement demand is directly co-related to the economic development. In the event of slowdown in economy or infrastructure development activities, cement demand gets adversely affected, thereby putting the selling price of cement under pressure..

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

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

7. Internal Control Systems and their adequacy

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

Your Company has established and is maintaining adequate internal control system commensurate with its size and nature of business to ensure the completeness, accuracy, and authority of all financial information and of all other information that forms the basis for calculation of financial information or is used for management control and accountability besides ensuring optimum utilization of resources and adequate protection of Company's assets. The adequacy and effectiveness of internal controls are monitored regularly by the Internal Auditors and the Audit Committee and remedial measures are being taken, wherever necessary. However, during the period under review, due to suspension of production for substantial part of the year, there being limitations and constraints, controls could not be exercised effectively.

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

8. Material Developments in Human Resource and Industrial Relations

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

The Company believes that training is an important tool to enhance the capabilities of people and performance of the organization.

After the change in management, the employees' salaries, wages and other benefits which were in arrears since July 2010 have been settled as per the terms of the memorandum of settlement under Section 18(1) of Industrial Disputes Act, 1947 entered on 6th March 2012 between the Company and Andhra Cement Company Employees Union. The Industrial relations in the origination have generally been cordial.

As at 31.03.2012, the Company had a total workforce of approx 763 persons, including managers, staff and regular/casual workers

9. Health & Safety

The Company places considerable emphasis on health and safety of its employees, contractors, third party and visitors and displays commitment to ensure the high standards being maintained in compliance with applicable laws and regulations.

The Company's Safety Policy comprises a statement of the Organization's objectives regarding safety of Man and Equipment in operation at work sites. The Management's endeavour is to establish Risk-Free and zero accident work environment.

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.

LODHA & CO

Chartered Accountants
Plot No. 84, BHEL Enclave
Akbar Road,
Secunderabad, 500 009

CHATURVEDI & PARTNERS

Chartered Accountants
212A, Chiranjiv Towers
Nehru Place
New Delhi-110 019

AUDITORS' REPORT**The Members of
ANDHRA CEMENTS LIMITED**

1. We have audited the attached Balance Sheet of **ANDHRA CEMENTS LIMITED**, as at March 31, 2012, the Statement of Profit and Loss and also the Cash Flow Statement for nine months period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (the Order) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 (the Act), and according to the information and explanation given to us and also on the basis of such checks as we considered appropriate, we, to the extent ascertainable from the available records and details, enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. *Attention is invited to Note 36(a) and (b) regarding non availability of confirmation/reconciliation, etc. and non-ascertainment of adjustments with respect to advances, debtors, liabilities, etc; Note 38(a) and (b) regarding continuation of capitalization of borrowing and other cost and non-ascertainment of effect for capital supplies/services pending completion of project.*
5. Further to our comments in the Annexure referred to para 3 and para 4 above, we report that:
 - a. *Subject to matters dealt with in para 4 above, we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.*
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

- c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
- d. In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report, *subject to note 38* comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act.
- e. In respect of debentures and fixed deposits as stated in note 45 (b) and (c), the Company has received a legal opinion that there is no default in the repayment of amount due to the debenture holders and deposit holders, for which reliance has been placed by us. In view of this and on the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31,2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.
- f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, *subject to para 4 above, impact whereof is presently not ascertainable* and read together with other notes thereon 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:
- i. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012.
- ii. in the case of the Statement of Profit and Loss, of the profit for the nine month period ended on that date; and
- iii. in the case of the Cash Flow Statement, of the cash flows for the nine month period ended on that date.

For LODHA & CO.

Chartered Accountants
Firm Registration No.301051E

K.SOMESWARA RAO

Partner
Membership No.052061

Noida
May 18, 2012

For CHATURVEDI & PARTNERS

Chartered Accountants
Firm Registration No.307068E

R N CHATURVEDI

Partner
Membership No. 092087

Noida
May 18, 2012

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

- i. a. According to the information and explanations furnished to us, *the Company has not updated its records of fixed assets with particulars including quantitative details and situation of its fixed assets.*
- b. We are informed by the company's management that it follows the practice of physical verification of its Fixed Assets once in a period of three years which, in our opinion is reasonable and adequate in relation to the nature and location of the Fixed Assets. *However, as stated in note no. 36(a), no such physical verification of its assets was conducted by the management during the period and accordingly discrepancies, if any, arising there from are presently not ascertainable.*
- c. According to the information and explanation given to us, during the period, the Company has not disposed off substantial part of its fixed assets.
- ii. a. According to the information and explanations given to us, the company has physically verified its inventories. In respect of certain materials stored in heaps, such verification has been done on the basis of volumetric measurement. In our opinion, the frequency of verification is reasonable.
- b. In our opinion, the procedures of physical verification of inventories being reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. According to the information furnished to us, the Company is maintaining proper records of its inventory and the discrepancies noticed on verification during audit, to the extent carried out between the physical stocks and the book records were not material, and have been properly dealt with in the books of account.
- iii. a. According to the information and explanations furnished to us, the Company has not granted any loans to companies, firms or other parties covered by the register maintained under Section 301 of the Act, and consequently reporting under sub-clauses (b), (c) and (d) of clause 4(iii) of the Order is not applicable to the Company for the period.
- b. The Company had in earlier year taken unsecured loans and advances from five companies of erstwhile promoters covered in the register maintained under section 301 of the Act. The maximum amount involved during the period was Rs.7,526 lacs and period end balance was Rs.1,017 lacs.
- c. In our opinion, based on the information and explanations given to us, the rate of interest, where applicable, and other terms and conditions on which the loans and advances were taken are not, *prima facie*, prejudicial to the interests of the Company.
- d. According to the information and explanations given to us as stated in note 37(b), part of amount has been repaid in accordance with the agreement.
- iv. In our opinion and according to the information and explanations given to us, *except during the period of disruption of operation as stated in note 35, there exists an*

adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have neither observed nor have been informed of any continuing failure to correct major weaknesses in internal control system of the company.

- v. a. In our opinion and according to the information and explanations given to us and as per the record of the company, the transactions made in pursuance of contract or arrangements that need to be entered in the register maintained under section 301 of the Act have been so entered.
- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contract/ arrangements entered in the Register maintained u/s 301 of the Act and exceeding the value of Rupees five lakhs in respect of each party during the year have been made at prices which appear reasonable as per information available with the Company.
- vi. In our opinion and according to the information and explanations given to us, *the company has not complied with the provisions of section 58A and 58AA of the Act and Companies (Acceptance of Deposits) Rules, 1975 with regard to the repayment of the deposits accepted from the public and maintenance of liquid assets, and filing its Annual Return of Deposits.* According to the information furnished to us, the Company Law Board (Southern Regional Bench) has by its Order dated 7th July 2001, under Section 58AA, directed the company to repay the said deposits in accordance with the scheme sanctioned by the BIFR. The BIFR in its Modified Rehabilitation Scheme dated 21st July 2008 directed the fixed deposits holders to accept the outstanding principal amount, in four annual installments, on interest free basis. Further, according to the information furnished to us, no other Order has been passed on the company by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal for non-compliance with the provisions of Sections 58A and 58AA of the Act.
- vii. As explained in note 35, *due to disruption in operation, no internal audit was carried out during the period.*
- viii. As explained in note 35, *due to disruption in operation, there has been no production and the prescribed accounts and records have not been maintained during the period.*
- ix. a. According to the information and explanations given to us, *the Company has not been regular* in depositing with the appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, and any other statutory dues applicable to it.
- b. According to the information and explanations given to us, undisputed amounts payable in respect of income tax deducted/ collected at source and cess thereon, value added tax, work contract tax, provident fund, sales-tax, and excise duty, which were in arrears, as at March 31, 2012 for a period of more than six months from the date they became payable are as under:

Name of statute	Nature of the Dues	Amount (Rs. lacs)	Period to which amount relates
Uttarakhand VAT Act	VAT	32.25	September 2010
Mines & Minerals (Development & Regulation Act) 1957	Royalty & Dead Rent	12.71	August 2009 - March 2012
Finance Act, 1994	Service Tax	0.48	April 2010 - July 2010
Orissa VAT Act	VAT	0.11	September 2010 to Nov - 2010
TN VAT Act	VAT	0.25	August 2010 to Nov - 2010

- c. According to information and explanations given to us, there are no dues of sales tax, customs duty, excise duty, service tax which have not been deposited by the Company on account of any dispute except as reported hereunder:

S. No	Name of the Statute	Nature of disputed amount	Amount not remitted (Rs in lakhs)	Asst. Year/ Year of demand	Pending before
1	Central Excise Act, 1944	Interest on duty demanded kept in abeyance pursuant to BIFR order.	73.11	2005-06	• Assessing officer
2	Central Excise Act, 1944	Central Excise duty -do- -do- -do-	8.00 25.34 95.78 5.69	2004 2005 2005 2011-12	• High Court • CESAST • CESAST • Commissioner (Appeals)
3	Finance Act,	Service Tax -do-	3.95 6.32	2010 2011-12	• CESAST • Commissioner (Appeals)
4	APGST Act/CST Act	Sales Tax Sales Tax Sales Tax Sales Tax Sales Tax Sales Tax (CST) Sales Tax (CST)	35.43 37.66 18.34 26.96 8.11 16.65 6.53	1990-91 1991-92 1992-93 1995-96 2001-02 1991-92 1992-93	• High Court • High Court • High Court • High Court • Tribunal • Tribunal • Tribunal
5	Orissa Sales tax Act	Sales Tax Sales Tax (ET) Sales Tax (ET) Sales Tax (ET) Sales Tax Sales Tax	0.45 0.46 0.63 2.77 1.08 0.76	2000-01 2001-02 2002-03 2003-04 2004-05 2008-09	• Tribunal • Tribunal • Commissioner (Appeals) • Tribunal • Tribunal • Commissioner (Appeals)
6	Tamil Nadu Sales Tax Act	Sales Tax (CST) Sales Tax Sales Tax Sales Tax Sales Tax Sales Tax	12.30 13.26 5.83 18.93 9.17 6.09	1988-89 1991-92 1992-93 1996-97 1988-89 1989-90	• Tribunal • Tribunal • Tribunal • Tribunal • Commissioner (Appeals) • Commissioner (Appeals)

- x. According to the information and explanations furnished to us by the Company and having regard to the effect of matters dealt with in para 4 of our report and without considering the effect of matters dealt with in para 5 of the said report, accumulated losses of the company are not more than fifty percent of its net worth. Further, the Company has incurred cash losses during the period covered by our report. Also it has incurred cash losses in the immediately preceding financial year.
- xi. Based on the examination of the books of account and other related records and according to the information and explanations given to us, 9 instances of delays were noted in repayment of dues to financial institutions ranging from 15 days to 168 days with amounts varying from Rs. 83.17 lacs to Rs.189.42 lacs and 9 instances of delays were noted in repayment of dues to debenture holders ranging from 12 days to 168 days with amounts varying from Rs.2.35 lacs to Rs.37.79 lacs.
- xii. In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the company is not a chit fund or a nidhi /mutual benefit fund/ society. Therefore the provisions of clause 4 (xiii) of the Order are not applicable to the company.
- xiv. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Order are not applicable to the company.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi. In our opinion, and according to the information and explanations given to us, the Company has not raised any fresh term loans during the period.
- xvii. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company without considering the effect of matters dealt with in our report, we report that no funds have been used for long-term investment i.e. funding of capital work in progress and its losses.
- xviii. According to the information and explanations given to us, the Company has made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the period. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the company.
- xix. The Company has not issued any debentures during the year. Accordingly, the provisions of clause 4 (xix) of the Order are not applicable to the company.
- xx. The Company has not raised any money through a public issue during the period. Accordingly, the provisions of clause 4 (xx) of the order are not applicable to the company.
- xxi. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For LODHA & CO.

Chartered Accountants
Firm Registration No.301051E

K.SOMESWARA RAO

Partner
Membership No.052061

Noida
May 18, 2012

For CHATURVEDI & PARTNERS

Chartered Accountants
Firm Registration No.307068E

R N CHATURVEDI

Partner
Membership No. 092087

Noida
May 18, 2012

BALANCE SHEET AS AT MARCH 31, 2012

(Rs. in Lakhs)

Note	As at March 31, 2012	As at June 30, 2011
EQUITY AND LIABILITIES		
Shareholders' Funds		
Share Capital	29,352.44	14,602.44
Reserve and Surplus	6,580.65	3,132.56
	35,933.09	17,735.00
Non-Current Liabilities		
Long term borrowings	30,000.00	34,500.00
Long term provisions	80.82	137.23
	30,080.82	34,637.23
Current Liabilities		
Short Term Borrowings	2,771.42	2,312.17
Trade Payables	1,764.31	1,772.56
Other Current Liabilities	15,719.10	17,878.96
Short Term Provisions	410.71	503.29
	20,665.54	22,466.98
	<u>86,679.45</u>	<u>74,839.21</u>
ASSETS		
Non Current Assets		
Fixed Assets		
Tangible Assets	6,253.37	6,786.10
Intangible Assets	-	0.00
Capital Work-in-Progress	55,962.25	52,539.44
Non-Current Investment	0.02	0.02
Deferred Tax Assets (Net)	7,255.91	8,367.03
Long Term Loans and Advances	3,726.14	3,431.13
Other Non-Current Assets	143.17	144.47
	73,340.86	71,268.17
Current Assets		
Inventories	1,142.96	1,190.18
Trade Receivables	531.67	634.56
Cash and Cash Equivalent	10,362.29	357.63
Short Term Loans And Advances	479.93	630.02
Other Current Assets	821.74	758.65
	13,338.59	3,571.04
	<u>86,679.45</u>	<u>74,839.21</u>
Significant Accounting Policies	1	
Notes referred to above and notes attached there to form an integral part of Balance Sheet		

As per our report of even date

For and on behalf of the Board

For LODHA & CO.

Chartered Accountants

Firm Registration No. 301051E

For CHATURVEDI & PARTNERS

Chartered Accountants

Firm Registration No. 307068E

Manoj Gaur

Chairman

K. SOMESWARA RAO

Partner

Membership No.052061

R N CHATURVEDI

Partner

Membership No.092087

Harish K. Vaid

Director

Shailendra Gupta

Director

Noida

May 18, 2012

L Chandrasekar

CFO

G.Tirupati Rao

Company Secretary

STATEMENT OF PROFIT AND LOSS

for the Nine Months Period ended on March 31, 2012

(Rs. in Lakhs)

Particulars	Note	9 months period ended March 31, 2012	15 months period ended June 30, 2011
Revenue from Operations	19	2.78	6,298.10
Other Income	20	228.19	314.47
Total Revenue (I)		230.97	6,612.57
Expenses:			
Cost of Materials Consumed	21	-	1,556.26
Changes in Inventories of Finished Goods, Work-in-Progress	22	-	445.52
Employee Benefit Expense	23	2,164.93	590.89
Finance Costs	24	887.16	1,330.94
Depreciation and Amortization Expenses	25	67.51	127.94
Other expenses	26	543.03	5,648.77
Excise Duty Paid		(0.62)	21.17
Total Expenses (II)		3,662.01	9,721.49
Profit/(Loss) before exceptional and extraordinary items and tax (III=I-II)		(3,431.04)	(3,108.92)
Exceptional Items (Liabilities written back) (Refer Notes to Accounts 37 (b)) (IV)		5,508.87	-
Profit/(Loss) before extraordinary items and tax (V=III+IV)		2,077.83	(3,108.92)
Extraordinary Items (VI)		-	-
Profit / (Loss) before tax (VII=V-VI)		2,077.83	(3,108.92)
Tax expense/(income):			
Current tax		-	-
Deferred tax		1,111.12	(648.84)
Total (VIII)		1,111.12	(648.84)
Profit/(Loss) from the period from continuing operations (IX=VII-VIII)		966.71	(2,460.08)
Profit/(Loss) from discontinuing operations (X)		-	-
Tax expense of discounting operations (XI)		-	-
Profit/(Loss) from Discontinuing operations (after tax) (XII=X-XI)		-	-
Profit/(Loss) for the period (XIII=IX + XII)		966.71	(2460.08)
Earning per equity share:			
Basic :	51	0.56	(1.71)
Diluted :		0.56	(1.71)
Notes referred to above and notes attached there to form an integral part of Statement of Profit & Loss.			

As per our report of even date

For and on behalf of the Board

For LODHA & CO.

Chartered Accountants

Firm Registration No. 301051E

For CHATURVEDI & PARTNERS

Chartered Accountants

Firm Registration No. 307068E

Manoj Gaur

Chairman

K. SOMESWARA RAO

Partner

Membership No.052061

R N CHATURVEDI

Partner

Membership No.092087

Harish K. Vaid

Director

Shailendra Gupta

Director

Noida

May 18, 2012

L Chandrasekar

CFO

G.Tirupati Rao

Company Secretary

1. SIGNIFICANT ACCOUNTING POLICIES

a) GENERAL

Method of Accounting

The financial statements are based on historical cost convention (except for revaluation of certain Fixed Assets) and prepared in accordance with Generally Accepted Accounting Principles prevalent in India (Indian GAAP) and in compliance with the mandatory Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and the provisions of the Companies Act, 1956.

Use of Accounting Estimates

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

b) FIXED ASSETS

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

c) INVESTMENTS

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

d) SALES

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

e) FOREIGN EXCHANGE TRANSACTIONS

A. Transactions in foreign currency are initially accounted at the exchange rate prevailing on the date of the transaction, and adjusted appropriately, with the difference in the rate of exchange arising on actual receipt/payment during the year.

B. At each Balance Sheet date

- i) Foreign currency monetary items are reported using the closing rate of exchange on the balance sheet date
- ii) Foreign currency non-monetary items are reported using the exchange rate at which they were initially recognized

In respect of forward exchange contracts

- iii) Premium or discount on the contract is amortised over the term of the contract
- iv) Exchange differences on the contract are recognized as profit or loss in the period in which they arise

f) DEPRECIATION:

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

g) IMPAIRMENT OF ASSETS

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

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. However, the increase in carrying amount of an asset due to reversal of an impairment loss is recognized to the extent the carrying amount would have been determined (net of depreciation) had no impairment loss being recognized for the asset in prior years.

h) EMPLOYEES BENEFITS

(a) Short Term Employee Benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, short term compensated absences, etc., and the expected cost of bonus, ex-gratia are recognized in the period in which the employee renders the related service.

(b) Post-Employment Benefits:

1. Defined Contribution Plans: Contributions to Provident Fund Scheme and Employees State Insurance Scheme which are in the nature of defined contribution plans are charged to the Profit and Loss account as and when incurred during the year in which the employee renders the related service.

2. Defined Benefit Plans:

- (i) Provident Fund contributions are also made by the company to a Trust under a defined benefit plan. The amount of contribution by the company and the employees, together with interest thereon at a rate not lower than the rate fixed by the Government on similar funds administered by it, is payable to the employees on cessation of their service with the company. The contribution to be made by the company is determined each year based on the Fund available and the liability at each Balance Sheet date as per the calculations made by an independent Actuary. Such contribution is accounted on accrual accordingly.
- (ii) The company also provides for retirement/post-retirement benefits in the form of gratuity and leave encashment. Such benefits are provided for based on valuations, as at the Balance Sheet date, made by independent actuaries. Termination benefits are recognized as an expense as and when incurred. Actuarial gains and losses are recognized immediately in Profit and Loss Account as income or expense.

i) TAXES ON INCOME

- a) Provision for current tax is made on estimated taxable income using the applicable tax rates and the provisions specified under the Income Tax Act, 1961.
- b) The deferred tax arising on account of timing differences between the taxable income and accounting income which are capable of reversal in one or more subsequent periods is recognised using the tax rates and laws that have been enacted or substantively enacted as of the Balance Sheet date.
- c) Deferred tax asset is recognised to the extent there is reasonable certainty that these would be realised in future against sufficient future taxable income.
- d) In case of unabsorbed depreciation and carried forward tax losses, deferred tax asset is recognised only if there is virtually certainty that such deferred tax asset can be realized against future taxable profits.

j) BORROWING COSTS

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

k) PROVISIONS, CONTINGENCIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events, and it is probable that there will be an outflow of resources and a reliable estimate can be made of the amount of the obligation. Contingent assets are neither recognized nor disclosed in the financial statements. Contingent liabilities are not provided for and are disclosed by way of notes after a careful evaluation of the concerned facts and issues involved thereon.

Notes on Financial Statements for the Period ended March 31, 2012 (Rs. in Lakhs)

Particulars	As at March 31,2012	As at June 30, 2011
SHARE CAPITAL		
Authorised Share Capital		
40,00,00,000 (16,50,00,000) Equity Shares of Rs. 10 each	40,000.00	16,500.00
50,00,000 (5,00,000) Cumulative Reedemable Preference Shares of Rs. 100 each	5,000.00	500.00
	45,000.00	17,000.00
Issued, Subscribed and Paid-Up		
29,35,20,492 (14,60,20,492) Equity Shares of Rs. 10 each	29,352.05	14,602.05
Add: Forfeited Shares	0.39	0.39
	29,352.44	14,602.44

2.1 The details of Shareholders holding more than 5% Shares :

Name of the Share holder	As at March 31,2012		As at June 30, 2011	
	No. of Shares	% held	No. of Shares	% held
Jaypee Development Corporation Ltd (Holding Company)	175,529,192	59.80	-	-
Infrastructure Development Finance Company Ltd	28,784,722	9.81	18,420,323	12.61
Housing Development Finance Corporation Ltd.	25,957,055	8.84	19,939,136	13.66
Boydell Media Pvt. Ltd	25,913,054	8.83	27,531,612	18.85
ISG Traders Ltd	-	-	15,948,822	10.92
Skylark Rubber Products LTD	-	-	13,885,000	9.51
NRCLTD	-	-	9,000,000	6.16
Fidelity Capital Investment INC	-	-	7,390,000	5.06

2.2 The reconciliation of the number of Shares outstanding is set-out below :

Details	As at March 31,2012	As at June 30, 2011
	No. of Shares	No. of Shares
Number of shares at the beginning	146,020,492	139,023,415
Add: Shares issued during the period	147,500,000	6,999,077
Number of shares at the end	293,520,492	146,020,492

2.3 Forfeited shares (amount originally paid up) is Rs. 38,860/-

(Rs. in Lakhs)

Particulars	As at March 31,2012	As at June 30, 2011
3 RESERVES & SURPLUS		
Capital Reserve		
As per last Balance Sheet (Refer note 3.1)	10.00	10.00
Capital Redemption Reserve		
As per last Balance Sheet	1.94	1.94
Securities Premium Reserve		
As per last Balance Sheet	6,104.04	5,124.45
Add: On issue of shares	2,950.00	979.59
	9,054.04	6,104.04
Debenture redemption reserve		
As per last Balance Sheet	250.00	250.00
Add: Appropriated from Surplus	420.00	-
	670.00	250.00
Revaluation Reserve (Refer note 9.2)		
As per last Balance Sheet	5,248.65	6,029.69
Less: Utilized during the period	468.62	781.04
Closing Balance	4,780.03	5,248.65
Quarry Land Amortization Reserve		
As per last Balance Sheet	0.29	0.29
Surplus		
Profit and Loss Account		
As per last Balance Sheet	(8,482.36)	(6,022.28)
Add: Profit /(Loss) for the Year	966.71	(2,460.08)
	(7,515.65)	(8,482.36)
Less: Appropriations		
Less: Transferred to Reserves (Debentures Redemption Reserve)	(420.00)	-
Closing balance- Surplus	(7,935.65)	(8,482.36)
TOTAL	6,580.65	3,132.56

- 3.1 Investment subsidy in respect of Visakha Unit received during the accounting year ended March 31, 1981.

(Rs. in Lakhs)

Particulars	As at March 31,2012	As at June 30, 2011
4. LONG TERM BORROWINGS		
SECURED		
1. Debentures		
15,00,000 - Secured Optionally Convertible Debentures - A (OCD-A) of Rs.100/- each	1,250.00	1,437.50
15,00,000 - Secured Optionally Convertible Debentures - B (OCD-B) of Rs.100/- each	1,250.00	1,437.50
10,00,000, Secured Non Convertible Debentures of Rs.100/- each	833.33	958.33
	3,333.33	3,833.33
2. Term Loans:		
Housing Development Finance Corporation Limited	13,125.00	15,572.92
Infrastructure Development Finance Company Limited	13,541.67	15,093.75
	26,666.67	30,666.67
	30,000.00	34,500.00

4.1 OCD-A, OCD-B, NCD and Term Loan are secured by first charge by way of mortgage, on immovable properties and hypothecation of all movable properties, machinery, machinery spares, tools and accessories, present and future, and second charge on current assets including inventories, stores and spares, book debts, operating cash flow receivables etc., Further secured by first charge on Trust and Retention Account, Debt Service reserve Account and other reserve relating to the project, and personal guarantee of the erstwhile Chairman Mr.G.P.Goenka.

4.2 Terms of redemption/conversion of OCD-A, OCD-B and NCD :

The holders have the right to convert, the whole or part of the OCDs into fully paid-up equity shares of the Company at any time before expiry of 18 months from the date of allotment i.e., from 9th September,2009 and now as the option stands expired all the OCDs and NCDs shall be redeemed in 24 Quarterly installments commencing from April 15, 2012.

The holders have the right to convert, in the event of default committed by the Company, at its option the whole or part of the any unconverted OCDs/NCD into fully paid-up equity shares of the Company, at a price per equity share determined in accordance with the appropriate Regulatory framework (SEBI regulations) extant at the time of such default.

4.3 Interest @11.50% p.a. is payable on OCD-A, OCD-B and NCDs as on March 31, 2012

4.4 The Term Loans and OCD-A from Infrastructure Development Finance Company Ltd., have been repaid in full on May 08, 2012.

(Rs. in Lakhs)

Particulars	As at March 31,2012	As at June 30, 2011
5. LONG TERM PROVISIONS		
Provision for Employee benefits		
Gratuity	9.10	38.30
Leave encashment	71.72	98.93
	80.82	137.23
6. SHORT TERM BORROWINGS		
Loans repayable on demand		
Secured		
Working Capital Loans From Banks	64.19	2,304.94
Unsecured		
Sales Tax Loan from A.P.State Government	7.23	7.23
Loans and advances from related parties - Holding Company	2,700.00	-
	2,771.42	2,312.17

6.1 Working Capital Loans are secured by first charge by way of hypothecation of inventories and book debts and second charge on fixed assets of the Company. Further secured by Corporate Guarantee of Duncan Industries Limited (Erstwhile promoter Company) and personal guarantee of the erstwhile Chairman, Mr.G.P.Goenka.

(Rs. in Lakhs)

Particulars	As at March 31,2012	As at June 30, 2011
7. OTHER CURRENT LIABILITIES		
Current maturities of long term debt		
Debentures		
15,00,000 - Secured Optionally Convertible Debentures - A (OCD-A) of Rs.100/- each	250.00	83.33
15,00,000 - Secured Optionally Convertible Debentures - B (OCD-B) of Rs.100/- each	250.00	41.67
10,00,000 - Secured Non Convertible Debentures of Rs.100/- each	166.67	41.67
	666.67	166.67
Term Loans		
- Housing Development Finance Corporation Limited	2,625.00	656.25
- Infrastructure Development Finance Company Limited	2,708.33	677.08
Interest Accrued but not due on borrowings	1.86	215.01
Interest accrued and due on borrowings	-	1,829.01
Unpaid matured deposits { Refer note 45(c)}	102.89	102.89
Unpaid matured debentures { Refer note 45 (b)}	195.68	196.41
Unclaimed Redeemable Cumulative Preference Share (Refer note 34)	1.92	1.92
Other Payables		
Payable to erstwhile promotor Companies {Refer note 37 (b)}	1,017.00	5,499.96
Government & Other Statutory Dues	272.77	188.68
Sundry Creditors for Capital Goods	2,874.91	3,096.47
Deposits/ Advances from Contractors and Customers	1,163.11	1,763.51
Due to Trustees, Employees Provident Fund	54.95	-
Liabilities for Expenses	4,034.01	3,485.10
	15,719.10	17,878.96

- 7.1 Unpaid matured Debentures are secured to the extent of Rs.195.31 lacs 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.

Particulars	As at March 31,2012	As at June 30, 2011
8. SHORT TERM PROVISIONS		
Provision for Employee benefits:		
Provision for Gratuity	272.58	364.61
Provision for Leave Encashment	0.99	1.54
Others:		
Provision for Income Tax	137.14	137.14
	410.71	503.29

(Rs. in Lakhs)

9. Fixed Assets [Refer note 29(a)]

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As at June 30, 2011	Additions During the Period	Sales/ Adjustment during the Period	As at March 31, 2012	As at June 30, 2011	During the Period	On Sales/ Adjustment	As at March 31, 2012	As at June 30, 2011
Tangible Fixed Assets									
Freehold Land	679.90	-	-	679.90	-	-	-	679.90	679.90
Buildings	3,746.29	-	-	3,746.29	1,786.24	74.61	-	1,885.44	1,960.05
Plant & Equipments	19,796.51	-	-	19,796.51	15,748.88	447.16	-	3,600.46	4,047.63
Furnitures & Fixtures	171.06	4.45	1.90	173.62	138.74	3.22	0.31	31.97	32.32
Vehicles	65.77	-	-	65.77	59.13	1.26	-	60.40	6.63
Office Equipments	287.57	0.60	0.12	288.04	237.52	9.88	0.06	247.34	50.05
Railway Siding	190.44	-	-	190.44	180.91	-	-	180.91	9.52
Total Tangible Fixed assets	24,937.52	5.05	2.02	24,940.56	18,151.43	536.13	0.37	6,253.37	6,786.10
Total of the Previous Year	24,930.95	6.57	-	24,937.52	17,242.46	908.97	-	6,786.10	7688.50

9.1 Transport vehicle includes 6 nos. of cars which are not in possession of the Company, and the ownership of these cars is not verifiable.

9.2 Gross block includes increase in value of land, building, plant and machinery, electrical installations, and railway siding consequent to revaluation by an approved valuer as on March 31, 1998 at the then replacement values aggregating to Rs. 20834 Lakhs. Depreciation for the period amounting to Rs. 468.62 Lakhs (Rs. 781.04 lakhs) on the revalued depreciable assets has been withdrawn from the Asset Revaluation Reserve and reduced from the depreciation charged to the Statement of Profit and Loss. Further, revaluation reserve in respect of the assets sold/ discarded during the period has been adjusted appropriately in the above schedule to the extent of Rs. Nil (Rs. Nil) against WDV of Plant & Machinery

(Rs. Lakhs)

Particulars	As at March 31,2012	As at June 30, 2011
10. NON CURRENT INVESTMENTS		
Long term investments (un-quoted)– At cost		
Investments in Equity Instruments		
Investment in the Andhra Pradesh Heavy machinery and Engineering limited 2500 fully paid up equity shares of Rs. 10 each	0.25	0.25
Less: Provision for diminution in value of investments	0.25	0.25
Net Investment	-	-
Investment in Government securities		
National Saving Certificates (Lodged as security with Govt.Depts.)	0.02	0.02
	0.02	0.02
	0.02	0.02
Aggregate amount of the un-quoted Investment is Rs.0.27 lakhs Aggregate provision for diminution in value of Investments is Rs.0.25 lakhs		
11. DEFFERRED TAX ASSETS (Net)		
(Refer note 52)		
Deferred Tax Asset	7,608.44	8,733.67
Deferred Tax Liability	352.53	366.64
Total	7,255.91	8,367.03
12. LONG TERM LOANS & ADVANCES		
Unsecured Considered Good		
Capital Advances {Refer note 36(b) (i)}	3,119.72	3,328.64
Security Deposits	593.22	88.53
Claims Recoverable & Others	13.20	13.96
TOTAL (A)	3,726.14	3,431.13
Unsecured Considered Doubtful		
Security Deposits	30.77	30.77
Claims Recoverable & Others	49.50	49.50
	80.27	80.27
Less: Provision for Dimunition in Value	80.27	80.27
TOTAL (B)	-	-
TOTAL (A+B)	3,726.14	3,431.13
13. OTHER NON CURRENT ASSETS		
Accrued Interest (Secured, considered Good)	6.03	7.33
MAT credit available for set-off	137.14	137.14
	143.17	144.47

(Rs. Lakhs)

Particulars	As at March 31,2012	As at June 30, 2011
14. INVENTORIES		
Raw Material	238.09	238.09
Work-In-Progress	66.00	66.00
Finished Goods	-	-
Stores and Spares	845.89	893.11
	1,149.98	1,197.20
Less: Provision for Obsolete Stores	7.02	7.02
Total	1,142.96	1,190.18

Mode of valuation

- Inventories are valued at cost or estimated net realizable value whichever is lower.
- Cost for the purpose of Raw materials and stores and spares comprise of the respective purchase costs including non-reimbursable duties and taxes.
- Costs in respect of work-in progress and finished goods comprises of their respective costs including appropriate overheads and excise duty wherever applicable. Cost of inventories is determined on weighted average basis.
- Machinery spares which can be used only in connection with an item of fixed assets and whose use is expected to be irregular are amortised over the life of the principal assets.
- Scrap is valued at estimated net realisable value.

(Rs. Lakhs)

Particulars	As at March 31,2012	As at June 30, 2011
15. TRADE RECEIVABLES {Refer note 36 (a) & 36 (b) (ii)}		
Trade Receivables outstanding for a period exceeding six months		
Unsecured Considered Good	531.67	634.56
Considered Doubtful	862.46	862.46
	1,394.13	1,497.02
Less: Provision for doubtful	862.46	862.46
TOTAL (A)	531.67	634.56
Other Debts		
Unsecured Considered good	-	-
Considered Doubtful	-	-
TOTAL (B)	-	-
TOTAL (A+B)	531.67	634.56

(Rs. Lakhs)

Particulars	As at March 31,2012	As at June 30, 2011
16. CASH AND CASH EQUIVALENTS		
Balances with banks		
-- In Current accounts (above includes Rs.0.31 lakhs (Rs.1.06 lakhs) as security against unpaid matured Debentures - Ref Note No.45 (b))	10,031.16	28.16
- In Fixed Deposit (above includes Rs.127.50 lakhs (Rs.21.21 lakhs) as security against guarantee and Rs.195.00 lakhs (Rs. 195.00 lakhs) as security against unpaid matured Debentures - of which Rs.21.36 lakhs (Rs.21.21 lakhs) having maturity extending beyond 12 months - Ref Note No.45 (b))	322.55	326.72
Cash on hand	8.58	2.75
Total	10,362.29	357.63
17. SHORT TERM LOANS & ADVANCES {Refer note 36 (a)}		
Unsecured Considered Good		
Advances to suppliers	455.42	587.16
Advances to employees	24.51	42.86
Total (A)	479.93	630.02
Unsecured Considered Doubtful		
Advances to suppliers	357.54	357.54
Less: Provision for Doubtful Debts	(357.54)	(357.54)
Total (B)	-	-
	479.93	630.02
18. OTHER CURRENT ASSETS		
Considered Good		
Accrued Income	28.87	27.95
Deposits (Excise Duty, Electricity demand paid under Protest) Excise Duty, Royalty etc. paid in Advance	74.03	74.03
Input Tax Credit Receivable	484.76	446.21
Advance Income Tax & TDS	4.16	0.01
Prepaid Expenses	228.00	206.94
	1.92	3.51
	821.74	758.65

(Rs. Lakhs)

Particulars	9 months Period ended March 31,2012	15 months Period ended June 30, 2011
19. Revenue from Operations		
Sale of Products	3.40	7,091.45
Less: Excise duties	0.62	793.35
TOTAL	2.78	6,298.10
20. Other Income		
Interest Income	193.07	58.63
Other Receipts	35.12	255.84
TOTAL	228.19	314.47
21. Cost of Materials Consumed		
Lime Stone	-	83.50
Slag	-	585.52
Gypsum	-	130.01
Pozzolona and other Materials	-	164.56
Clinker	-	592.67
TOTAL	-	1,556.26
22. Changes in Inventories of Finished Goods, Stock-in-Process and Stock-in-Trade Opening Stocks		
Work-in-Progress	66.00	439.15
Finished Goods	0.00	84.69
(TOTAL - A)	66.00	523.84
Closing Stocks		
Work-in-Progress	66.00	66.00
Finished Goods	0.00	0.00
(TOTAL - B)	66.00	66.00
(A-B)	-	457.84
Less: (Increase)/Decrease in		
Excise Duty on stocks	-	12.32
TOTAL	-	445.52
23. Employee Benefits Expense		
(Refer note 39)		
Salaries & Wages	1817.25	452.22
Contribution to Provident & Other Funds	137.19	36.51
Staff Welfare Expenses	210.49	102.16
TOTAL	2164.93	590.89

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

The employees Gratuity scheme are defined benefit plans. The present value of obligation are determined based on actuarial valuation using Projected Unit Credit method, which recognizes each period of services as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for compensated absence is recognized in the same manner as gratuity.

Disclosure for defined benefit plan based on actuarial reports as at March 31, 2012 is as follows :

23.1.1 Reconciliation of opening and closing balances of Defined Benefit Obligation:

Particulars	As at March 31,2012		As at June 30, 2011	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Defined Benefit Obligation at the beginning of the period	402.92	100.47	402.92	100.47
Current Service Cost	8.47	7.35		
Interest Cost	27.22	6.33		
Actuarial (gain) / loss	(83.43)	(19.06)		
Benefits Paid	(73.51)	(22.38)		
Defined Benefit Obligation at period end	281.67	72.71	402.92	100.47

23.1.2 Expenses recognised during the period

	9 months Period ended March 31,2012		15 months Period ended June 30, 2011	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Current Service Cost	8.47	7.35		
Interest Cost	27.22	6.33		
Actuarial (gain) / loss	(83.43)	(19.06)		
Net Cost	(47.74)	(5.38)		
23.1.3 Actuarial assumptions				
Discount rate (per annum)	8	8	8	8
Expected rate of return on plan assets (per annum)	4	4	4	4
Rate of escalation in salary (per annum)	1	1	1	1
Average Balance Service	8.49Yrs	8.49Yrs	11.96Yrs	11.96Yrs

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

23.1.5 Assumptions relating to future salary increases, attrition, interest rate for discount have been considered based on relevant economic factors such as inflation, market growth & other factors applicable to the period over which the obligation is expected to be settled.

(Rs. in Lakhs)

Particulars	9 months Period ended March 31,2012	15 months Period ended June 30, 2011
24. Finance Cost		
Interest Expense	887.16	1330.94
TOTAL	<u>887.16</u>	<u>1330.94</u>

(Rs. in Lakhs)

Particulars	9 months Period ended March 31,2012	15 months Period ended June 30, 2011
25. Depreciation and Amortization		
Depreciation and Amortization (Refer Note 9)	536.13	908.98
Less: Transferred from Revaluation Reserve (Refer Note 9.2)	468.62	781.04
	<u>67.51</u>	<u>127.94</u>
26. Other Expenses		
Consumption of Stores & Spares	-	83.48
Power & Fuel	86.93	2800.73
Packing Materials	-	329.60
Rent	9.35	33.41
Repairs to Buildings	-	0.02
to Machinery	52.26	437.82
to Other Assets	1.58	9.35
Insurance	0.28	19.78
Rates & Taxes	148.21	74.91
Advertisement & Business Promotion	2.71	6.92
Commission on Sales	-	78.85
Freight, Loading etc., on Sales	-	1446.83
Directors Sitting Fee	2.63	3.90
Managerial Remuneration	-	52.40
Payment to Auditors		
- As Statutory Auditor	5.55	8.20
- For Other Services	-	4.23
- For reimbursement of Expenses	0.07	0.73
Payment to Cost Auditors		
- Fee towards Cost Audit	-	0.44
- Fee for Certification	-	0.20
Prior Period Adjustments		
- Expenditure Not relating to the year	41.50	0.04
Loss on Sale of Assets	1.22	-
Legal and Professional Expenses	61.77	35.84
Printing & Stationery	4.32	7.16
Telephone and other communication Expenses	9.33	33.33
Travelling & Conveyance etc.,	84.05	72.17
Transit Hostel Expenses	7.96	9.69
General Office Expenses	12.97	39.22
Horticulture Expenses	6.25	6.47
Advertisements - Statutory	1.13	0.71
Bank Charges	1.94	36.26
Brokerage	0.41	10.71
Others	0.61	5.37
	<u>543.03</u>	<u>5648.77</u>

	Current Period		Previous Period	
	Value (Rs. Lakhs)		Value (Rs.Lakhs)	
27. Value of imports calculated on C.I.F basis by the Company during the period in respect of				
i. Raw Materials	-		-	
ii. Components and Spare Parts	-		-	
iii. Capital goods	-		21.08	
28. Expenditure in Foreign Currency during the period on account of				
Royalty, know-how, professional and Consulatation fee, Interest and other matters				
Stores & Spares	-		10.36	
Others	-		-	
	Value (Rs. Lakhs)	Percentage	Value (Rs. Lakhs)	Percentage
29. Value of Imported Raw-Materials, spare parts and components consumed during the period				
Imported	-	-	-	-
Indegenous	-		537.31	100
30. Earnings in Foreign Exchange				
- Export of Goods	-		-	
31. Consumption and closing stock of Lime Stone include among others:				
Salaries, Wages and Bonus	-		21.83	
Contribution to PF etc.,	-		1.21	
Staff welfare Expenses	-		0.77	
Repairs and Maintenance to:	-		-	
Machinery	-		2.58	
Other Assets	-		9.19	
Royalty & Cess	-		30.19	
Stores Consumed	-		0.38	
Loading & Unloading	-		16.81	
Others	-		0.54	
32. Estimated amount of Contracts remaining to be executed on Capital Accounts and not provided for	7,581.32		7,826.50	
33. Contingent Liabilities not provided for				
i. Claims against the company not acknowledged as debts including contractual obligations.				
Government Claims for Non-Statutory dues	234.70		234.70	
Electricity Claims	116.83		116.83	
Claims of various Project Suppliers	1,633.81		1,553.22	
Other claims (Suppliers etc.,)	274.27		274.27	

ii) Provision not made for disputed demands as detailed below : (Rs. in Lakhs)

Nature of Demand	Demand as at March 31, 2012	Demand as at June 30, 2011	Amount paid under protest if any, as at March 31, 2012
APGST / VAT	173.47	181.65	46.96
C S T	23.18	23.18	-
T N G S T	67.29	67.29	1.71
O S T	8.25	8.25	2.10
CENTRAL EXCISE	177.30	133.07	5.27
SERVICE TAX	268.65	268.65	-

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

iv. Excise authority, although accepted payment of their dues in installments in terms of the 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. The company has challenged the same and the matter is pending before Hon'ble Delhi High Court. Pending this, the amount is presently not ascertainable in this respect.

Note: In the opinion of the Management, the above claims/demands are not tenable and further cash out flows in respect of the same are determinable on final decisions of the matter.

34. Unredeemed First Preference Shares :

The Redeemable Cumulative First Preference Shares remain unclaimed aggregating to Rs.1.92 lakhs (Rs.1.92 lakhs). The payments against said shares are being made as and when claimed. The Company has been legally advised that in the absence of profits upto the date of redemption (i.e. 15th June, 1993), it has no obligation to pay any dividend on the said preference shares.

35. The DCW Plant of the Company was in production till the end June 2010, and production at VCW plant could not be continued from the beginning of September, 2010 and the production activities remained suspended thereafter. Repairs and maintenance, modification and up-gradation cum expansion of the Plants have already been commenced and the normal production activities will resume shortly.

36. (a) In view of the above, Confirmation of various debit and credit balances including with respect to loans and advances, deposits, liabilities, debtors could not be obtained and consequential reconciliation/ adjustments, if any, could not be given effect to in the accounts. Also physical verification of fixed assets and reconciliation thereof with the records containing individual assets could not be carried out.

(b) Further, for the purpose of these accounts:

(i) Capital Advance includes Rs.2446 lakhs (Rs.2795 lakhs) given for various Project supplies and related services, status of which pending completion of the project is presently not ascertainable. Certain such parties have intimated to forfeit the amounts lying with them and/or made claims for charges and compensations

etc. on account of delay in completion of projects. Further, Advance Recoverable includes Rs.324 lakhs (Rs.324 lakhs) which are outstanding for long, have been considered good and recoverable. Adjustment with respect to the above will be given effect to on final settlement with the parties.

- (ii) Balances of the sundry debtors lying outstanding since long at the end of the period, pending confirmation, are presently not ascertainable. Necessary legal and other steps are being examined and as such no provision has been considered necessary.
 - (iii) Claim for interest and other charges amounting to Rs.493.79 lakhs (Rs.413.20 lakhs) relating to the project to the extent ascertained from available information have not been accounted for pending finalization of amount payable.
 - (iv) Various claims including interest, penal and additional charges on statutory and other liabilities pending final negotiation, have not been recognized in these accounts.
- (c) Based on the information available with the Company, there are no outstanding as at the end of the period to the parties registered under the Micro, Small & Medium Enterprises Development Act, 2006.
37. (a) In accordance with the Share Subscription and Share Purchase Agreement dated 15.11.2011, erstwhile promoters i.e. Duncan Goenka Group transferred their controlling stake of the Company to M/S Jaypee Development Corporation limited (JDCL), a Company belonging to Jaypee Group. JDCL has also subscribed to 14,75,00,000 equity shares of Rs. 10/- each at a premium of Rs.2/- per share aggregating to Rs. 17700 lakhs on preferential basis as per the SEBI (ICDR) regulations and the proceeds have been credited to Company's bank account. The same are being utilized for meeting the requirement of capital expenditure for modification and up gradation cum expansion of plants for recommencing the production and meeting the other requirement of the company's business. In view of this and considering the business prospects, the accounts of the Company have been drawn on the basis of going concern.
- (b) In terms of the agreement, mentioned hereinabove, Rs.7,509 lakhs payable to erstwhile promoters and other companies in respect of money advanced by them preceding the date of agreement is settled for Rs.2,000 lakhs. Out of the settlement amount an amount of Rs.1,000 lakhs has already been paid and the balance Rs.1,000 lakhs is shown under "Other Current Liabilities". The balance amount of Rs.5509 lakhs is credited back to Profit & Loss Account during the period under the head "Exceptional item/Income".
38. (a) Substantial progresses have been made in respect of up gradation-cum-expansion project undertaken by the Company to increase its production capacity. Services of reputed technical consultants have been engaged. The pre-operative expenses including interest on the borrowings amounting to Rs.3275.91 lakhs have been capitalised during the period under Capital Work in Progress. Necessary allocation adjustment with respect to above including as required in terms of Accounting Standard 16 on Borrowing Costs shall be carried out on ascertainment of amount thereof on completion of project.
- (b) Capital Work in Progress does not include Rs.2183.96 lakhs (Rs.2017.98 lakhs) in respect of claims made/ bills raised towards cost of civil and other services and

supplies pending verification and negotiation and shall be accounted for on finalization of amount payable with the respective parties as per Accounting Standard 10 on Accounting for Fixed Assets,.

39. Employee benefit expenses includes arrears of salaries & wages and other expenses of Rs.1150 lakhs paid for earlier period in terms of Memorandum of Settlement u/s 18(1) of the Industrial dispute Act,1947, entered into with the Worker's Union on 6th March, 2012.
40. 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 liable for differential custom duty of Rs.838.16 lakhs (approximately) and interest thereon.
41. The claims against the Company aggregating to Rs.2259.61 lakhs, some of which are pending before various courts have been contested by the Company. In one of the litigation by a creditor, the company has been restrained by A P High Court from alienating any of its assets or creating encumbrances over the same pending disposal of the matter.
42. Remuneration amounting to Rs.39.51 lakhs payable to ex whole time Directors and ex-Managing Director, for the earlier years are pending approval of Central Government.
43. Considering the proposed recommencement of production on completion of modification and upgradation cum expansion of plants, as given in Note 38 (a) above, no material loss necessitating adjustment in terms of Accounting Standard 28 on Impairment of Assets, in respect of impairment in the value of the fixed assets is required to be carried out in the accounts.
44. Some of the agreements with suppliers/agents, statements of Bank Accounts including those of the branches/depots for the period prior to June 1994, have still not been restored by the erstwhile promoters/ management. The matter being pending considerably for long time, no material adjustment, in this respect, is likely to arise.
45. (a) The Hon'ble BIFR has vide its Order dated 22nd January 2010 declared that the Company is no more remains a sick industrial company u/s 3(1)(c) of Sick Industrial Companies (Special Provisions) Act, 1985. In terms of the said Order, the provisions of MS-08 (Modified Rehabilitation Scheme sanctioned by BIFR vide its Order dated 21st July 2008) yet to be implemented would be implemented by the concerned agencies and shall be monitored by the Company.
 - (b) In terms of MS-08, 13.5% Secured Redeemable Debentures are required to be settled by payment of principal amount only and interest stand waived. The Company has deposited an amount equivalent to the principal amount of these debentures marking a lien in favour of the Debenture Trustees. The unclaimed debentures at year end are shown under the head "Other Current Liabilities".
 - (c) 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 the year end are shown under the head "Other Current Liabilities".

46. (a) The Company does not have any outstanding derivative contract as at March 31,2012
 (b) Un-hedged foreign currency exposures of the company as at the period end are as follows :

Nature	As at March 31,2012	As at June 30, 2011
Creditors (Import)	Rs.61.06 Lakhs	Rs. 63.04 Lakhs

47. The Company has certain cancellable operating lease arrangements for office accommodation taken/given on lease with a lease period of up to 3 year further extendable with mutual consent and agreement. The lease agreements can be terminated after giving notice as per terms of the lease by either party.
48. As the Company is engaged in the manufacture of cement within India only, it operates in single primary business segment and single secondary geographical segment and therefore disclosure requirement of Accounting Standard 17 on Segment Reporting are not applicable to it.
49. Related Parties and transactions with them, as identified by the management in accordance with the Accounting Standard 18, as notified by the Companies Accounting Standard Rules, 2006, are as follows:

1. Key Managerial Personnel	None
2. Relatives of Key Managerial personnel	None
3. Ultimate Holding Company	M/s Jaypee Infra Ventures Pvt. Ltd., being Holding Company of M/s Jaypee Development Corporation Limited (From 10.02.2012)
Holding Company	M/s Jaypee Development Corporation Limited (From 10.02.2012)
4. Associate Company	1. M/s ISG Traders Limited (Upto 09.02.2012) 2. M/s Boydell Media Pvt. Ltd (Up to 09.02.2012)
5. Enterprise over which, persons stated at S.No. (1) and (2) above have significant influence.	None

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

(Rs. in Lakhs)

Transactions during the Period from 01.07.2011 to 31.03.2012	Key Managerial Personnel (KMP)	Holding Company	Fellow Subsidiary/ Associates	Enterprises over which KMP and their relatives having significant influence
Remuneration to: Shrivardhan Goenka	----			
P. K. Goyenka	(29.58) ---- (22.82)			
Sitting fee paid to Shri G P Goenka	--- (0.30)			
Shrivardhan Goenka	---- (0.08)			
Interest expense ISG Traders Limited			---- (72.49)	
Boydell Media Pvt Limited			---- (122.27)	
Jaypee Development Corporation Limited		2.07 (---)		
Loans taken (Net) ISG Traders Limited			795.00 (1600.95)	
Boydell Media Pvt Limited			---- (939.80)	
Jaypee Development Corporation Limited		2701.86 (----)		
Balances at the end of the period				
Loans taken/other payables Jaypee Development Corporation Limited		2701.86 (----)		
ISG Traders Limited			582.62 (1666.19)	
Boydell Media Pvt Limited			434.38 (1049.84)	
Remuneration payable to erstwhile KMPs P C Nalwaya	--- (4.49)			
Shrivardhan Goenka	--- (34.96)			
P.K.Goyenka	--- (12.54)			
Other Payable Kavita Marketing Pvt. Ltd				--- (3.01)
Orchard Holdings Pvt. Ltd				--- (1.23)

50. The Company has not made any loans or advances in the nature of loans whose particulars are required to be disclosed in terms of clause 32 of the listing agreement.
51. Working for the earnings per share in terms of AS 20 - "Earnings Per Share"

Particulars	Period ended March 31, 2012	Period ended June 30, 2011
Net Profit/(loss) attributable to shareholders (Rs. Lakhs)	966.71	(2460.08)
Weighted average number of equity shares outstanding		
For Basic EPS	173375037	143596066
For Diluted EPS	173375037	143596066
Earnings Per Share (Face Value of Rs. 10 each)		
Basic (Rupees)	0.56	(1.71)
Diluted (Rupees)	0.56	(1.71)

52. Keeping in view the proposed recommencement of production by the Company and emerging certainty with respect to the profitability of the Company and considering that time limit for carry forward losses extended in terms of the Scheme sanctioned by BIFR, the Deferred Tax Asset has been continued to be recognized during the period. The details as required in terms of the Accounting Standard 22 on Accounting for Taxes on Income are as follows:

(Rs.In Lakhs)

Particulars	As at March 31, 2012	As at June 30, 2011
Tax impact of differences between carrying amount of the fixed assets in the financial statements and the income tax	(352.53)	(366.64)
Tax impact of expenses charged in the financial statements but allowable as deductions in future years under income tax	753.32	859.68
Tax Impact of Carry Forward Business Losses	3716.58	4959.14
Tax Impact of Unabsorbed Depreciation under Income Tax Act	3138.54	2914.85
Deferred Tax Asset /(Liability)	7255.91	8367.03

53. Current period figures relate to the period of nine months from July 01, 2011 to March 31, 2012 and corresponding previous period represents fifteen months period ending with June 30, 2011. Hence are not comparable.

54. All amounts in the financial statements are presented in Rupees in Lakhs except per share data and as other wise stated. Figures in brackets represent corresponding previous period figures in respect of Profit and Loss items, and in respect of Balance Sheet items as on the Balance Sheet date of the previous period. Figures for the previous period have been regrouped /rearranged wherever considered necessary to conform to the figures presented in the current period pursuant to revised Schedule-VI format prescribed under the Companies Act,1956.

As per our report of even date

For and on behalf of the Board

For LODHA & CO.

Chartered Accountants

Firm Registration No. 301051E

For CHATURVEDI & PARTNERS

Chartered Accountants

Firm Registration No. 307068E

Manoj Gaur

Chairman

K. SOMESWARA RAO

Partner

Membership No.052061

R N CHATURVEDI

Partner

Membership No.092087

Harish K. Vaid

Director

Shailendra Gupta

Director

Noida

May 18, 2012

Noida

May 18, 2012

L Chandrasekar

CFO

G.Tirupati Rao

Company Secretary

CASH FLOW STATEMENT FOR THE PERIOD ENDED ON MARCH 31, 2012

(Rs. in Lakhs)

	9 months period ended March 31, 2012	15 months period ended June 30, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES:		
PROFIT (LOSS) AS PER PROFIT AND LOSS ACCOUNT	966.71	(2460.08)
Add/(Less): Adjustment for:		
Depreciation	67.51	127.94
Extraordinary items (Reliefs & Concessions)	(5508.87)	-
Extraordinary items (Deferred Tax Asst (net))	1111.12	(648.84)
Credit balance written back	-	(68.30)
Interest received	(193.07)	(58.63)
Loss on sale of assets	1.22	-
Interest paid	887.16	1330.94
Stores Written off	41.50	-
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(2626.72)	(1776.99)
Adjustment for:		
Inventories	5.71	1656.89
Trade and other receivables	(83.12)	1672.25
Trade Payables & provisions	150.74	1205.06
	73.33	4534.20
CASH GENERATED FROM OPERATIONS	(2553.39)	2757.21
Less: Tax paid	(21.06)	21.23
NET CASH FROM OPERATING ACTIVITIES	(2574.45)	2778.44
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (net after transfer from Capital Work in Progress, adjustment of Foreign Exchange Fluctuations and deletions)	(5.05)	(6.57)
Capital Work in Progress	(4490.88)	(5203.26)
Interest Received	193.44	67.35
Sale of Fixed Assets	0.43	-
Net Cash used in Investing activities	(4302.06)	(5142.48)

(Rs. in Lakhs)		
	9 months period ended March 31, 2012	15 months period ended June 30, 2011
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Interest Paid	(1861.26)	(844.73)
Unsecured Loans	3283.91	3814.72
Share Capital raised	14750.00	-
Share Premium received	2950.00	-
Secured Loan raised	(2241.48)	(700.99)
Net Cash from financing activities	16881.17	2269.00
Net increase in cash and cash equivalents A+B+C	10004.66	(95.04)
Add: Cash and cash equivalents as at 30.06.11	357.63	452.67
Cash and cash equivalents as at 31.03.12	10362.29	357.63

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

For LODHA & CO.
Chartered Accountants
Firm Registration No. 301051E

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

Manoj Gaur
Chairman

K. SOMESWARA RAO
Partner
Membership No.052061

R N CHATURVEDI
Partner
Membership No.092087

Harish K. Vaid
Director

Noida
May 18, 2012

Noida
May 18, 2012

L. Chandrasekar
CFO

Shailendra Gupta
Director

G.Tirupati Rao
Company Secretary

AUDITORS' CERTIFICATE

To
The Board of Directors
ANDHRACEMENTSLIMITED

We have examined the attached Cash Flow Statement of ANDHRACEMENTS LIMITED for the Nine Months period ended 31st March 2012. The Statement has been prepared by the Company in accordance with the requirements of listing agreement with Stock Exchanges where the Company's shares are listed and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet covered by our Report of even date to the members of the Company.

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

K. Someswara Rao
Memb. No. 052061
Partner Partner

Place : Noida
Date : May 18, 2012

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

R. N. Chaturvedi
Memb. No. 092087

Place : Noida
Date : May 18, 2012

Andhra Cements Limited

Durga Cement Works, Durgapuram, Dachepalli - 522 414, Guntur Dist. A.P.

ATTENDANCE SLIP

Particulars to be completed by Member / Proxy :

Name of the Member _____

Member's Regd. folio No. _____ Client ID No. _____

DPID No. _____ No. of shares held _____ Name

of Proxy, if attending on behalf of a Member _____

I hereby record my presence at the 73rd Annual General Meeting of the Company to be held on Saturday, the 15th September, 2012 at 3.30 PM at Durga Cement Works, Durgapuram, Dachepalli - 522 414, Guntur District, A.P.

Signature of Member / Proxy

Note :

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

Andhra Cements Limited

Durga Cement Works, Durgapuram, Dachepalli - 522 414, Guntur Dist. A.P.

PROXY FORM

I / We _____

of _____

being member(s) of the Andhra Cements Limited bearing folio No. _____

DP-ID NO. _____ Client ID No. _____

No. of Shares held _____ hereby appoint _____

of _____ or failing him / her _____

of _____ or failing him / her _____

of _____ as my / our proxy to attend and vote for me / us

and on my / our behalf as indicated below at the 73rd Annual General Meeting of the Company

to be held on Saturday, the 15th September, 2012 at 3.30 PM at Durga Cement Works,

Durgapuram, Dachepalli - 522 414, Guntur District, A.P. and at any adjournment thereof.

Signed this _____ day of _____ 2012.

Signature _____

<p>Affix Rs. 1/- Revenue Stamp</p>
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Note :

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



**BOOK 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, (A.P).

