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**PANYAM  
CEMENTS & MINERAL  
INDUSTRIES LIMITED**



If undelivered please return to :  
**PANYAM CEMENTS &  
MINERAL INDUSTRIES LIMITED**  
Registered Office :  
C-1, Industrial Estate,  
Bommalasatram,  
Nandyal - 518 502.,  
Kurnool District, A.P.

**2016 - 17**

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**CORPORATE INFORMATION**

**BOARD OF DIRECTORS**

S. SREEDHAR REDDY  
Managing Director

V. SURESHKUMAR

V. ARVINDA RANI

V. RAMNATH

P. JAYARAMA REDDY

Dr. R.K. PRASAD SUNKARA

S. PANDURANGA RAO

**REGISTRAR & SHARE  
TRANSFER AGENTS**

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

Phone: 040-23545913/14/15  
Fax: 040-23553214  
Email: xlfield@rediffmail.com

**CENTRAL ADMINISTRATIVE OFFICE :**

Plot No.188, Phase II,  
Kamalapuri Colony,  
Hyderabad - 500 073. TS.  
Phone: 040-23555317

Fax: 040-23555316  
E-mail: caohyd@panyamcements.com  
Website: panyamcements.com

**ISIN : INE167E01029**  
**CIN : L26940AP1955PLC000546**

**AUDITORS**

**Brahmayya & Co.**  
Chartered Accountants  
Adoni 518 301.

**COST AUDITOR**

Mrs. Aruna Prasad  
Cost Accounts  
Plot No.802,64th Street,  
10th Sector, K.K. Nagar.  
Chennai - 600 078.

**BANKERS**

State Bank of India  
Main Branch  
Nandyal.

State Bank of Hyderabad  
Overseas Branch  
Somajiguda,  
Hyderabad.

Indian Overseas Bank  
Adarshnagar,  
Hyderabad.

**REGISTERED OFFICE**

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

Phone: 08514-222274  
E-mail: regoffice@panyamcements.com

**CEMENT WORKS:**

Cementnagar - 518 206.  
Kurnool District, A.P.

Phone: 08516-274638  
Fax: 08516-274644  
E-mail: pcmil@panyamcements.com



**PANYAM CEMENTS & MINERAL INDUSTRIES LIMITED**

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

**NOTICE**

Notice is hereby given that the 61st Annual General Meeting of the Members of the Company will be held on Tuesday, the 26th September, 2017 at 11.45 A.M., at the Registered Office of the company, C-1 Industrial Estate, Nandyal, Kurnool District, Andhra Pradesh to transact the following business:-

**Ordinary Business**

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March 2017, and the Statement of Profit and Loss for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a director in place of Dr. Ramakrishna Prasad Sunkara (DIN No.02451497), who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a director in place of Mrs. Vemuri Aravinda Rani (DIN No. 01241976) who retires by rotation and being eligible offers herself for re-appointment.
4. To appoint Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution.

“RESOLVED that pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors Rules 2014, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, M/s. K.S. Rao and Co., Chartered Accountants, Hyderabad (ICAI Firm Registration No.003109S) be and are hereby appointed as the Statutory Auditors of the Company (in place of M/s. Brahmayya & Co., Chartered Accountants, the retiring Auditors) for a term of five years commencing from the Company's financial year 2017 -18 to hold the office from the conclusion of the 61st Annual General Meeting till the conclusion of the 66th Annual General Meeting to be held in 2021-22 (subject to ratification of their appointment by the members at every intervening Annual General Meeting) on such remuneration plus GST, out of pocket expenses etc. as may be mutually agreed upon by the Board of Directors and the Auditors.”

“RESOLVED FURTHER that the Board of Directors of the Company (including its Committee thereof) be and are hereby authorized to do all acts and take all such steps as may be considered necessary, proper or expedient to give effect to this Resolution.”

**Special Business:**

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

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration of Rs.50,000/- (Rupees Fifty thousand Only) plus GST as applicable and reimbursement of out of pocket expenses, at actual, as approved by Board of Directors of the Company, to be paid to M/s Aruna Prasad & Co., , Cost Auditors (Firm Registration No 100883) of the Company for conducting the audit of the cost records of the Company for the Financial Year ending on 31st March, 2018, be and is hereby ratified and confirmed.”

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby severally authorised to do all such acts, deeds & things and to take all such steps as they may deem necessary, proper or expedient to give effect to this resolution.”

6. To Amend/Ratify EGM Notice dated 29th December, 2015 and Explanatory Statement annexed thereto, for the purpose of issuance of Share Warrants on Preferential Allotment passed by the shareholders on 25th January, 2016:

To consider and, if thought fit to give ASSENT/DISSENT to the following Resolution as a Special Resolution:



“RESOLVED THAT pursuant to the EGM Notice dated 29th December, 2015 and the Explanatory Statement annexed thereto, duly passed by the shareholders on 25th January, 2016 with regard to issue of 8,43,060 Equity Share Warrants convertible into 8,43,060 Equity Shares, to be issued and allotted on preferential basis pursuant to Section 62(1)(c) read with Section 42 of the Companies Act, 2013 and applicable provisions of Companies (Share Capital and Debenture Rules), 2014 and also in pursuance of Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“SEBI ICDR Regulations”) (including any statutory modification(s) or re-enactment (s) thereof, for the time being in force), the following clauses/provisions in the said EGM resolutions and the Explanatory Statement annexed thereto, be and are hereby amended/ratified:

“RESOLVED THAT “ in the Table of Name of Proposed Allottees” as appearing in the EGM Notice dated 29th December, 2015 (passed on 25.01.2016) the names of the ultimate beneficial owners of the proposed allottees shall be substituted and read as under in accordance with Regulation 73(1)(e) of SEBI/CDR Regulations:

S.No.	Name of the Proposed Allottee	Category of Persons	If allottee is not a natural person, identity of the natural person who are the ultimate beneficial owner of the shares proposed to be issued, if applicable	No. of Convertible warrants allotted	Pre Preferential allotment		Post preferential Allotment (Assuming full Conversion of warrants)	
					No. of Shares	%	No. of Shares	%
1.	EW India Special Assets Fund Pte Ltd	FII/FPIs	GAMLA Livforsakringsaktiebolaget SEB Trygg Liv (Registered Insurance Company) PAN No. Not Applicable (Beneficial Owner is a foreign Company)	678,663	-	-	678,663	4.02
2.	ECap Equities Limited	Private Corporate Bodies	Edelweiss Financial Services Limited (Domestic Listed Entity) PAN No. AAACE1461E	164,397	-	-	164,397	0.98%

RESOLVED FURTHER THAT for the purpose of giving effect to the above ratifications/modifications in the EGM Notice and Explanatory statement dated 29th December, 2015 duly passed by the shareholders on 25th January, 2016, the Board of Directors of the Company be and is hereby authorized to take all such acts, deeds, matters and things as may be required in connection with the proposed allotment of warrants, and conversion of warrants into equity shares without limitation of finalizing the offer letter and entering into relevant agreements and including any act, matters and things which had already done with statutory authorities/Stock Exchanges and further authorize the Board to carry out all necessary acts, deeds, matters etc. as may be necessary for giving effect to the above modifications/ratifications/alterations and also to file the amendments ratifications with the Stock Exchanges and seek listing of such securities (equity shares) at the Stock Exchanges where the existing securities(equity shares) are listed.

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

**S. SREEDHAR REDDY**  
Managing Director  
DIN No. : 01440442

**Place: Nandyal**  
**Dt:- 26<sup>th</sup> August, 2017**

**Regd. Office**  
C-1, Industrial Estate, Nandyal - 518 502,  
Kurmoal District, Andhra Pradesh  
CIN: L26940AP1955PLC000546



**Notes: -**

- The Explanatory Statement pursuant to section 102 of the Companies Act, 2013 (Act) in respect of the business under Item Nos. 4, 5, and 6 of the Notice, is annexed hereto. The relevant details as required under clause 49 of the Listing Agreement entered into with the Stock Exchange, of persons seeking appointment/ re-appointment as Directors under Item No. 2 to 3 of the Notice, are also annexed.
- A member entitled to attend and vote at the Annual General Meeting (the “Meeting”) is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
- Brief resume of Directors including those proposed to be appointed / re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange are provided.
- Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
- In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Registered Office of the Company on all working days, except Sundays, during business hours up to the date of the Meeting.
- The Company has notified closure of Register of Members and Share Transfer Books from 25.09.2017 to 26.09.2017 (both days inclusive) for determining the names of members eligible for dividend on Equity Shares, if declared at the Meeting.
- Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company / XL Softech Systems Ltd.
- The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / XL Softech Systems Ltd.
- Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company. The nomination form can be downloaded from the Company’s website [www.panyamcements.com](http://www.panyamcements.com) under the section ‘Investor Relations’.
- Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to XL Softech Systems Ltd, for consolidation into a single folio.
- Non-Resident Indian Members are requested to inform XL Softech Systems Ltd, immediately of:
  - Change in their residential status on return to India for permanent settlement.
  - Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
- To support the ‘Green Initiative’, members who have not registered their e-mail addresses so far are requested to register their e-mail address with XL Softech Systems Ltd/Depositories for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.
- The Notice of the AGM along with the Annual Report 2016-17 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.
- The Annual Report of your company for the financial year 2016-17 would also be made available in the Company’s website” [www.panyamcements.com](http://www.panyamcements.com)
- In compliance with the provisions of section 108 of the Act and the Rules framed thereunder, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by CDSL, on all resolutions set forth in this Notice.



**The instructions for members for voting electronically are as under:-**

**In case of members receiving e-mail:**

- (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID.
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID.
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

<b>For Members holding shares in Demat Form and Physical Form</b>	
<b>PAN*</b>	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>● Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>● In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
<b>DOB#</b>	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
<b>Dividend Bank Details #</b>	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> <li>● Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id folio number in the Dividend Bank details field.</li> </ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.



- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
  - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
  - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

**In case of members receiving the physical copy:**

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (B) The voting period begins on <Date and Time> and ends on <Date and Time>. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of <Record Date>, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
18. Kindly note that the Shareholders can opt only one mode of voting, i.e. either by Physical Ballot or e-voting. If you are opting for e-voting, then do not vote by Physical Ballot also and vice versa. However, in case the Shareholders cast their vote by Physical Ballot and e-voting, then voting done through valid Physical Ballot shall prevail and voting done by e-voting will be treated as invalid.
19. The voting period begins at 9.00 A.M. on 23rd September, 2017 and ends at 5.00 P.M. on 25th September, 2017. The e-voting module shall also be disabled by CDSL for voting thereafter.
20. The Company has appointed Mr.G.M.V.Dhanunjaya Rao, Company Secretary, Flat No. 2A, Cheruku Apartments, Door No.3 6-653/1, Street No.9, Himayatnagar, Hyderabad 500 029, who in the opinion of the Board is a duly qualified person, as a Scrutinizer who will collate the electronic voting process in a fair and transparent manner. The Scrutinizer shall within a period of three working days from the date of conclusion of the shareholders meeting, submit his report after consolidation of e-voting and the votes in the shareholders meeting, cast in favour of or against, if any, to the Chairman of the Company. Results will be uploaded on the company's website as well as intimated to the Stock Exchange (BSE).
21. The Scrutinizer will submit his report to the Chairman of the Company after completion of the scrutiny of the e-voting process and the results will be announced at the Registered Office of the Company situate at C-1, Industrial Estate, Nandyal-518 502, Kurmool District, Andhra Pradesh on 27th September 2017.

**Information as required by clause 49 (VIA) of the Listing Agreement:**

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

**Item No.2:**

Dr. Ramakrishna Prasad Sunkara, aged about 71 years, is a Doctor by Profession.having practice at USA. He is having a total experience of about 39 years in medical field.. His guidance and services have been immense for further growth of the company.



**Item No.3:**

Mrs. Vemuri Aravinda Rani, aged about 38 years, is a graduate in Mechanical Engineering from the prestigious GPREC Kumool. An academican by profession now, she is the key founder member of Nandi academy, an international standards based school that offers all-round development of students through project based learning, adopting varied curriculum like Exceed, Multiple intelligence techniques etc with CBSE and IGCSE affiliations.

**EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 102 OF THE COMPANIES ACT, 2013:**

**Item No.4:**

Pursuant to the provisions of Section 139 of the Act read with applicable Rules framed thereunder, M/s Brahmayya & Co., Chartered Accountants, Adoni. the present Auditors of the Company complete their term as Auditors.

In view of the above, M/s.K.S.Rao and Co., Chartered Accountants. Hyderabad having Registration No. 003109S, have been appointed as the Statutory Auditors of the Company for a term of five years commencing from the Company's financial year 2017-18 to hold office from the conclusion of the 61st Annual General Meeting till the conclusion of the 66th Annual General Meeting, subject to ratification of their appointment by the Members at every intervening Annual General Meeting on a remuneration plus applicable taxes, out-of-pocket expenses, etc. incurred in connection with the Audit as may be decided by the Board of Directors in consultation with the Auditors.

The Board commends the Resolution at Item No.4 for approval by the Members.

None of the Directors or Key Managerial Personnel and their relatives are concerned or interested in the Resolution at Item No.4 of the Notice.

**Item No.5**

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the Shareholders of the Company.

Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out at Item No.5 of the Notice for ratification of the remuneration payable to the Cost Auditors for the Financial Year ending 31st March, 2018.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No.5 of the Notice.

The Directors recommend the Resolution as stated at Item No 5 of the Notice for approval of the Members by way of an Ordinary Resolution.

**Item No.6**

The shareholders of the company at the Extra Ordinary General Meeting held on 25th January, 2016 passed necessary resolution to issue 8,43,060 Nos. of Equity Share Warrants convertible into 8,43,060 Equity Shares on preferential basis. However ratification in relation to the ultimate beneficiary owners of the equity shares to be allotted upon conversion of share warrants with exact entity's name is required to be mentioned, as the ultimate beneficial owners name mentioned earlier in the EGM Notice dated 29th December, 2015 do not correctly reflect the same. Hence as advised by the Stock Exchange and in order to comply with Regulation 73(1)(e) of the SEBI regulations, necessary changes are made in the EGM resolution as set out in the notice. Accordingly the ultimate beneficiary owners of the proposed allottees i.e (1) EW India Special Assets Fund Pte Ltd., and (2) Ecap Equities Limited are (1)GAMLA Livforsakringsaktiebolaget SEB Trygg Liv(registered Insurance Company) and (2) Ecap Equities Limited is a subsidiary of Edelweiss Financial Services Limited, which is a public limited company in India respectively.

None of the directors, Key Managerial Personnel (KMPs) of the Company or any relatives of such Director(s) or KMPs, are in any way concerned or interested financially or otherwise in the proposed Resolution, except to the extent of their equity holdings in the Company, if any.

The Directors recommend the Resolution as stated at item No. 6 of the Notice for approval of the Member by way of an Ordinary Resolutions.

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

**Place: Nandyal**  
**Dt:- 26<sup>th</sup> August, 2017**

Regd. Office  
C-1, Industrial Estate  
Nandyal - 518 502,  
Kurnool District, Andhra Pradesh  
CIN: L26940AP1955PLC000546

**S. SREEDHAR REDDY**  
Managing Director



**Details of Directors seeking Appointment/Re-appointment at the Annual General Meeting:-**

Particulars	Dr. Ramakrishna Prasad Sunkara	Vemuri Aravinda Rani
Date of Birth	16.11.1946	12-01-1979
Date of Appointment	26.11.1994	13-08-2014
Qualifications	MBBS	B.Tech
Expertise in specific functional areas	By Profession Doctor	Academican by Profession
Directorships held in other companies (excluding foreign companies)	NIL	<ul style="list-style-type: none"> <li>• Sujala Feeds Pvt Ltd</li> <li>• Nandi Pipes Pvt Ltd.</li> <li>• Sreekanth Trading Pvt Ltd</li> <li>• Nandi Pipes Hyderabad Pvt Ltd</li> <li>• Nandi Milk Products Pvt Ltd.</li> <li>• S.P.Y.Agro Industries Ltd</li> <li>• Nandi PVC Products Pvt Ltd</li> <li>• Monarch Water Container Pvt.Ltd.</li> <li>• Integrated Thermo Plastics Limited</li> <li>• Sreekanth Pipes Private Limited (Part IX)</li> <li>• Nandi Polymers India Private Limited</li> <li>• Anantha PVC Pipes Pvt.Ltd.(Part XI)</li> <li>• Nandi Water Containers Private Ltd.</li> <li>• Telangana Pipes Private Limited</li> <li>• Sanj Feed Technologies Pvt.Ltd.</li> </ul>
Memberships/ Chairmanships of committees of other companies (includes only Audit Committee and Shareholders/ Investors Grievance Committee)	Nil	Nil
Number of shares held in the Company	135	1073081



**DIRECTORS' REPORT :**

To  
The Members

Your Directors have pleasure in presenting the 61<sup>st</sup> Annual Report and Audited Statements of Accounts for the year ended 31<sup>st</sup> March, 2017:

**FINANCIAL RESULTS :**

	(Rs.in lakhs)	
	Year ended 31 <sup>st</sup> March 2017	Year ended 31 <sup>st</sup> March 2016
<b>Income:</b>		
Gross Sales of manufactured products ..	26655.42	27303.31
Less: Excise Duty and Sales Tax ..	5847.39	6048.30
	-----	-----
Net Sales of manufactured products ..	20808.03	21255.01
Other Income ..	1288.04	996.69
	-----	-----
<b>Total</b> ..	<b>22096.07</b>	<b>22251.70</b>
	-----	-----
Profit before Interest and Depreciation ..	3024.64	3160.19
Less: Interest and Finance charges ..	1797.39	1402.11
Less: Depreciation ..	701.51	626.74
	-----	-----
Net Profit before Exceptional Extra Ordinary Items and Tax	525.74	1131.74
Add Exceptional Items on transfer of Wire Division Land	23.29	58.64
Property under Joint Development Agreement	-----	-----
Net Profit before tax	549.03	1190.38
Less Provision for - Income Tax for the year (MAT)	125.00	122.00
Deferred Tax Liability	-----	-----
Net Profit after tax	424.03	1068.38
Loss Brought Forward from previous year	(-) 2420.18	(-) 3488.56
Depreciation on Fixed Assets whose Useful life is over	-----	-----
Loss carried to Balance Sheet	(-)1996.15	(-)2420.18

**OPERATIONS:**

The Company has produced 5,74,882 M.Tonnes of cement during the year 2016-17, as against 5,89,660 M. Tonnes produced during the previous year. The performance of the Company was satisfactory. The market conditions have continued at the same level as was prevailing in the last year. The gross sales for the year under report was Rs.26655.42 lakhs as against Rs.27303.31 lakhs in the previous year. The Net profit after tax for the year was Rs.424.03 lakhs as against net profit of Rs.1068.38 lakhs.

As stated in our last year Annual Report, the developer Greenage Griha Nirman Private Limited (formerly known as Bhimshankar Realtors Private Limited) has Completed construction of all the blocks except two blocks. which are under final stage of construction



and is expected to be completed by the end of next year i.e., 31/12/2018, with grace period of six months. The Flats under these two blocks i.e. F-Fern and G-Ginger are premium apartments consisting of 64 apartments in each block which are of large in size.

**MODERNISATION OF THE CEMENT UNIT:**

As stated in our last year Annual Report, the modernization works for improving the efficiency and productivity to reduce the operational costs and cutting down of logistics has been put on hold to stabilize the operations of the unit.

The Railway Siding works have been completed and the same has been cleared by the Railway Authorities. We have started dispatching of cement and also started getting coal by rakes. This has resulted in reducing the logistic costs. Further, the secondary crusher works have been completed successfully and the same is under operation and getting good results. The output of the raw mills has increased considerably. This has in turn has resulted in the reduction of power consumption in the raw mills sections. We have installed a bucket elevator for the transportation of ground raw meal from the mills in place of F.K.Pumps and Air Lift Pump. This has resulted in reduction of power consumption and also facilitated the transfer of material among the storage and blending silos. As per the Central Pollution Control norms, the modification of works in respect of Kiln 1 are completed and for No.3 is under installation.

**DIVIDEND:**

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

**FIXED DEPOSITS:**

The Company has not accepted any Fixed Deposit during the year and there are no fixed deposits outstanding as on 31<sup>st</sup> March, 2017.

**INSURANCE:**

The assets of the Company are adequately insured.

**CURRENT YEAR PROSPECTS:**

The efforts taken by the management to improve the performance of the company has started yielding improved results. Cement demand in India is expected to increase due to Government's push for large infrastructure projects. The housing sector is the biggest demand driver of cement, accounting for 67 per cent of the total consumption in India. Some of the recent major government initiatives such as development of about 98 smart cities are expected to provide a major boost to the cement sector. Further about 10-18% growth in demand is expected from two Telugu States viz. Telangana and Andhra Pradesh during next 2-3 years due to various heavy projects undertaken by the respective Governments.

**CONVERSION OF WARRANTS:**

Pursuant to Section 42 and 62 and all other applicable

provisions, if any, of the Companies Act, 2013 and Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 read with the enabling provisions of the Memorandum and Articles of Association of the Company and pursuant to the approval obtained from the shareholders in their Extra Ordinary General Meeting held on 25<sup>th</sup> January, 2016, the Board of Directors of the Company at their meeting held on 17<sup>th</sup> March, 2016 have issued 8,43,060 Convertible warrants at a price of Rs.84.61 per warrant (including premium of Rs.74.61 per warrant) with option to the allottees to convert the said warrants into equity within a period of 18 months from the date of issue of such warrants to M/s.EW India Special Assets Pte. Ltd., and M/s.Ecap Equities Limited.

The said allottees have requested the company to convert the warrants into equity on 15<sup>th</sup> March, 2017 and also they have remitted the balance amount of Rs.5,34,98,481/- (being the balance 75% of the total amount) on 1<sup>st</sup> March, 2017. Accordingly, the Board of Directors of the Company at their meeting held on 1<sup>st</sup> March, 2017 have issued and allotted 8,43,060 Equity Shares to the said allottees, subject to the approval of the same by the BSE. The company has already submitted an application to BSE for listing of the said shares and the same is pending before BSE.

**INDUSTRIAL RELATIONS:**

The Company continued to enjoy peaceful industrial relations during the year.

**EMPLOYEES:**

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

**AUDITORS:**

M/s. K.S.Rao & Co., (Firm Registration No. 003109S), Chartered Accountants, Hyderabad, were appointed as Statutory Auditors of the Company for a term of 5 years upon the recommendation of the Audit Committee at its meeting held on 26<sup>th</sup> August, 2017 by the Board in its meeting held on 26<sup>th</sup> August, 2017, subject to the members ratification every year to comply with the Section 143 of the Companies Act, 2013. Accordingly, a resolution for their appointment will be placed at the ensuing Annual General Meeting for members' approval.

**AUDITOR'S REPORT:**

As regards non-provision of gratuity, superannuation and leave encashment liability on actuarial valuation, it is provided on the retirement of employees on a consistent basis and the liability is not ascertained.

As regards non-remittance of undisputed statutory dues as mentioned in para vii(a) of Annexure to Auditors' Report and dues to banks as mentioned in para (ix) of the Annexure to the Report, the Company is clearing the statutory dues in a phased manner.

**COST AUDIT:**

The Central Government has ordered the audit of cost accounts relating to manufacture of cement for the financial



year ended 31st March, 2017. With the approval of the Central Government, M/s. Aruna Prasad & Co., Cost Accountants, Chennai have been appointed to audit the cost accounts. The Cost Audit is under progress.

**SECRETARIAL AUDIT:**

The Board has appointed M/s. GMVDR Associates, Practising Company Secretaries to conduct Secretarial Audit for the FY 2016-17. The Secretarial Audit Report for the financial year ended March 31, 2017 is annexed to this Report as Annexure - III The qualification / remarks made in the Secretarial Audit Report are self - explanatory

**DIRECTORS:**

In terms of the Articles of Association of the Company, Dr. Ramakrishna Prasad and Smt. Aravinda Rani Vemuri will retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

**INDEPENDENT DIRECTORS**

The Company has received necessary declaration from all the Independent Directors under Section 149(7) of the Companies Act, 2013, that they meet the criteria of independence laid down in Section 149(6) of the Companies Act, 2013.

**BOARD EVALUATION:**

The Board evaluated the effectiveness of its functioning and that of the Committees and individual Directors by seeking their inputs on various aspects of Board/Committee Governance.

The aspects covered in the evaluation included the contribution to and monitoring of corporate governance practices, participation in the long term strategic planning and the fulfillment of Directors' obligation and fiduciary responsibilities, including but not limited to, active participation at the Board and Committee Meetings.

The Chairman of the Board has one-on-one meetings with the independent directors and the Chairman of the Nomination and Remuneration Committee had one-on-one meetings with the Executive and Non-Executive Directors. These meetings were intended to obtain Directors' inputs on effectiveness of Board/Committee processes.

The Board considered and discussed the inputs received from the Directors.

Further, the independent Directors at their meeting, reviewed the performance of Board, Chairman of the Board and Non-Executive Directors.

**VIGIL MECHANISM:**

The Vigil Mechanism of the Company, which also incorporates a whistle blower policy in terms of the Listing Agreement, includes an Ethics and Compliance Task Force comprising Senior Executives of the Company. Protected disclosures can be made by a whistle blower through an e-mail or a letter to the Task Force or to the Chairman of the Audit Committee. The Policy on Vigil Mechanism and whistle blower policy may be accessed on the company's website at the link <http://www.panyamcements.com>.

**APPOINTMENT OF WOMAN DIRECTOR**

To comply with the requirements of Section 149(1) of the Companies Act, 2013 read with listing Agreement executed with BSE Limited, Mrs. V. Aravinda Rani was appointed as a Non-Executive Woman Director on the Board of the Company with effect from August 13, 2014.

**KMPS OTHER THAN DIRECTORS:**

In accordance with the provisions of the Companies Act, 2013 and Listing Agreement with the Stock Exchange, Sri. S. Sreedhar Reddy, Managing Director and Sri S. Nageswara Reddy, Chief Financial Officer of the Company have been designated as the KMPS of the Company.

**MEETINGS OF THE BOARD**

The Board of Directors of your Company met 10 times during the year to deliberate on various matters. Further details on the Board of Directors are provided in the Corporate Governance Report forming part of this Annual Report.

**AUDIT COMMITTEE:**

The Audit Committee was reconstituted with the following members Sri P.Jayarama Reddy, Sri V. Ramnath and Sri S.Panduranga Rao. The Committee comprises of majority of independent directors with Sri P.Jayarama Reddy being the Chairman. Sri. S Sreedhar Reddy, Managing Director and Sri. S. Nageswar Reddy, CFO are the permanent invitees. Further details relating to the Audit Committee are provided in the Corporate Governance Report forming part of this Annual Report.

During the year, all the recommendations made by the Audit Committee were accepted by the Board.

**CORPORATE SOCIAL RESPONSIBILITY**

In terms of the provisions of Section 135 of the Act read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors of your Company has constituted a Corporate Social Responsibility ("CSR") Committee which is chaired by Sri. V. Suresh Kumar. The other Members of the Committee are Sri. P.J. Reddy Independent Director, Sri.V. Ramnath, Non-Executive Director. Your Company also has in place a CSR Policy which is accessible on your Company's website viz. [www.panyamcements.com](http://www.panyamcements.com).

The Company has taken various Corporate Social Responsibility (CSR) activity around the factory site since its inception. The Company has taken appropriate steps to the possible extent to implement CSR activities for the development of areas surrounding the company in particular and other areas in general.

In view of the in adequate net profits during the last three years, the company could not spent any amount on CSR activities.

**CORPORATE GOVERNANCE:**

Your Directors reaffirm their continued commitment to good corporate governance practices. During the year under review, your company was in compliance with the provisions of Listing Regulations relating to Corporate Governance, as set out by Securities Exchange Board of India.



A separate report on Corporate Governance is incorporated along with a certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance and are given separately as a part of the Directors' Report. Further as a part of the report, "Management Discussion and Analysis" has also been furnished.

**DIRECTORS' RESPONSIBILITY STATEMENT:** To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:-

- i. That in the preparation of the annual Accounts, the applicable accounting standards had been followed, with proper explanation, and that there were no materials departures.
- ii. That the Directors had selected such accounting policies applied consistently, and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year, and of the profit of the Company for the year.
- iii. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013 for safeguarding the assets of the company, and for preventing and detecting fraud and other irregularities;
- iv. That the annual financial statements have been on a going concern basis.
- v. That proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- vi. That systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

**DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013.**

The Company has zero tolerance towards sexual harassment at the work place and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules there under.

The Company has no such cases of sexual harassment at workplace.

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

Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo required under section 134 (3) (m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 are set out in the Annexure I and forms part of the report.

Please refer to form No. AOC-2 in Annexure - V for the details of related party contracts arrangements.

**Listing Agreement:**

The Securities and Exchange Board of India (SEBI), on September 2, 2015, issued SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, with the aim to consolidate and streamline the provisions of the Listing Agreement for different segments of capital markets to ensure better enforceability. The said regulations were effective December 1, 2015. Accordingly, all listed entities were required to enter into the Listing Agreement within 6 months from the effective date. The Company entered into Listing Agreement with BSE Limited on 29th February, 2016 wherein the Equity Shares and Non Convertible Bonds issued by the Company are listed.

The Equity/Preference Shares of the Company are listed on the BSE Limited and the annual listing fee was paid to the said Stock Exchange for the financial year 2016-17 on 7th April, 2017

**RISK MANAGEMENT**

A Special Team with Senior Executives has been formed which has been entrusted with the responsibility to assist the Managing Director in (a) Over seeking and approving the Company's enterprise risk management frame work, and (b) Overseeing that all the risks that the operation faces such as strategic, financial, credit market, liquidity, security, property, IT, legal, regulatory, reputational and other risks have been identified and assessed and there is an adequate risk management infrastructure in place capable of addressing those risks.

The Company manages, monitors and reports on the principal risks and uncertainties that can impact its ability to achieve its strategic objectives. The Company's management systems, organizational structures, processes, standards, code of conduct and behaviors together form the Management and business the Company.

The Company has introduced several improvements to Integrated Enterprise Risk Management, Internal controls, Management and Assurance frameworks and processes to drive a common integrated view of risks, optimal risk mitigation responses and efficient management of internal control and assurance activities. This integration is enabled by all three being fully aligned across country wide Risk Management, Internal Control and Internal Auditor methodologies and processes.

**CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES:**

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

There are no materially significant related party transactions that may have potential conflict with interest of the Company at large. Please refer to form No. AOC-2 in Annexure - V for the details of related party contracts arrangements.



**SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES**

The Company is not having any Subsidiaries, Joint Ventures and Associated Company.

**EXTRACTION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLOSURES MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS**

Statutory Auditors of the Company and the Practicing Company Secretary, who have conducted statutory audit and Secretarial Audit have not made any adverse comments on the activities of the Company for the financial year 2016-17. The remarks made in the Auditors' Report and Secretarial Audit Report are self - explanatory.

**COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES.**

The Nomination and Remuneration Committee has been constituted by the Board in its meeting held on 30th March, 2015 to ensure the appointment of persons having wide exposure in their fields, having independence as defined in the Act to be available for appointment as Director (The Committee always keeps a list of eminent persons having independence available for the Company's requirement depending upon vacancy on the Board). As regards remuneration payable to Whole time Directors including Managing Director, the Board will take collective decision within the parameter of various statutes including Companies Act, 2013 and Listing Agreement. The Committee will follow the Company's policy to discharge its duties whenever necessity arises. It will not be out of place to mention that the set policy being followed since inception of the Company to ensure transparency.

**INTERNAL FINANCIAL CONTROLS:**

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation were observed.

**MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT**

There were no material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report.

**DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE**

There were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

**ANNUAL RETURN IN FORM MGT-9 FORMAT:**

In terms of the provisions of Section 92 (3) of the Act read with the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return of your Company for the financial year ended 31st March, 2017 is given in Annexure - IV.

**CAUTIONARY STATEMENT**

Statements in the Directors' Report and the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to your Company's operations include demand supply conditions, finished goods prices, cyclical demand and pricing in your Company's principal markets, changes in Government regulations, tax regimes, economic developments within India within which your Company conducts business and other factors such as litigation and labour negotiations. Your Company is not obliged to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent development, information or events or otherwise.

**ACKNOWLEDGEMENTS:**

Your Directors are happy to acknowledge the financial assistance given to the Company by the Banks and Institutions, Debenture Holders, Stakeholders and business associates. Your Directors also express their thanks to the Central and State Government Departments for their co operation and support and look forward to their continued support in future. We thank our employees for their contribution to your Company's performance. We applaud them for their superior levels of competence, dedication and commitment to your Company

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

**S. SREEDHAR REDDY**  
Managing Director

**V. SURESH KUMAR**  
Director

**Place: Nandyal**  
**Dt:- 26<sup>th</sup> August, 2017**



**ANNEXURE TO DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017:**

**ANNEXURE I**

**A. Conservation of Energy:**

**(a) Energy conservation measures taken:**

High Efficiency fans are being installed, Raw Mills output has increased around 30% which will save atleast 5% of power consumption in this section by installation of secondary crusher.

Installation of VRPM is being taken up to increase the output of cement mills by about 60% so that power consumption can be reduced by 10%.

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

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

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

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

Savings on energy thereby reducing the cost of production.

**(d) Total energy consumption per unit of production:**

Particulars given in Form "A" annexed.

**B) Technology Absorption:**

Particulars given in Form "B" annexed.

**C) Foreign Exchange Earnings and Outgo:**

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

No exports were made during the year under review.

b) Total foreign exchange used: Nil

c) Total Foreign Exchange earned Nil



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

Particulars	Unit	CEMENT DIVISION	
		31-03-2017	31-03-2016
<b>A POWER AND FUEL CONSUMPTION:</b>			
<b>1 ELECTRICITY</b>			
a) Purchased			
Units	000KWH	57322	65148
Total Amount	Rs.Lakhs	3800.73	4056.94
Average Rate	Rs./KWH	6.63	6.22
b) Own Generation			
Units	000 KWH	-	-
Units per Litre of Diesel	KWH	-	-
Cost per unit	Rupees	-	-
<b>2 COST(MINERAL COAL C-E/IMPORTED GRADE)</b>			
Quantity	Tonnes	69831	90007
Total Cost	Rs.lakhs	3800.73	4083.47
Average Rate	Rs.per MT	5206.33	4536.85
<b>3 FURNACE OIL</b>			
Quantity	KILO LTS.	-	-
Total Cost	Rs.lakhs	-	-
Average Rate	Rupees	-	-
<b>B CONSUMPTION PER UNIT OF PRODUCTION</b>			
Electricity	KWH/tones of cement	100	110
Coal	Kgs/tonnes of cement	121	153

**FORM "B"**

- A. RESEARCH AND DEVELOPMENT (R & D)**
3. Future course of action:
1. Specific area in which R & D is carried out by the Company:
- The company is carrying out R & D in fuel consumption. Alternate fuels i.e. waste from the basic drug industries was tested and we have already started using these materials on a trial basis, since last quarter. This will reduce the consumption of regular coal.
2. Benefits derived as a result of the above efforts
- The benefits will be arrived after completion of these development works.
4. Expenditure on R and D:
- No separate amount is incurred in respect of Research and Development.
- B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:**
- Not applicable -



**ANNEXURE - II  
CASH FLOW STATEMENT FOR THE YEAR ENDED - 31.03.2017**

		Amount in Rupees		
		LESS	ADD	NET
<b>A.</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES :</b>			
	<b>NET PROFIT/(LOSS) BEFORE TAX</b>			<b>54903138</b>
	<b>ADJUSTMENT FOR :</b>			
	Depreciation		70151491	
	Dividend Received	200		
	Interest received/paid	124156739	179739415	
	Profit/Loss on sale of Assets/investments			
	<b>TOTAL</b>	<b>124156939</b>	<b>249890906</b>	<b>125733967</b>
	Operating Profit before Working Capital Changes			
	<b>ADJUSTMENT FOR :</b>			
	Trade and other receivables		50121960	180637105
	Inventories	46229100		
	Trade payables and other Liabilities	56960105		
	Working Capital Changes(Use) <b>TOTAL</b>	<b>103189205</b>	<b>50121960</b>	<b>-53067245</b>
	Cash generated from Operations			127569861
	Less: Interest paid/Received	179739415	4156739	
	Direct Taxes paid			
		<b>179739415</b>	<b>4156739</b>	<b>-175582676</b>
	<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>			
	Extra Ordinary / Exceptional Income from Property under development	2328994		-48012815
				-50341809
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
	Purchase/ sale of Fixed Assets	178916311		
	Purchase / sale of property under development		219500	
	Investments in Equity	500000000		
	Dividend received		200	
	<b>NET CASH USED IN INVESTING ACTIVITIES:</b>	<b>678916311</b>	<b>219700</b>	<b>-678696611</b>
<b>C</b>	<b>CASHFLOW FROM FINANCING ACTIVITIES</b>			
	Issue of Share Capital /Warrants		53498481	
	Interest received on Long Term Loans and Advances		120000000	
	Payment to Long Term Loans and Advances	153327796		
	Secured/Unsecured borrowings (Net)		662509900	
	<b>NET CASHFLOW FROM FINANCING ACTIVITIES:</b>	<b>153327796</b>	<b>836008381</b>	<b>682680585</b>
	Net Increase/decrease in cash and cash equivalents			-46357835
	Cash and Cash equivalents as on 01.04.2016			65496883
	Cash and Cash equivalents as on 31.03.2017			19139048

As Per our Report of even date attached  
**For Brahmaya & Co.,**  
Chartered Accountants  
Firm's Regn. No :000514S

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

**CA. B. DAIVADHEENAM REDDY**  
Partner  
M.NO:026450

**V. SURESHKUMAR**  
Director

**S. SREEDHAR REDDY**  
Managing Director

Place: Nandyal  
Date: 30<sup>th</sup> May, 2017

**S. NAGESWARA REDDY**  
Chief Financial Officer



**SECRETARIAL AUDIT REPORT**

**ANNEXURE - III**

To,  
The Members,  
**Panyam Cements and Mineral Industries Limited**  
Nandyal, Kurnool District.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Panyam Cements And Mineral Industries Limited (hereinafter referred as "the company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of Secretarial records. Wherever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the financial year ended on 31.03.2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31.03.2017, according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Byelaws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment only. The Company has not made any Overseas Direct Investment and not availed External Commercial Borrowings.
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015;
  - b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (Not Applicable as the Company has not formulated any such scheme during the Audit Period);
  - f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not Applicable as the Company has not delisted its equity shares from any Stock exchange during the Audit Period); and
  - i) The Securities and Exchange Board of India (Buyback of Securities)

(vi) Other laws applicable to the Company as per the representation made by the Management. (Refer Annexure – 1)

We have also examined compliance with the Secretarial Standards issued by the Company Secretaries of India and the Company has complied with the Secretarial Standards.



We have not examined compliance by the Company with applicable financial laws, like direct and indirect tax laws, since the same have been subject to review by statutory financial audit and other designated professionals.

During the period under review and as per the explanations and clarifications given to us and their presentations made by the Management, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above except the following:

- a) It has been observed that the Company has issued 19,299 Redeemable 'C' Cumulative Preference Shares of Rs.100/- each. The Company may consider the redemption of the same in accordance with the provisions of Sec.55 of the Act.
- b) The company doesn't have a Company Secretary as required under Section.203(1)(ii) of the Companies Act, 2013
- c) The Company and/or Promoters have not complied with the provisions of Regulation 30(1) and 30(2) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
- d) The Company and/or Promoters have not complied with the provisions of Regulation 5 and Regulation 7(2) of SEBI (Prohibition of Insider Trading) Regulations, 2015;
- e) The Company has not complied with the disclosure requirements as mentioned under Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015

We further report that:

- a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- c) As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

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

We further report that during the audit period:

- i. The company had allotted 648 Secured, Rated, Listed, Non Convertible, Redeemable, Debentures of Rs.10,00,000/- each aggregating upto Rs.64.80 crores;
- ii. The company had allotted 8,43,060 equity shares of Rs.10/- each upon conversion of convertible warrants. The application for listing approval for the said shares is pending with BSE Limited;

For GMVDR & Associates  
Company Secretaries

(G.M.V. Dhanunjaya Rao)  
Proprietor  
FCS# 9120; C.P # 5250

Place: Hyderabad  
Date: 26.08.2017

**ANNEXURE-1**

**List of applicable laws:**

- The Factories Act, 1948
- The Payment of Bonus Act, 1965
- The Environment (Protection) Act, 1986
- Industries (Development and Regulation) Act, 1951
- Mines Act, 1952



**FORM No. MGT. 9**

**ANNEXURE - IV**

**EXTRACT OF ANNUAL RETURN**

as on the financial year ended on 31.03.2017

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

**I. REGISTRATION AND OTHER DETAILS:**

CIN	L26940AP1955PLC000546
Registration Date	23.06.1955
Name of the Company	Panyam Cements & Mineral Industries Ltd
Category / Sub-Category of the Company	Public Company / Limited by Shares
Address of the Registered office and contact details	C1, Industrial Estate, Bommalasatram, Nandyal - 518502, (A.P) Tel : 08514-222274 Email: regoffice@panyamcements.com
Whether listed company Yes / No	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s X L Softech Systems Ltd 3, Sagar Society, Road No - 2 Banjara Hills, Hyderabad - 500 034, (TS) Tele: 040-23545913/14/15, Fax: 040-23553214 Email: xlfield@rediffmail.com

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

S.No.	Name and Description of main Products/service	NIC Code of the Product / Service	% to total turnover of the company
1.	Ordinary Portland Cement, Portland Pozzolana Cement and Portland Slag Cement	2394	100

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

S.No.	Name and Address of the Company	CIN / GIN	Holding/Subsidiary/ Associate	% of Shares Held	Applicable Section
1.					
No Subsidiary and Associate Companies					



**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				Changes during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	No. of Shares	% Change during the year
<b>A. Promoters</b>										
(1) Indian										
g) Individual / HUF										
h) Central Govt										
i) State Govt (s)										
j) Bodies Corp.										
k) Banks/FI										
l) Any Other...										
<b>Sub-total (A) (1):-</b>	<b>8408679</b>	<b>500</b>	<b>8409179</b>	<b>52.50</b>	<b>8873229</b>	<b>500</b>	<b>8873729</b>	<b>55.40</b>	<b>464550</b>	<b>2.90</b>
(2) Foreign										
a) NRIs - Individuals										
b) Other - Individuals										
c) Bodies Corp.										
d) Banks / FI										
e) Any Other....										
<b>Sub-total (A) (2):-</b>	<b>8408679</b>	<b>500</b>	<b>8409179</b>	<b>52.50</b>	<b>8873229</b>	<b>500</b>	<b>8873729</b>	<b>55.40</b>	<b>464550</b>	<b>2.90</b>
<b>Total shareholding of Promoter (A)=(A)(1)+(A)(2)</b>										
<b>B. Public Shareholding</b>										
1. Institutions										
a) Mutual Funds	600	450	1050	0.01	600	450	1050	0.01	0	0
b) Banks/FI	0	0	0	0.00	10050	0	10050	0.06	10050	0.06
c) Central Govt										
d) State Govt(s)										
e) Venture Capital Funds										
f) Insurance Companies	57260	850	58110	0.36	57260	850	58110	0.36	0	0
g) FIs	2588484	0	2588484	16.16	0	0	0	0	(2588484)	(16.16)
h) Foreign Venture Capital Funds										
i) Others (specify)										
<b>Sub-total (B)(1):-</b>	<b>2646344</b>	<b>1300</b>	<b>2647644</b>	<b>16.53</b>	<b>67910</b>	<b>1300</b>	<b>69210</b>	<b>0.43</b>	<b>(2578434)</b>	<b>(16.10)</b>
2. Non-Institutions										
i) Others (specify)										
<b>Sub-total (B)(1):-</b>										
2. Non-Institutions										
a) Bodies Corp.										
i) Indian										
ii) Overseas										
b) Individuals										
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	1232090	427130	1659220	10.36	2579818	364680	2944498	18.38	1285278	8.02
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	2775855	199810	2975665	18.58	2488324	0	2488324	15.53	(487341)	(3.05)
c) Others (specify)										
Bodies (Clearingmem)	43501	310	43811	0.27	85617	310	85927	0.54	42116	0.27
<b>Sub-total (B)(2):-</b>	<b>8646</b>	<b>0</b>	<b>8646</b>	<b>0.05</b>	<b>102306</b>	<b>0</b>	<b>102306</b>	<b>0.64</b>	<b>93660</b>	<b>0.58</b>
<b>Sub-total (B)(2):-</b>	<b>4263936</b>	<b>697380</b>	<b>4961316</b>	<b>30.97</b>	<b>6640130</b>	<b>435070</b>	<b>7075200</b>	<b>44.17</b>	<b>2113884</b>	<b>13.19</b>
<b>Total Public Shareholding (B)=(B)(1) + (B)(2)</b>	<b>6910280</b>	<b>698680</b>	<b>7608960</b>	<b>47.50</b>	<b>6708040</b>	<b>436370</b>	<b>7144410</b>	<b>44.60</b>	<b>(464550)</b>	<b>(2.90)</b>
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0	0
<b>GRAND TOTAL (A+B+C)</b>	<b>15318959</b>	<b>699180</b>	<b>16018139</b>	<b>100</b>	<b>15581269</b>	<b>436870</b>	<b>16018139</b>	<b>100</b>	<b>0</b>	<b>0</b>



**ii) Share Holding of Promoters**

Sl. No.	Shareholder's Name	Shareholders' at the Beginning of the year			Shareholders' at the End of the year			
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged Encumbered to total Shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged Encumbered to total Shares	% change in share holding during the year
1	S.P.Y.Reddy	1681404	10.50	100	1731404	10.81	100	0.31
2	S.Sreedhar Reddy	1822307	11.38	98.38	2076007	12.96	99.98	1.58
3	V.Suresh Kumar	1843752	11.51	100	1878102	11.72	100	0.21
4	S.Sujala	1106274	6.91	100	1142774	7.13	100	0.22
5	V.Aravinda Rani	1033081	6.45	100	1073081	6.70	100	0.25
6	S.Parvathi	921861	5.76	100	971861	6.07	100	0.31
7	Francis Reddy	500	0.00	0	500	0.00	0	0
	<b>Total</b>	<b>8409179</b>	<b>52.50</b>	<b>99.50</b>	<b>8873729</b>	<b>55.40</b>	<b>99.99</b>	<b>2.88</b>

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

Sl. No.	Shareholder's at the Beginning of the year	Cummulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company
1	S.P.Y.Reddy Beginning of the Year	1681404	10.50
	Purchased - 21/04/2016	40000	0.06
	Purchased - 27/04/2016	10000	0.06
	End of the Year	1731404	10.81
2	S.Sreedhar Reddy Beginning of the Year	1822307	11.38
	Purchased - 11/04/2016	150000	0.93
	Purchased - 20/04/2016	16000	0.10
	Purchased - 22/04/2016	19631	0.12
	Purchased - 25/04/2016	1500	0.01
	Purchased - 26/04/2016	7340	0.05
	Purchased - 27/04/2016	10000	0.06
	Purchased - 28/04/2016	41000	0.26
	Purchased - 29/04/2016	20000	0.12
	Purchased - 05/08/2016	1700	0.01
	Sold - 17/03/2017	(13471)	(0.08)
	End of the Year	2076007	12.96
3	V.Suresh Kumar Beginning of the Year	1843752	11.51
	Purchased on 21/04/2016	24350	0.15
	Purchased on 27/04/2016	10000	0.06
	End of the Year	1878102	11.72



Sl. No.	Shareholder's at the Beginning of the year	Cummulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company
4	S.Sujala Beginning of the Year	1106274	6.91
	Purchased on 21/04/2016	26500	0.16
	Purchased on 27/04/2016	10000	0.06
	End of the Year	1142774	7.13
5	V.Aravinda Rani Beginning of the Year	1033081	6.45
	Purchased on 21/04/2016	30000	0.19
	Purchased on 27/04/2016	10000	0.06
	End of the Year	1073081	6.70
6	S.Parvathi Beginning of the Year	921861	5.76
	Purchased on 21/04/2016	40000	0.25
	Purchased on 27/04/2016	10000	0.06
	End of the Year	971861	6.07

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

Sl. No.	Shareholder's Name	Shareholder's at the Beginning of the year		Cummulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1	Rajasthan Global Securities Pvt Ltd	0	0.00	595213	3.72
2	Kali Prasad Sunkara	437400	2.73	437400	2.73
3	Nikita Siddartha Mehta	0	0.00	180000	1.12
4	Dheeraj Kumar Lohia	0	0.00	105337	0.66
5	Porinju V Veliyath	0	0.00	100000	0.62
6.	Jaideep Sampat	0	0.00	100000	0.62
7	Edelweiss Broking Ltd	2510	0.02	85283	0.53
8	Rajesh Choudhary	38280	0.24	80843	0.50
9	L Rama Devi	73300	0.46	73300	0.46
10	SSJ Finance & Securities Pvt Ltd	44398	0.28	68597	0.43



**(v). SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Date wise Increase / Decrease in Shareholding during the year	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company				
1	S.Sreedhar Reddy Beginning of the Year	1822307	11.38	253700			
	Purchase on 11/04/2016	150000	0.93	1972307	Purchase	1972307	12.31
	Purchase on 20/04/2016	16000	0.10	1988307	Purchase	1988307	12.41
	Purchase on 22/04/2016	19631	0.12	2007938	Purchase	2007938	12.53
	Purchase on 25/04/2016	1500	0.01	2009438	Purchase	2009438	12.54
	Purchase on 26/04/2016	7340	0.05	2016778	Purchase	2016778	12.59
	Purchase on 27/04/2016	10000	0.06	2026778	Purchase	2026778	12.65
	Purchase on 28/04/2016	41000	0.26	2067778	Purchase	2067778	12.91
	Purchase on 29/04/2016	20000	0.12	2087778	Purchase	2087778	13.03
	Purchase on 05/08/2016	1700	0.01	2089478	Purchase	2089478	13.04
	Sold on 17/03/2017	(13471)	(0.08)	2076007	Sold	2076007	12.96
	End of the Year 31.03.2017					2076007	12.96
2	V. Suresh Kumar Beginning of the Year	1843752	11.51				
	Purchase on 21/04/2016	24350	0.15	1868102	Purchase	1868102	11.66
	Purchase on 27/04/2016	10000	0.06	1878102	Purchase	1878102	11.72
	End of the Year					1878102	11.72
3	V. Aravinda Rani Beginning of the Year	1033081	6.45		Purchase		
	Purchase on 21/04/2016	30000	0.19	1063081	Purchase	1063081	6.64
	Purchase on 27/04/2016	10000	0.06	1073081	Purchase	1073081	6.70
	End of the Year					1073081	6.70
4	V. Ramnath Beginning of the Year	568550	3.55				
	Sold 21/04/2016	66500	0.41	(66500)	Sale	(502050)	3.14
	Sold 22/12/2016	502050	3.14	(502050)	Sale	0	0
	End of the Year					135	0
5	Dr. R.K Prasad Sunkara	156135	0.97				
	Sold on 11/04/2016	150000	0.94	(150000)	Sale	6135	0.04
	Sold on 24/02/2017	5000	0.03	(155000)	Sale	1135	0.01
	Sold on 28/03/2017	1000	0.01	(156000)	Sale	135	0
	End of the Year					135	0



**V. INDEBTEDNESS**

Indebtedness of the Company Including interest outstanding/accrued but not due for payment:  
(In Rs. Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	6793.73	0	0	6793.73
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	1.27	0	0	1.27
<b>Total (i+ii+iii)</b>	<b>6795.00</b>	<b>0</b>	<b>0</b>	<b>6795.00</b>
Change in Indebtedness during the financial year				
• Addition	6856.03	0	0	6856.03
• Reduction	0	0	0	0
<b>Net Change</b>	<b>6856.03</b>	<b>0</b>	<b>0</b>	<b>6856.03</b>
Indebtedness at the end of the financial year				
i) Principal Amount	12656.15	0	0	12656.15
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	994.88	0	0	994.88
<b>Total (i+ii+iii)</b>	<b>13651.03</b>	<b>0</b>	<b>0</b>	<b>13651.03</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: (in Rs)

Sl. No.	Particulars of Remuneration	Name of MD	Total Amount
		S.Sreedhar Reddy	-
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) (Income- tax Act, 1961	Rs. 18,00,000	Rs. 18,00,000
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission : - as % of profit - others, specify...	-	-
5.	Others, please specify	-	-
	<b>Total (A)</b>	<b>Rs. 18,00,000</b>	<b>Rs. 18,00,000</b>
	Ceiling as per the Act	-	-



**B. Remuneration to other directors:**

Sl. No.	Particulars of Remuneration	Name of Director	Total Amount
	3. Independent Directors	P. Jaya Rama Reddy S. Pandu Ranga Rao	
	• Fee for attending board committee meetings • Commission • Others, please specify		
	Total (1)	Nil	
	4. Other Non-Executive Directors	V. Ramnath S. Rama Krishna Prasad V. Suresh Kumar V. Aravinda Rani	
	• Fee for attending board committee meetings • Commission • Others, please specify	-	
	Total (2)		
	Total (B) = (1 + 2)		
	Total Managerial Remuneration		
	Overall Ceiling as per the Act		

**C. Remuneration to Key Managerial Personnel Other than MD / Manager / WTD**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	
		S. Nageswara Reddy, CFO	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	<b>Rs. 10,80,000</b>	<b>Rs. 10,80,000</b>
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission - as % of profit - others, specify...	-	-
5.	Others, please specify	-	-
	<b>Total</b>	<b>Rs. 10,80,000</b>	<b>Rs. 10,80,000</b>

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

**FORM No. AOC-2**

**ANNEXURE - V**

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

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

**1. Details of contracts or arrangements or transactions not at arm's length basis: NIL**

**2. Details of contracts or arrangements or transactions at arm's length basis:**

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board	Amount paid as advances, if any
Sujala Pipes Private Limited	Purchase/sale of material	12 months	Purchase Rs.44036066		
SPY Reddy Education Society	Purchase/sale of material	12 months	Sale Rs.26000		
Sujala Infrastructure Pvt.Ltd.	Purchase/sale of material	12 months	Sale Rs.911190		
S.P.Y.Agro Industries Limited	Purchase/sale of material	12 months	Sale Rs.2892517		
Integrated Thermo Plastics Ltd	Purchase/sale of material	12 months	Sale Rs.44000		
Sujala Infrastructure Pvt. Ltd.	Purchase/sale of material	12 months	Capital Purchase Rs.53778018		



**CORPORATE GOVERNANCE REPORT:**

**1. Company's Philosophy on Code of Governance:**

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

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

**2. Board of Directors:**

The Companies Act, 2013, to the extent applicable, and the Listing Agreement with Stock Exchange govern the composition of the Board of Directors of the Company.

The Board comprises of Managing Director and six other Directors. Amongst them, Managing Director is only the Executive Director and all others are Non-Executive/Independent Directors.

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

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

During the year 2016-17, 10 (Ten only) Board Meetings were convened on 2nd May, 2016; 27th May, 2016; 14th July, 2016; 10th August, 2016; 10th September, 2016; 23rd September, 2016; 31st October, 2016; 10th November, 2016; 4th February, 2017 and 1st March, 2017:

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

Sl. No.	Name of the Director	Catagory of Directorship	No. of Board Meetings Attended	Attendance at last AGM held on 28th Sept.2016	No.of other Directorships	No. of Membership Chairmanship in Board / Commitmess (Including our Company)
1.	Sri S.Sreedhar Reddy	Promoter - Managing Director	10	Yes	14	1
2.	Sri V. Suresh Kumar	Promoter-Director	09	Yes	6	-
3.	Sri V. Ramnath	Independent Non-Executive Director	02	No	5	-
4.	Dr.R.K. Prasad Sunkara	NRI-Non-Executive Director	01	No	-	-
5.	Smt. V. Aravinda Rani	Director	08	Yes	15	-
6.	Sri P.J. Reddy	Independent Director	10	Yes	-	-
7.	Sri S. Panduranga Rao	Independent Director	07	No	-	-



**3) Audit Committee:**

The Committee's composition and terms of reference are in compliance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations. Members of the Audit Committee possess requisite qualifications.

The company continued to derive immense benefit from the deliberations of the Audit Committee comprising of Sri P.J.Reddy; Sri V.Ramnath and Sri S.P.Rao who are independent and Non-Executive Directors. The minutes of each Audit Committee are placed before and discussed by the Board of Directors of the Company.

The Audit Committee met four times during the year i.e.27th May, 2016; 10th August, 2016; 10th November, 2016 and 4th August, 2017.

The attendance at the Audit Committee Meetings is given below:

Sl. No.	Name of the Member	No. of Meetings Held	No. of Meetings Attended
1.	Sri P.J. Reddy	4	4
2.	Sri V. Ramnath	4	2
3.	Sri S.P. Rao	4	4

**4) Remuneration Committee and Policy:**

As there was no change in the remuneration payable to the Managing Director, the committee could not meet during the financial year under review.

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

**Details of remuneration to Directors for the year ended 31st March, 2017:**

**i) Executive Directors:**

The Managing Director has drawn an amount of Rs.18.00 lakhs towards salary for the year ended 31st March, 2017.

The tenure of office of the Managing Director is for five years from the date of appointment, and can be terminated by either party by giving three months' notice in writing. There is no separate provision for payment of severance fees.

**ii) Non-Executive Directors:**

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

**5 a) Share Transfer Committee:**

During the year 2016-17, the Committee met 16 times. All shares received for transfer were registered in favour of the transferees and dispatched within a month's time, if the documents received were in order.

During the year 2016-2017, there were no requests pending for transfer.

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

Sl. No.	Name of the Member	No. of Meetings Held	No. of Meetings Attended
1	Sri S. Sreedhar Reddy	16	07
2.	Smt. V. Aravinda Rani	16	06
3.	Sri P.J. Reddy	16	13
4.	Sri S.P. Rao	18	07



**b). Shareholders/Investors' Grievance Committee:**

The Shareholders/Investors' Grievance Committee consists of Sri V Suresh Kumar, Smt.V. Aravinda Rani and Sri V.Ramnath

The Committee could not meet during the financial year 2016-17, since there were no complaints grievances from the shareholders.

**6) Annual General Meetings:**

The last three Annual General Meetings were held as under:

Year	Location	Date	Time
2014	Registered Office C-1, Industrial Estate, Nandyal, Kurnool Dist., A.P.	27.09.2014	11.45 A.M.
2015	Registered Office C-1, Industrial Estate, Nandyal, Kurnool Dist., A.P.	26.09.2015	11.45 A.M.
2016	Registered Office C-1, Industrial Estate, Nandyal, Kurnool Dist., A.P.	28.09.2016	11.45 A.M.

**Special Resolutions:**

In respect of the resolutions passed in the above three respective Annual General Meetings wherever applicable, the necessary Form No.MGT 14 were filed with the Registrar of Companies.

**Disclosures:**

The Company has complied with all the mandatory requirements of Corporate Governance norms as enumerated in Listing Regulations.

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

**7) Whistle Blower Policy**

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism for reporting illegal or unethical behaviour. The Company has a Vigil Mechanism and Whistle blower policy under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct. The reportable matters may be disclosed to the Ethics and Compliance Task Force which operates under the supervision of the Audit Committee. Employees may also report to the Chairman of the Audit Committee. During the year under review, no employee was denied access to the Audit Committee.

**8) Means of Communication:**

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

Website: The Company's website (www.panyamcements.com) contains a separate dedicated section 'Investors' where shareholders' information is available. The Company's Annual Report is also available in downloadable form.

Annual Report: The Annual Report containing, inter alia, Audited Financial Statements, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto.

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



**9) General Information for Shareholders :**

- i) Company registration details : The Company is registered in the State of Andhra Pradesh, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L26940AP1955PLC000546.
- ii) Date, Time and Venue of the : 26th September, 2017 at 11.45 A.M. Annual General Meeting Registered Office of the Company situated at Nandyal, Kurnool District, A.P
- iii) Financial Year : April 1 to March 31
- iv) Financial calendar -1st April 2016 to 31st March 2017  
Financial Reporting Un-audited  
For the quarter ending June 30, 2017 : Second week of September, 2017  
For the quarter ending Sept.30, 2017 : Second week of November, 2017  
For the quarter ending December 31, 2017 : Second week of February, 2018  
For the quarter ending March 31, 2018 (audited) : Last week of May, 2018  
Annual General Meeting for the year ending 31st March, 2017. : 26th September, 2017 at 11.45 A.M.
- v) Date of Book Closure : From 25.09.2017 to 26.09.2017 (both days inclusive)
- vi) Dividend payment date : N.A.
- vii) Listing on Stock Exchanges : The Company's shares are listed on: BSE Limited  
Floor 25, Phiroze Jeejeebhoy Towers  
Dalal Street, Mumbai - 400 001.  
Listing fee was paid to the said Stock Exchange.

The Company's Non-Convertible Debentures are listed on Stock Exchange Mumbai

viii) Market Price Data :

Month		Stock Exchange Mumbai (BSE) Rs.	
		High (Rs.)	Low (Rs.)
April	2016	79.80	64.65
May	2016	73.00	55.00
June	2016	75.95	52.00
July	2016	72.55	58.20
August	2016	67.80	50.40
September	2016	66.70	55.00
October	2016	69.90	58.00
November	2016	68.10	44.80
December	2016	57.00	47.50
January	2017	61.00	51.00
February	2017	88.95	53.50
March	2017	82.50	72.00



- ix) Registrar and Share Transfer Agents  
M/s. XL Softech Systems Limited  
3, Sagar Society, Road No. 2,  
Banjara Hills, Hyderabad - 500 034.  
Tel : 040-23545913; 914 & 915  
Fax : 040-23553214  
Email : xlfield@rediffmail.com  
Website : www.xlsoftech.com
- x) Debenture Trustee for Non-Convertible:  
M/s. IDBI Trusteeship Services Limited  
Debentures Asian Building,  
Ground Floor 17, R. Kamani Marg,  
Ballard Estate, Mumbai - 400 001.  
Tel : 022-4080 7000  
Fax : 022-6631 1776  
Email : itsl@idbitrustee.com  
Website : www.idbitrustee.com

10) a) Distribution of shareholding as on 31st March 2017 :

Nominal Value of Shares	No. of Shares Holders	Percentage of Share Holders	Shares Amount in Rs.	Percentage of Share Holders %
UPTO - 5000	7215	84.40	9735950	6.08
5001 - 10000	606	7.09	5139350	3.21
10001 - 20000	328	3.84	5068690	3.16
20001 - 30000	112	1.31	2904880	1.81
30001 - 40000	49	0.57	1804780	1.13
40001 - 50000	62	0.73	2952560	1.84
50001 - 100000	79	0.92	5842810	3.65
100001 & ABOVE	98	1.15	126732370	79.12
<b>TOTAL</b>	<b>6365</b>	<b>100.00</b>	<b>160181390</b>	<b>100.00</b>



b) Pattern of shareholding as on 31<sup>st</sup> March 2017

Category	No. of Shares	% of shareholding
<b>A Promoter's holding:</b>		
1 Promoters: Indian Promoters	6797722	42.44
Foreign Promoters	-	-
2 Persons acting in concert	2076007	12.96
Sub Total	<b>8873729</b>	<b>55.40</b>
<b>B Non-Promoters holding</b>		
3 Institutional Investors:		
A Mutual Funds and UTI	1050	0.01
B Banks, Financial Institutions, Insurance companies(Central/ State Government Institutions/ Non-Govt.Institutions)	58110	0.36
<b>C FIIs</b>	10050	0.06
<b>Sub-Total</b>	<b>69210</b>	<b>0.43</b>
4 Others		
A Private Corporate Bodies	1454145	9.08
B Indian Public	5432822	33.92
C NRIs/OCBs	85927	0.54
D Any other (Please specify)	102306	0.63
<b>Sub Total</b>	<b>7075200</b>	<b>44.17</b>
<b>Grand Total</b>	<b>16018139</b>	<b>100.00</b>
<b>Note: Total foreign shareholdings:</b>	<b>85927</b>	<b>0.54</b>

**11 Dematerialization of Shares and Liquidity:**

As on 31st March, 2017, 97.27% Equity Shares have been dematerialized.

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

During the year 2016-17, the company had received requests for de-materialization 262310 shares. The Company has acted upon all valid requests received for dematerialization during 2016-17.

As on 31st March, 2017, no requests were pending for demat confirmation.



**12) Plant Locations:**

**Registered Office** : C-1 Industrial Estate, Bommalasatram Nandyal  
Kurnool District, Andhra Pradesh - 518 502  
Tel : 08514-222274  
Website : panyamcements.com  
Email : regoffice@panyamcements.com

**Cement Works** : Cement Nagar 518 206,  
Kurnool District, Andhra Pradesh  
Tel : 08516-274638  
Fax : 08516-274644

**Central Administrative Office** : Plot No.188, Phase-II, Kamalapuri Colony,  
Hyderabad - 500 073, Telangana  
Tel : 040-23555317  
Fax : 040-23555316  
Email : caohyd@panyamcements.com

**MANAGEMENT DISCUSSION AND ANALYSIS:**

**1. Industry structure and development:**

India's cement demand remained passive for most of FY 2017, particularly on account of low demand from the housing segment. However, there were signs of demand recovery in the last quarter, reflected in double-digit growth riding on higher infrastructure spending and development in Andhra Pradesh and Telangana. As the economy revives, the country's cement industry is expected to perform better.

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

**2. Opportunity and threats:**

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

**3. Outlook:**

The initiatives by the new Government such as housing for all, smart cities, Swachh Bharat campaign, infrastructure spending, concrete road initiatives and an increase in allocation of funds to States are likely to see a positive impact on the Cement Industry.

Infrastructure development is the need of the nation; this along with rising housing provision will accelerate construction activity. Recovery of the global scenario could also provide impetus to economic growth and cement. The State has seen new players and also the existing players expanding capacities due to huge availability of limestone, which is the primary material for cement. The company is now able to move its finished products through railway wagons due to completion of its railway siding inside the factory.

**4. Risks and concerns**

The drying up of Government contracts through irrigation, infrastructure and housing programmes was major reason for hitting the Industry. However, post the bifurcation of erstwhile Andhra Pradesh and formation of 2 new states will impetus the growth of cement consumption during the year.

Concerns of the Indian Cement Industry are high cost of power and coal, high freight costs, inadequate infrastructure, non availability of wagons and poor quality of coal and heavy taxes/royalty levies.



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

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

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

The Company is following a proper and adequate system of internal controls in respect of all its activities including safeguarding and protecting its assets against loss from unauthorised use of disposition.

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

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

**HUMAN RESOURCES AND INDUSTRIAL RELATIONS:**

The industrial relations at all the plant and offices continue to be cordial during the year under review. The total number of employees at the end of the financial year 2016-17 on the rolls of the Company is 560 at Cement Division and Central Administrative Office.

**CAUTIONARY STATEMENT:**

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

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

We, S. Sreedhar Reddy, Managing Director and S.Nageswara Reddy, Chief Financial Officer of M/s.Panyam Cements & Mineral Industries Limited do hereby certify that:-

- a) We have reviewed the financial statements and the Cash Flow Statement for the financial year ended March 31, 2017 and that to the best of our knowledge and belief:
  - i) These statements do not contain any material untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the period, which are fraudulent, illegal and violative of the Company's code of conduct.
- c) We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design and operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and Audit Committee that:
  - a) There have been no significant changes in internal control over financial reporting during the year;
  - b) There have been no significant changes in accounting policies during the year; and
  - c) There have been no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

**S. SREEDHAR REDDY**  
Managing Director

**S. NAGESWARA REDDY**  
Chief Financial Officer

Place: Nandyal  
Dt. 26<sup>th</sup> August, 2017



**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE :**

To  
The Members of

**M/s. Panyam Cements & Mineral Industries Limited**

We have examined the compliance of conditions of Corporate Governance by M/s.Panyam Cements & Mineral Industries Limited for the year ended 31st March, 2017, as stipulated under regulations 17to 27, clause(b) (i) of Sub regulations(2) of regulation 46 and para C,D,E of Schedule V of SEBI (LODR) Regulations 2015.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated under regulations 17to 27, clause(b) (i) of Sub regulations(2) of regulation 46 and para C,D,E of Schedule V of SEBI (LODR) Regulations 2015.

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

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

Place: Nandyal (Camp)  
Date 26<sup>th</sup> August, 2017

**For Brahmaya & Co.,**  
Chartered Accountants  
Firm's Registration No.000514S

**CA. B. DAIVADHEENAM REDDY**  
Partner  
M.No.026450



**INDEPENDENT AUDITORS' REPORT :**

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

**(1) Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of M/s. Panyam Cements & Mineral Industries Limited, Nandyal ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**(2) Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**(3) Auditors' Responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

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

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

**(4) Basis for Qualified Opinion**

Based on the information and explanations given to us, the company has not provided for accrued gratuity liability on actuarial valuation as required under the Accounting Standard 15 – Retirement Benefits to Employees and the amount of gratuity liability is not ascertained by the company and it is provided on retirement of employees as per the accounting policy followed by the company.

**(5) Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effect of the matter under paragraph (4) the Basis for Qualified Opinion, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity

with the accounting principles generally accepted in India;

- In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2017;
- In the case of the Statement of Profit and Loss, of the Profit of the Company for the year ended on that date; and
- In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**(6) Report on Other Legal and Regulatory Requirements**

As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub section (11) of Section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order. As required by Section 143(3) of the Act, we report that:

- we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- in our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books;
- the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, and Companies (Accounting Standards) Amendment Rules, 2016, except the Accounting Standard 15-Retirement Benefits to Employees;
- on the basis of written representations received from the Directors as on 31st March, 2017 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2017, from being appointed as a director in terms of Section 164 (2) of the Act;
- with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and,
- in our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014;
  - the company has disclosed the pending litigations which would impact its financial position. Refer Note No.25.2 attached to the standalone financial statements;
  - the company did not have any long term contracts including derivative contracts; as such there were no material foreseeable losses thereon;
  - there were no amounts which required to transfer during the year by the company to the Investor Education and Protection Fund;
  - the Company has provided requisite disclosures in its standalone financial statements as to holdings as well as dealings in Specified Bank Notes (SBN) during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintain by the company. Refer Note No.25.19 attached to the standalone financial statements.

**For Brahmaya & Co.,**  
Chartered Accountants  
Firm's Registration No.000514S

**CA. B. DAIVADHEENAM REDDY**  
Partner  
M.No.026450

Place: Nandyal (Camp)  
Dt. 30<sup>th</sup> May, 2017



**ANNEXURE - 'A' TO THE AUDITOR'S REPORT**

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

Referred to in paragraph (6) of our report of even date;

- (i) In respect of fixed assets;
- The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - As explained to us, the Company has a programme of physical verification of its fixed assets and have been physically verified by the management in a phased manner at reasonable intervals and no material discrepancies were noticed on such physical verification.
  - According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) In respect of inventory;
- The physical verification of inventory has been conducted at reasonable intervals by the management during the year and no material discrepancies were noticed on physical verification and the small discrepancies, if any, have been properly dealt with in the books of account.
- (iii) The Company has granted loans to Companies covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act').
- In our opinion and according to the information and explanations given to us and as represented by the Company, in respect of loans granted by the Company, there are no such agreements /arrangements having the terms and conditions for grant of such loans and therefore, we are unable to report, in our opinion, the terms and conditions of loans given are prejudicial to the interest of the company;
  - In our opinion and according to the information and explanations given to us and as represented by the Company, there are no such agreements / arrangements stipulating the schedule of repayment of principal and interest payment and therefore, we are unable to report on the regularity of repayment of principal and payment of interest;
  - In our opinion and according to the information and explanations given to us and as represented by the Company, there are no such agreements / arrangements stipulating the due dates for re-payment of principal and interest payment and therefore, we are unable to report the total amount of overdue for more than ninety days and no steps have been taken for recovery of the principal or interest.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees and security.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public specified under the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vi) In our opinion and according to the information and explanations given to us, the Central Government has prescribed for the maintenance of Cost records under sub section (1) of Section 148 of the Companies Act, 2013 in respect of the products manufactured by the Company and such accounts and records have been made and maintained by the Company.
- (vii) In respect of statutory dues;
- According to the information and explanations given to us and on the basis of records of the Company examined by us, the Company is not regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Sales Tax, Value Added Tax, Duty of Customs, Duty of Excise, Cess and other statutory dues as applicable to the company. As explained to us, the Employees State Insurance provisions are not applicable to the company.
- According to the information and explanations given to us, the following arrears of undisputed statutory dues are outstanding as at 31st March, 2017 for a period of more than six months from the date they became payable and the due dates for payment of sales tax dues for July and August, 2012 considered as per the installments granted by the Department.



**Statement of arrears of statutory dues outstanding as at 31.03.2017 for more than six months:**

Sl. No.	Name of the Statute	Nature of the Dues	Amount Rs. Lakhs	Period to which the amount relates
1	CST Act, 1956	Central Sales Tax	7.22 24.93	2009-10 2010-11
2	A.P.VAT Act, 2005	Value Added Tax and Interest	586.12 31.21	July 2012 to August 2013 2011-12 and 2012-13
3	T.N.G.S.T Act	Tamilnadu Sales Tax	51.88	March 1999 to Feb 2000
4	Goa G.S.T Act, 1956	Goa Sales Tax	13.87	Feb.1999 to Feb 2000
5	A.P.G.S.T.Act, 1956 (Consignment Agents in Different States)	Consignment Sales Tax	16.82	1998-99 to 2003-04
6	CST Act, 1956	Central Sales Tax	11.51 4.15	2008-09 2011-12
7	Profession Tax Act	Profession Tax Collections	1.04	October 2000 to August 2005
8	Income Tax Act, 1961	I.T.D.S from Interest	16.50	2004-05 to, 2005-06, 2013-14, Apr'15 to Aug'16
9	Income Tax Act, 1961	I.T.D.S from Professional	16.93	2004-05, 2013-2014, Apr' 2015 to Aug' 2016
10	Income Tax Act, 1961	I.T.D.S from Contractors	2.13	2000-01 & 2001-02 and April 2016 to August 2016.
11	Income Tax Act, 1961	I.T.D.S from Contractors	3.78	2004-05 & Apr 2013 to August 2013
			14.98	Apr'16 to Aug'16
12	Income Tax Act, 1961	I.T.D.S from Employees	0.14	April 2016 to August 2016
13	Income Tax Act, 1961	T.C.S. on Royalty	38.08	July 2010 to August 2016
14	Income Tax Act, 1961	Income Tax	11.22 0.83 227.18	2008-09 2010-11 2012-13
15	E.P.F Act, 1952	P.F. Recoveries and contributions P.F.Penal damages	201.72 78.70	April 2005 to August 2016 Upto 2005
16	The Central Excise Act 1944	Excise Duty & Cess	1834.15	August 2015 to May 2016
17	The Finance Act-1994	Service Tax & Cess	194.07	upto August 2016
18	Panchayat Tax Act	Property Tax	4.62	2004-2005.
19	Mines and Minerals Act	Royalty on Limestone	760.47	Upto August 2016.
20	Mines and Minerals Act	Cess on Royalty	59.85	Upto August 2016.
21	Mines and Minerals Act	Welfare Cess on Limestone	7.84	Upto March 2016.
22	Revenue Act	Non Agriculture Land Tax	0.59	1999-2000



(b) According to the information and explanations given to us, **the following are the statutory dues which have not been deposited on account of dispute:**

Sl. No.	Name of the Statute	Nature of the Dues	Amount Rs. Lakhs (Net of Payments)	Period to Which the amount relates	Forum where dispute is pending
1	TNGST Act, 1956	Tamilnadu Sales Tax	5.56	1994-95	Remanded to Assessing Officer by the Appellate Tribunal Commissioner (Appeals) Tirupathi
2	The Central Excise Act, 1944	CENVAT credits availed on D.G.Sets disallowed by the Dept.	232.35	Feb.97 to June 1999	Tirupathi
3	.do.	CENVAT credit availed on refractory bricks	4.37	1994-95	A.P. High Court
4	.do.	CENVAT credit availed on HR Coils Plates disallowed by the Dept.	56.80	2011-12	Appeal in CESTAT, Hyderabad
5	.do.	CENVAT credit availed on service tax paid on outward freight	24.52	Dec. 06 to Aug. 07	Commissioner, Tirupati
6	.do.	CENVAT credit availed on service tax paid on outward freight	28.54	Sep. 2007 to Feb. 2008	Commissioner, Tirupati.
7	.do.	CENVAT credit availed on service tax paid on outward freight	12.88	Apr. 2009 to Oct. 2009	Commissioner, Tirupati.
8	.do.	<b>Differential Duty</b> for Supplies made to Direct parties	40.63	Mar. 2007 to Feb. 2008	Appeal in CESTAT, Hyderabad
9	The Central Excise Act, 1944	Duty on captive consumption	1.46	2007-08	Appeal in CESTAT, Hyderabad
10	.do.	Duty on captive Consumption	0.87	2008-09	Appeal in CESTAT, Hyderabad
11	.do.	Differential Duty on D.G.Set	42.37	2007-08	Appeal in CESTAT, Hyderabad
12	.do.	Differential Duty on D.G.Set	10.24	2004-05	A.P.High Court
13	.do.	<b>Differential Duty</b> on Supplies made to Direct Parties	129.14	Apr. 2015 to Sept 2015	Commissioner, Tirupati.
14	.do.	<b>Differential Duty</b> on Supplies made to Direct Parties	205.08	Oct 2015 to Mar 2016	Commissioner, Tirupati.
15	do.	<b>Differential Duty</b> on high Seas imported coal	34.32	August 2012	Addl. Commissioner, Guntur
16	do.	CENVAT on Service Tax on outward GTA	35.18	Nov 2009 to Dec. 2010	Addl. Commissioner, Tirupathi
17	do.	Duties levied based on documents of transporters(Paid under protest Rs.150.23 lakhs)	150.23	2014-15	Settlement Commission, Chennai
18	do.	Differential Duty on Supplies made to Direct parties	246.81	Nov 2011 to Dec 2013	Commissioner, Tirupati
19	do.	Differential Duty on Supplies made to Direct parties	46.85	Aug 2014 to Mar 2015	Commissioner, Tirupati
20	do.	Default in payment of Central Excise Duty	413.38	2006-07	Appeal in CESTAT, Hyderabad
21	Income Tax Act, 1961	Capital Gains Tax on Land Development Agreements	3150.40	2005-06	CIT Appeals , Hyderabad
22	Income Tax Act, 1961	MAT on Book Profit of Sick company	979.77	2007-08	CIT Appeals, Kurnool
23	Income Tax Act, 1961	Capital Gain Tax on Land Development Agreements	1541.50	2012-13	CIT Appeals , Kurnool
24	AP VAT Act, 2005	Penalty for delay in Payment of Tax before Due dates	198.25	2011-12 to 2015-16	Request for waiver before the Govt. of A.P.
25	Mines & Minerals Act	Penal Interest on Royalty dues	1783.27	May 2006 to March 2017	Revision application for waiver before the Dept Ministry of Mines
26	The Electricity Act, 2003	Fuel Surcharge Adjustment (FSA) Charges	30.08	2008-09	Supreme Court of India
		Voltage Surcharge	23.48	Apr 2009 to June 2009	High Court of A.P. Hyderabad
			30.64	Sept.1983 to Nov.1984	High Court of A.P., Hyderabad



- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to Financial Institutions, Banks, Government or dues to debenture holders as at 31st March, 2017.
- (ix) In our opinion and according to the information and explanations given to us, the term loans received during the year were applied for the purposes for which the loans were raised and the company has not raised money by way of initial public offer or further public offer (including debt instruments) during the year.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3 (xii) of the CARO, 2016 is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements, as required by the applicable Accounting Standards.
- (xiv) In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. However, the company has made preferential issue/ allotment of share warrants and issue/ allotment of Secured, Rated, Listed, Non-Convertible, Redeemable Debentures during the year under review. The requirements of Section 42 of the Companies Act, 2013 have been complied with and the amounts raised have been used for the purposes for which the funds were raised.
- (xv) In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the CARO, 2016 is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For Brahmayya & Co.,**  
Chartered Accountants  
Firm's Registration No.000514S

**B. DAIVADHEENAM REDDY**  
Partner  
M.No.026450

Place: Nandyal (Camp)  
Date 30<sup>th</sup> May, 2017



**ANNEXURE - B TO THE AUDITORS' REPORT**

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

We have audited the internal financial controls over financial reporting of M/s. M/s. Panyam Cements & Mineral Industries Limited, Nandyal ("the Company") as of 31 March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

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

**Auditors' Responsibility**

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

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

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

**Meaning of Internal Financial Controls over Financial Reporting**

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

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

**Opinion**

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

**For Brahmayya & Co.,**  
Chartered Accountants  
Firm's Registration No.000514S

Place: Nandyal  
Date 30<sup>th</sup> May, 2017

**B. DAIVADHEENAM REDDY**  
Partner  
M.No.026450



<b>BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2017</b>						
Amount in Rupees						
Sl. No.	Particulars	Note No.	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016	As at 31.03.2016
<b>I</b>	<b>EQUITY AND LIABILITIES</b>					
	<b>(1) Shareholders' funds</b>					
	(a) Share Capital	1	162141085		162141085	
	(b) Reserves and Surplus	2	131678210		89275072	
	(c) Money received against share warrants		71331308		17832827	
				365150603		269248984
	<b>(2) Share application money pending allotment</b>					
	<b>(3) Non-current liabilities</b>					
	(a) Long-term borrowings	3	989302242		330126575	
	(b) Deferred tax liabilities (Net)	4	41393576		41393576	
	(c) Other Long term liabilities	5	75914401		75080168	
	(d) Long-term provisions		-		-	
				1106610219		446600319
	<b>(4) Current liabilities</b>					
	(a) Short-term borrowings	6	242105617		299507711	
	(b) Trade payables	7	252703408		258220784	
	(c) Other current liabilities	8	1190750010		1184790645	
	(d) Short-term provisions	9	24700000		12200000	
				1710259034		1754719139
	<b>TOTAL</b>			<b>3182019856</b>		<b>2470568441</b>
<b>II</b>	<b>ASSETS</b>					
	<b>(1) Non-current Assets:</b>					
	(a) Fixed Assets	10				
	(i) Tangible Assets		863270213		683399249	
	(ii) Intangible Assets		0.00		0.00	
	(iii) Capital work-in-progress		171258834	1034529047	242364978	925764227
	(iv) Intangible assets under development		-		-	
	(b) Non-current investments	11		3816200		3816200
	(c) Deferred tax assets(net)			-		-
	(d) Long-term loans and advances	12		760181081		606853285
	(e) Other non-current assets			-		-
	<b>(2) Current Assets:</b>					
	(a) Current investments	12A	508104859		8495365	
	(b) Inventories	13	247609724		201380625	
	(c) Trade receivables	14	255496320		196573145	
	(d) Cash and Cash equivalents	15	19139048		65496883	
	(e) Short term loans and advances	16	350404020		461841484	
	(f) Other current assets	17	2739557	1383493528	347228	934134730
	<b>TOTAL</b>			<b>3182019856</b>		<b>2470568441</b>
	Significant Accounting policies and Notes to Accounts	25				
Notes "1" to "17" and Note No. 25 Annexed form an Integral part of Balance Sheet						
As Per our Report of even date attached						
<b>For Brahmayya &amp; Co.,</b> Chartered Accountants F.R NO: 000514S			For and on behalf of the Board M/s. Panyam Cements & Mineral Industries Limited			
<b>CA. B. DAIVADHEENAM REDDY</b> Partner M.NO: 026450			<b>V. SURESHKUMAR</b> Director		<b>S. SREEDHAR REDDY</b> Managing Director	
Place: Nandyal Date: 30 <sup>th</sup> May, 2017			<b>S. NAGESHWARA REDDY</b> Chief Financial Officer			



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 <sup>st</sup> MARCH, 2017						Amount in Rupees	
Sl. No.	Particulars	Note No.		For the Year Ended 31.03.2017		For the Year Ended 31.03.2016	
<b>I</b>	Revenue from Operations	18		2080803365		2125501461	
<b>II</b>	Other Income	19		128803939		99668677	
<b>III</b>	<b>Total Revenue (I+II)</b>			2209607305		2225170138	
<b>IV</b>	<b>Expenses:</b>						
a)	Cost of materials consumed	20		502035409		466381449	
b)	Purchases of Stock-in-Trade			0		2016765	
c)	Changes in inventories of finished goods work-in-progress and stock in Trade	21		-2680930		11072968	
d)	Employee benefits expenses	22		135406941		115831438	
e)	Finance costs	23		179739415		140211447	
f)	Depreciation and amortization expense	10		70151491		62674286	
g)	Other expenses	24		1272380835		1313807236	
	<b>Total Expenses</b>			2157033160		2111995589	
<b>V</b>	Profit before exceptional and extraordinary items and tax (III-IV)			52574144		113174549	
<b>VI</b>	Exceptional items			2328994		5863415	
<b>VII</b>	Profit before extraordinary items and tax (V-VI)			54903138		119037964	
<b>VIII</b>	Extraordinary Items						
<b>IX</b>	Profit before tax (VII-VIII)			54903138		119037964	
<b>X</b>	Tax expense: (1) Current tax (2) Deferred tax			12500000 -		12200000 -	
<b>XI</b>	Profit for the period from continuing operations (IX-X)			42403138		106837964	
<b>XII</b>	Profit from discontinuing operations			-		-	
<b>XIII</b>	Tax expense of discontinuing operations			-		-	
<b>XIV</b>	Profit from Discontinuing operations (after tax) (XII-XIII)			-		-	
<b>XV</b>	<b>Profit for the period (XI+XIV)</b>			42403138		106837964	
<b>XVI</b>	Earnings per equity share: face value Rs.10/- each						
	(1) Basic			2.63		6.65	
	(2) Diluted			2.63		6.65	
	Significant Accounting Policies and Notes to Accounts	25					
Notes "18" to "24" and Note No:25 Annexed form an integral part of Statement of Profit and Loss							
As Per our Report of even date attached <b>For Brahmayya &amp; Co.,</b> Chartered Accountants F.R NO:000514S <b>CA. B. DAIVADHEENAM REDDY</b> Partner M.NO:026450 Place: Nandyal Date: 30 <sup>th</sup> May, 2017				For and on behalf of the Board M/s. Panyam Cements & Mineral Industries Limited <b>V. SURESHKUMAR</b> Director <b>S. SREEDHAR REDDY</b> Managing Director <b>S. NAGESWARA REDDY</b> Chief Financial Officer			



NOTES TO BALANCE SHEET						Amount in Rupees			
Sl. No.	Particulars	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016	As at 31.03.2016	As at 31.03.2016	As at 31.03.2016		
<b>NOTE No. 1 - SHARE CAPITAL</b>									
<b>EQUITY SHARE CAPITAL</b>									
<b>1.1</b>	<b>AUTHORISED:</b>								
a)	1,85,00,000 Equity shares of Rs.10/- each	185000000		185000000					
	<b>ISSUED:</b>								
b)	1,39,32,770 Equity Shares of Rs.10/-each 20,90,909 Equity Shares of Rs.10/- each at a premium of Rs.45/- each	139327700 20909090		139327700 20909090					
	<b>SUBSCRIBED AND FULLY PAID</b>								
c)	1,60,18,139 Equity Shares of Rs.10/-each		160181390			160181390			
	<b>SUBSCRIBED BUT NOT FULLY PAID</b>								
d)	5540 Equity shares of Rs.10/- each								
	<b>CALLS UNPAID</b>								
e)	<b>FOREFITED SHARES</b>								
f)	Amount received on forfeiture of 5540 equity shares originally issued		29795			29795			
	<b>TOTAL</b>		160211185			160211185			
<b>PREFERENCE SHARE CAPITAL</b>									
<b>1.2</b>	<b>AUTHORISED:</b>								
a)	5500 - 15% Redeemable 'A' Cumulative Preference Shares of Rs.100/- each	550000		550000					
	23500 - 15% Redeemable 'B' Cumulative Preference Shares of Rs.100/-each	2350000		2350000					
	21000 - 14% Redeemable 'C' Cumulative Preference Shares of Rs.100/-each	2100000		2100000					
	250000 - Preference Shares of Rs.100/-each	25000000		25000000					
		30000000		30000000					
	<b>ISSUED:</b>								
b)	20942- 14% Redeemable 'C' Cumulative Preference Shares of Rs.100/-each	2094200		2094200					
	<b>SUBSCRIBED AND FULLY PAID</b>								
c)	19299 - 14% Redeemable 'C' Cumulative Preference Shares of Rs.100/-each		1929900			1929900			
	<b>TOTAL</b>		1929900			1929900			
d)	<b>SUBSCRIBED BUT NOT FULLY PAID</b>								
	<b>TOTAL SHARE CAPITAL (1.1+1.2)</b>		162141085			162141085			



NOTES TO BALANCE SHEET					
Sl. No.	Particulars	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016	As at 31.03.2016
<b>RECONCILIATION OF NUMBER OF SHARES OUTSTANDING</b>					
<b>1.3 EQUITY SHARES</b>			<b>No. of Shares</b>		<b>No. of Shares</b>
a)	At the beginning of the year		16018139		16018139
	Add: Issued during the year				
	Less: Bought back during the year				
	At the end of the year		16018139		16018139
<b>PREFERENCE SHARES</b>					
b)	At the beginning of the year		19299		19299
	Add: Issued during the year				
	Less: Redeemed during the year				
	At the end of the year		19299		19299
<b>1.4 LIST OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES</b>					
a)	<b>EQUITY SHARES</b>	%	<b>No. of Shares</b>	%	<b>No. of Shares</b>
	S.P.Y. Reddy	10.81	1731404	10.50	1681404
	S. Sreedhar Reddy	12.96	2076007	11.50	1842307
	V. Suresh	11.72	1878102	11.51	1843752
	S. Parvathi	6.07	971861	5.76	921861
	S. Sujala	7.13	1142774	6.91	1106274
	V. Aravinda Rani	6.70	1073081	6.45	1033081
	Copthal Mauritius Investment Limited	-	-	8.62	1380700
b)	<b>PREFERENCE SHARES</b>				
	Life Insurance Corporation of India	72.00	13891	72.00	13891
	Oriental Fire & General Insurance Co.Ltd.	28.00	5390	28.00	5390
1.5	The Company has no Subsidiaries/Associates and has no Holding Company.				
1.6	Equity Shares issued, subscribed and fully paid up includes 9,17,740 equity shares of Rs.10/- each were allotted as fully paid up for consideration other than cash pursuant to the Scheme of Amalgamation of the erstwhile Deccan Wires Limited with the Company during the year 1980-81.				



NOTES TO BALANCE SHEET					
Amount in Rupees					
Sl. No.	Particulars	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016	As at 31.03.2016
1.7	Equity Shares issued, subscribed and fully paid up includes 20,90,909 equity shares of Rs.10/- each at a premium of Rs.45/- each were allotted on preferential allotment to promoters group on 01.03.2007.				
1.8	C' Cumulative Preference Shares have fallen due for redemption on 25.07.1999 and the Company has requested the institutional shareholders for extension of repayment period.				
1.9	During the year the company has received full amount of Rs.7,13,31,308/- against share warrants of No. 8,43,060 and converted the share warrants into equity on 1st March, 2017, but the Regulatory Authority (B.S.E) has not approved the beneficiaries names of the allottees. The company has not allotted the equity shares since the names of beneficiaries were not approved by B.S.E and now ratification of shareholders approval is being necessary for allotment of equity shares. Therefore, the amount received against the share warrants is considered as application money and not considered as equity share capital as on 31.03.2017				
<b>NOTE NO : 2 RESERVES AND SURPLUS</b>					
(a)	Capital Reserve-opening balance		229717815		229717815
(b)	Capital Redemption Reserve-opening balance		7419300		7419300
(c)	Securities Premium Reserve-opening balance		94155905		94155905
(d)	Debentures Redemption Reserve-opening balance		0		0
(e)	Revaluation Reserve		0		0
(f)	Share Options Outstanding Account		0		0
<b>Other Reserves</b>					
(g)	General Reserve-opening balance		0		0
(h)	Surplus-Balance in Statement of Profit and Loss-Opening balance	-242017948		-348855912	
	Add/(Less): Profit/(Loss) for the Year from Statement of Profit and Loss	42403138		106837964	
		-199614810		-242017948	
	Less : Appropriations				
			<b>-199614810</b>		<b>-242017948</b>
	<b>TOTAL</b>		<b>131678210</b>		<b>89275072</b>



NOTES TO BALANCE SHEET		Amount in Rupees			
Sl. No.	Particulars	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016	As at 31.03.2016
	<b>NOTE NO : 3 LONG TERM BORROWINGS SECURED:</b>				
3.1	Hire Purchase Finance : For purchase of Equipmnet and Vehicles under hypothecation		11302242		0
3.2	14% Rated, Secured, Listed, Redeemle Non Convertible Debentures of Rs.10,00,000/- each				
a)	787 Nos.of Debentures issued to EW India Special Assets Fund Pte Limited (Previous Year 266 Nos.) (Repayable from August, 2018 to March 2021 in Quarterly Instalments)		787000000		266000000
b)	191 Nos.of Debentures issued to E-Cap Equities Limited (Previous Year 64 Nos) (Repayable from August, 2018 to March 2021 in Quarterly Instalments)		191000000		64000000
	Interest Accrued and payable after 12 months		0		126575
			989302242		330126575
<b>3.3</b>	<b>UNSECURED:</b>			0	0
	<b>TOTAL</b>		<b>989302242</b>		<b>330126575</b>
3.4	There were no long term Deposits and Finance Lease obligations.				
3.5	There was no default in payment of interest and no repayment of principal during the year.				
3.6	<b>SECURITY:</b>				
a)	Hire Purchase Finance: Secured by hypothecation of equipment and vehicles purchased and personal gurantee of two Directors of the Company				
b)	The above NCDs issued on private placement basis under the approval of members of the company at the EGM held on 25.01.2016 are secured by Mortgage and 1st exclusive charge over all movable and immovable assets of the company including land, building and plant & machinery at Cement Nagar and Hypothication of stocks and book debts on second chanrge basis. Further, secured by pledge of entire existing & future Promoter Group shareholding of the Company and also personal guarantee of the promoters.				



NOTES TO BALANCE SHEET		Amount in Rupees			
Sl. No.	Particulars	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016	As at 31.03.2016
	<b>NOTE NO: 4 DEFERRED TAX LIABILITY (NET)</b>				
a)	Deferred tax liability as on 31.03.2017/31.03.2016 in respect of timing difference arising on account of difference between straight line and written down Value methods and rates of depreciation.		75273406		75273406
b)	Less: Deferred tax asset as on 31.03.2017/31.03.2016 in respect of expenses allowable U/s 43B of IT Act, 1961		38146672		38146672
c)	Net Deferred tax liability as on 31.03.2017 / 31.03.2016		37126734		37126734
d)	Opening Deferred tax liability as on 01.04.2016 / 01.04.2015		41393576		41393576
	Net Deferred Tax (Asset)/Liability		41393576		41393576
	Note: Deferred Tax Asset for the year ended 31.03.2017/31.03.2016 was not considered as asset on consideration of prudance.				
	<b>NOTE NO: 5 OTHER LONG TERM LIABILITIES</b>				
5.1	Advances against Joint Development of Property in Bangalore (Residencial Flats construction work under progress)		22199688		24699688
5.2	Trade Deposits from Dealers (payable after 12 months from reporting date)		34673037		31338804
5.3	Caution Deposits from contractors (payable after 12 months from reporting date)		1146722		1146722
5.4	Advances against staff quarters (pending for final settlement)		7814574		7814573
5.5	Other liabilities (pending disputes for settlement and legal cases)		10080380		10080380
	<b>TOTAL</b>		<b>75914401</b>		<b>75080168</b>



NOTES TO BALANCE SHEET		Amount in Rupees			
Sl. No.	Particulars	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016	As at 31.03.2016
	<b>NOTE NO: 6 SHORT TERM BORROWINGS SECURED</b>				
	Other loans and advances				
6.1	From Banks				
a)	Working capital Demand Loans		-		-
b)	Cash Credits		242105617		299507711
	<b>TOTAL</b>		<b>242105617</b>		<b>299507711</b>
6.2	There were no loans repayable on demand and short term deposits/loans and advances from related parties				
6.3	There was no default as on 31.03.2017 and 31.03.2016 in repayment of loans and interest payments on working capital cash credit loans.				
6.4	<b>SECURITY</b>				
	Cash Credits from banks, Secured by hypothecation of inventory of raw materials, finished goods, stocks in process and book debts and first pari pasu charge on the current assets and second charge on all the fixed assets of the company and also by the personal gurantee of the Directors and shareholders.				
	<b>NOTE NO: 7 TRADE PAYABLES UNSECURED CREDITORS</b>				
7.1	For Capital goods		-		-
7.2	For Supplies of raw materials/stores and spares etc		252703408		258220784
7.3	For Services		-		-
	<b>TOTAL</b>		<b>252703408</b>		<b>258220784</b>
7.4	DUES TO MICRO, SMALL & MEDIUM ENTERPRISES AS REQUIRED UNDER THE MICRO, SMALL & MEDIUM ENTERPRISES AND DEVELOPMENT ACT, 2006 (Refer Notes to Accounts No: 25.3)				
	<b>NOTE NO: 8 OTHER CURRENT LIABILITIES</b>				
8.1	Current maturities of long term debt				
	<b>SECURED :</b>				
a)	LC Bills Discounting with Banks		18000000		50000000
b)	Hire Purchase Finance				
	Installments payable within 12 months after the reporting date	16207345			0
c)	Debentures				
	Interest accrued on NCDs payable within 12 months	99488044			0



NOTES TO BALANCE SHEET		Amount in Rupees			
Sl. No.	Particulars	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016	As at 31.03.2016
8.2	<b>OTHERS</b>				
a)	Caution Deposits from Dealers/Employees payable on demand	4663487		3891120	
b)	Statutory Dues towards Royalty, Excise duty, Service tax, VAT, TDS etc	577839658		615695091	
c)	Employees Salaries, Bonus and P F recoveries and contributions	76269874		72732720	
d)	Advances from customers	185623189		165422432	
e)	Power Charges and Other expenses payable	211758976		275096846	
f)	Other Advances from Transporters/Creditors	899436	1172750010	1952436	1134790645
	<b>TOTAL</b>		<b>1190750010</b>		<b>1184790645</b>
8.3	There were no current maturities of Finance Lease Obligations, unpaid Dividends, unpaid matured Debentures or deposits and interest accrued thereon, Income received in advance and Application money received for allotment of securities.				
	<b>NOTE NO: 9 SHORT TERM PROVISIONS</b>				
9.1	Provision for employee benefits. Gratuity and Leave encashment obligation / contribution				
9.2	Others				
a)	Provision for Income Tax		24700000		12200000
	<b>TOTAL</b>		<b>24700000</b>		<b>12200000</b>



**NOTE TO BALANCE SHEET  
NOTE NO. 10 : FIXED ASSETS**

S.No.	Particulars	GROSS BLOCK		DEPRECIATION		NET BLOCK				
		As at 1st April 2016	Additions during the Year	Deductions during the Year	As at 31st March 2017	As at 1st April 2016	For The Year 2016-17	Deductions during the Year	As at 31st March 2017	As at 31st March 2016
1	Freehold Land	417536	0	0	417536	0	0	0	417536	417536
2	Buildings-Factory	53384127	3719868	0	57103995	31611939	2239375	0	33851314	23252681
3	Building-Residential & Non Factory	13073434	0	0	13073434	11025710	102386	0	11128096	1945338
4	Building-Others (Temporary)	752284	0	0	752284	752284	0	0	752284	0
5	Roads, Culverts and Bridges	3573859	0	0	3573859	1994170	457639	0	2451809	1122050
6	Wells and Water Works	5450780	0	0	5450780	5181737	0	0	5181737	269043
7	Plant and Machinery-Continuous Process	970136570	24087623	0	994224193	414179893	31089093	0	445268986	54895207
8	Plant and Machinery-Power Generation	34069380	0	0	34069380	31317710	1262976	0	32580686	1488694
9	Plant and Machinery-Others	13132111	61938	0	13194049	7423125	1111237	0	8534362	4659687
10	Plant and Machinery-Electrical Equipments	23332938	0	0	23332938	22525386	0	0	22525386	807551
11	Plant and Machinery-Others	253989	0	0	253989	115235	21271	0	136506	117483
12	Plant and Machinery-Others	87661969	4782878	0	92444847	19657272	16723742	0	36381014	56063834
13	Electrical Installation	6452729	0	0	6452729	6411805	0	0	6411805	40923
14	Telephone Installations	552852	0	0	552852	481363	15805	0	497168	55684
15	Railway Siding and Weigh Bridge	1389297	165719108	0	167108405	1160395	7544441	0	8704836	158403569
16	Ropeway	13606666	0	0	13606666	9660724	1178596	0	10839320	2767346
17	Quarry Equipment	161190497	51349584	0	212540081	148965603	6206387	0	155171989	57368092
18	Workshop Equipment	657815	0	0	657815	649349	0	0	649349	8466
19	Laboratory Equipment	729523	0	0	729523	635037	33700	0	668737	60786
20	Mining Lease and Mineral Prospect	218226	0	0	218226	216032	0	0	216032	2194
21	Computers	8719307	301455	0	9020962	8315736	119444	0	8435180	585781
22	Office Equipments	5907872	0	0	5907872	5702060	27363	0	5729423	178449
23	Servers & Networks	5049391	0	0	5049391	4796921	0	0	4796921	252470
24	Furniture & Fixtures	5171691	0	0	5171691	4723855	154942	0	4878797	292894
25	Library	48948	0	0	48948	48448	0	0	48448	500
26	Vehicles	53892443	0	0	53892443	47875394	1863095	0	49738489	4153954
	<b>Grand Total:</b>	<b>1468826433</b>	<b>250022454</b>	<b>0</b>	<b>1718848887</b>	<b>785427185</b>	<b>70151491</b>	<b>0</b>	<b>855578675</b>	<b>683399249</b>

**NOTES TO BALANCE SHEET**

**Amount in Rupees**

S. No.	Particulars	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016	As at 31.03.2016
<b>11</b>	<b>NON CURRENT INVESTMENTS</b>				
	<b>NON-TRADE INVESTMENTS</b>				
a)	In Government Securities:				
b)	In Equity Shares (Quoted and valued at cost)				
i)	10000 Units of Rs.10/- each fully paidup of BOB Mutual Fund	100000		100000	
ii)	7800 Equity Shares of Vijaya Bank at Rs.10/- each and 300 Shares at Rs.24/- per share of face value of Rs.10/- each	85200		85200	
iii)	900 Equity Shares of Gujarat State Finance Corporation of Rs.10/- each at a premium of Rs. 6.16 per share (Market value not available)	18000		18000	
iv)	1000 Redeemable 13% Preference Shares of Rs.10/- each in Ceat Finance	10000		10000	
v)	Principal Focussed Advantage Fund, Mumbai 10000 units of Rs.10/- each (Market value not available)	100000		100000	
			313200		313200
<b>11.2</b>	<b>TRADE INVESTMENTS</b>				
i)	In Equity Shares (unquoted and valued at cost) Panyam Cements Co-Operative Stores Limited, Cementnagar	2500		2500	
ii)	Sri. Somappa Co-Operative House Building Society Limited, Kurnool	500		500	
iii)	350000 Equity Shares of Rs.10/- each in Cheran Cement Limited	3500000		3500000	
			3503000		3503000
	<b>TOTAL</b>		<b>3816200</b>		<b>3816200</b>
	Aggregate Amount of:				
	Quoted Investments		313200		313200
	Market value of Quoted Investments		321975		321975
	Unquoted Investments		3503000		3503000
	Provision for diminution in value of investments		Nil		Nil
	There were no investments in Subsidiaries, Associates, Joint Ventures and controlled special purpose Entities and in Preference Shares, Bonds, Debentures, Mutual Funds and in Partnership Firms				



NOTES TO BALANCE SHEET		Amount in Rupees			
Sl. No.	Particulars	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016	As at 31.03.2016
	<b>NOTE NO: 12 LONG TERM LOANS AND ADVANCES:</b>				
12.1	<b>Unsecured and considered good</b>				
(a)	Capital Advances		128483177		27666748
(b)	Security Deposits with Power Distribution Corporation Ltd		4019868		1092375
(c)	Inter Corporate Loans and advances to related parties		627678035		578094161
	<b>TOTAL</b>		<b>760181081</b>		<b>606853285</b>
12.A	<b>CURRENT INVESTMENTS</b>				
a)	In Equity shares (unquoted and valued at cost) 1,25,00,000 Equity shares of Rs10/- each at a premium of Rs.30/- per share of M/s S.P.Y. Agro Industries Ltd, Nandyal (Related party)		500000000	-	-
b)	In property of land in Bangalore under development of Apartments (work-in-progress)		8104859		8495365
	<b>TOTAL</b>		<b>508104859</b>		<b>8495365</b>
	<b>NOTE NO: 13 INVENTORIES:</b>				
13.1	Raw Materials		7244579		3791786
13.2	Stock-in-progress and Saleable Scrap		46580194		46153469
13.3	Finished Goods		20727775		18473570
13.4	Stores and spares and consumables		84706108		65834472
13.5	Coal and packing materials		18121927		14251495
13.6	Coal in transit		70229141		52875833
	<b>TOTAL</b>		<b>247609724</b>		<b>201380625</b>
	<b>METHOD OF VALUATION OF STOCKS:</b> Refer Accounting Policies under Note No:25				
	<b>NOTE NO:14 TRADE RECEIVABLES</b>				
14.1	Trade Receivables outstanding for a period exceeding six months from the date due for payment				
a)	Unsecured and considered good		46254570		19625750
b)	Considered Doubtful	95630602		92682421	
	Less :Provision for doubtful debts	10000000		10000000	
			85630602		82680421
			131885172		102306171
14.2	Other Trade Receivables				
a)	Unsecured and considered good		123611148		94266974
	<b>TOTAL</b>		<b>255496320</b>		<b>196573145</b>



NOTES TO BALANCE SHEET		Amount in Rupees			
Sl. No.	Particulars	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016	As at 31.03.2016
	<b>NOTE NO: 15 CASH AND CASH EQUIVALENTS</b>				
15.1	Cash on hand		1180906		5118651
15.2	Balances with banks in current accounts		4597395		38018111
15.3	Balance with Banks in Margin Money / Fixed Deposits for LC/BG		13360747		22360121
	<b>TOTAL</b>		<b>19139048</b>		<b>65496883</b>
	<b>NOTE NO: 16 SHORT TERM LOANS AND ADVANCES UNSECURED AND CONSIDERED GOOD</b>				
16.1	Inter Corporate loans and advances to related parties	270271393		402501059	
16.2	Others				
a)	Advance to Suppliers	16102136		16100449	
b)	Advance to Employees	1643230		266175	
c)	Advance to Contractors & Transporters	813954		813954	
d)	Prepaid Insurance and other Expenses	910732		1528653	
e)	Tender/Security/Telephone Deposits	6629363		7797576	
f)	Advance Excise Duties/CENVAT/VAT/Service tax	39973711		17764667	
g)	Advance Income tax and TDS	5375444		5786543	
h)	Other Advances	8684057		9282408	
			350404020		461841484
	<b>TOTAL</b>		<b>350404020</b>		<b>461841484</b>
	<b>NOTE NO: 17 OTHER CURRENT ASSETS</b>				
17.1	Interest Receivable		2739557		347228
	<b>TOTAL</b>		<b>2739557</b>		<b>347228</b>



NOTES TO STATEMENT OF PROFIT & LOSS		Amount in Rupees			
Sl. No.	Particulars	For the Year Ended 31.03.2017	For the Year Ended 31.03.2017	For the Year Ended 31.03.2016	For the Year Ended 31.03.2016
<b>NOTE NO: 18 - REVENUE FROM OPERATIONS</b>					
18.1	Sale of Manufactured Products	2665541989		2730331068	
	Less: Excise duty collections	324512828		354659631	
	Less: Sales tax collections	260225796		250169976	
	Net Sales of Manufactured Products (Refer Note No: 25.13 for details of Productwise sales)		2080803365		2125501461
	<b>TOTAL</b>		<b>2080803365</b>		<b>2125501461</b>
<b>NOTE NO: 19 OTHER INCOME</b>					
19.1	Interest on Bank and other deposits		4156739		2701491
19.2	Interest on Inter corporate loans and advances to related parties		120000000		70000000
19.3	Dividend Income		200		12350
19.4	Scrap Sales		3371067		2404191
19.5	Rent Receipts		466235		469096
19.6	Profit on Sale of Assets				182295
19.7	Other Receipts		359182		323417
19.8	Income relating to prior period		450516		23575837
	<b>TOTAL</b>		<b>128803939</b>		<b>99668677</b>
<b>NOTE NO:20 COST OF MATERIALS CONSUMED</b>					
20.1	Consumption of raw materials (Refer Notes to Account No:25)		405328848		364171838
20.2	Consumption of packing materials		96706561		102209611
	<b>TOTAL</b>		<b>502035409</b>		<b>466381449</b>
<b>NOTE NO:21 CHANGES IN INVENTORIES OF FINISHED GOODS WORK-IN-PROGRESS AND STOCK IN TRADE</b>					
<b>21.1 CLOSING STOCKS</b>					
a)	Finished goods		20727775		18473570
b)	Stock-in-process		44080194		46153469
c)	Stock of saleable scrap		2500000		0
	<b>TOTAL</b>		<b>67307969</b>		<b>64627039</b>
<b>21.2 OPENING STOCKS</b>					
a)	Finished Goods		18473570		3454703
b)	Stock-in-process		46153469		72245304
c)	Stock of saleable scrap				
	<b>TOTAL</b>		<b>64627039</b>		<b>75700007</b>
	<b>NET INCREASE/(DECREASE) IN STOCKS (NET TOTAL)</b>		<b>-2680930</b>		<b>11072968</b>
<b>NOTE NO:22 EMPLOYEE BENEFITS EXPENSES</b>					
22.1	Salaries, Wages, Bonus and Allowances		105454937		86379969
22.2	Contribution to Provident Fund		3666135		3427200
22.3	Gratuity payment		7225		217883
22.4	Staff Welfare expenses		26278644		25806386
	<b>TOTAL</b>		<b>135406941</b>		<b>115831438</b>



NOTES TO STATEMENT OF PROFIT & LOSS		Amount in Rupees			
Sl. No.	Particulars	For the Year Ended 31.03.2017	For the Year Ended 31.03.2017	For the Year Ended 31.03.2016	For the Year Ended 31.03.2016
<b>NOTE NO: 23 FINANCE COSTS</b>					
<b>23.1 Interest expenses</b>					
a)	On Term Loans		0		50191969
b)	On Working capital cash credits and adhoc loan	48038537			53088351
c)	On Hire Purchase Loans	3867379			1951563
d)	Interest on Debentures	92731964			126575
e)	On Others	31030647			32863219
			175668527		138221676
<b>23.2 Other borrowing costs</b>					
a)	Loan processing charges		4070888		1989771
	<b>TOTAL</b>		<b>179739415</b>		<b>140211447</b>
<b>NOTE NO:24 OTHER EXPENSES</b>					
	Consumption of stores and spares		56823595		69440524
	Power and Fuel		743636698		814041861
	Rent including Lease Rents		178200		329600
	Insurance		1657490		1229394
<b>Repairs &amp; Maintenance</b>					
a)	Buildings	87125			0
b)	Plant & Machinery	68942329			70738801
c)	Others	11856147	<b>80885601</b>	10296822	<b>81035623</b>
	Rates & Taxes and service tax		17071183		17098146
	Excise duty on captive consumption/Stocks		115284		2803996
	Travelling and conveyance		3556494		3592092
	Printing and stationery		319235		394867
	Postage Telegrams and Telephones		515880		634855
	Remuneration to Managing Director		1800000		1800000
	Directors Travelling		188308		126645
<b>Remuneration to Auditors</b>					
	Audit and Tax Audit Fee		400000		400000
	Audit -Expenses		28000		42350
	Cost Audit Fee		40000		40000
	Cost Audit expenses		0		350
	Advertisement		954973		118388
	Legal & Professional Fee and Expenses		11182870		2393058
	Bank Charges		1220544		3844176
	Other Expenses		3705415		3976652
	Vehicle Maintenance		1387156		1126445
	Donations		254500		259945
	Swachh Bharat / Krishi Kalyan Cess		2221081		591425
	Expenses/Income relating to Earlier Years		2539154		0
<b>SELLING EXPENSES</b>					
	Freight outward and forwarding expenses	210122554			158019086
	Discounts /price difference and Commission on consignment sales	128176101			144647752
	Other Selling expenses	3400521	341699176	5820005	308486843
	<b>TOTAL</b>		<b>1272380835</b>		<b>1313807236</b>



**NOTE NO : 25**

**Significant Accounting Policies and Notes to Accounts for the year ended 31st March, 2017**

**25.1 SIGNIFICANT ACCOUNTING POLICIES:**

**A. Basis of Preparation and Presentation of Financial Statements:**

The financial statements are prepared under the historical cost convention as a going concern and in accordance with generally accepted accounting principles in India and the provisions of The Companies Act, 2013. The Company follows the mercantile method of accounting.

**B. Inventories:**

Inventories of Finished goods and process stocks are valued at lower of cost or net realizable value. Inventories of Raw materials and Stores & Spares are valued at weighted average cost. Scrap and disposables are valued at net realizable value. Cost of Inventories consist of purchase price including duties and taxes ( other than CENVAT credit and input tax credit recoverable under A.P. VAT Act), cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Value of finished goods includes central excise duty as cost of production in accordance with Accounting Standard (AS-2).

**C. Depreciation:**

Depreciation on Fixed Assets has been provided from 01.04.2014 on straight line method in respect of plant and machinery situated at Cement Division and in respect of all other assets on Written down Value method as per section 123 and the useful lives of assets as specified in Schedule II to the Companies Act, 2013. Accordingly the useful lives of fixed assets adopted as specified in Schedule II to the Companies Act, 2013., for all the fixed assets, except, for Buildings-Factory (i.e. 28 years adopted as against 30 years prescribed) Buildings-Residential & Non Factory (i.e. 58 years adopted as against 60 years prescribed) Buildings-Others(temporary) (i.e. 2 years adopted as against 3 years prescribed) continuous process plants (i.e. 18 years adopted as against 25 years prescribed) and Thermal Power Plant (i.e. 20 years adopted as against 40 years prescribed) Plant and Machinery-others (i.e. 18 years adopted as against 40 years prescribed) Ropeways (i.e. 9 years adopted as against 15 years prescribed) based on internal assessment and technical evaluation report.

**D. Retirement Benefits to Employees:**

Gratuity /superannuation and leave encashment benefits payable on retirement / resignation of employees provided on retirement/ payment.

**E. Revenue Recognition:**

- (i) Sales revenue is recognized on supply of goods. Gross Turnover includes VAT, Excise Duty and Education Cess in respect of goods sold. Income and Expenditure are recognized on accrual basis except for transactions below Rs.10,000/- per transaction and are accounted in the year of payment / receipt.
- (ii) Dividend on investments is recognized when the right to receive is established.
- (iii) Interest on delay payments to creditors / by debtors accounted on the basis of debit notes / Credit notes raised / received from the parties.
- (iv) Insurance claims are accounted on the basis of claims lodged.
- (v) Interest/Hire Charges on Hire Purchase Loans taken into account on due and payable basis.



**F. Investments:**

Long term investments are stated at cost of acquisition and if there is permanent diminution in the value of investments, the same is considered for valuation of investments. Current investments are valued at lower of cost or fair market value.

**G. Fixed Assets and Capital works-in-progress:**

Fixed Assets are stated at cost (net of CENVAT credit and including related financial costs till commencement of commercial production) less accumulated depreciation. Capital work-in progress includes indirect cost and pre-operative expenses related or attributable to the capital works and trial run expenses incurred up to commencement of commercial production are added to the cost of fixed assets. Advance paid towards the acquisition of Fixed Assets outstanding at the Balance Sheet date are disclosed as "Capital Advances" under long term loans and advances as per Schedule III to the Companies Act, 2013.

**H. Borrowing Costs:**

Interest and other costs incurred in connection with the borrowing of funds that are directly attributable to the acquisition, construction or erection of a qualifying asset, are capitalized as cost of such asset and the other borrowing costs are expensed in the year in which incurred.

**I. Segment Reporting:**

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

**J. Lease:**

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

**K. Accounting for taxes on income:**

Current tax and deferred tax liability, if any, for the year is recognized for tax payable on the taxable income and for timing differences, subject to consideration of prudence in respect of deferred tax asset and the same is treated as tax expense in determination of net profit for the year.

**L. Impairment of Assets:**

The company determines any indication of impairment in carrying value of assets and the impairment loss is recognized wherever the carrying amount of the assets exceeds its recoverable amount.

**M. PROVISIONS AND CONTINGENT LIABILITIES/ASSETS:**

Contingent liabilities are not recognized in Accounts but are disclosed in the notes to accounts. Contingent assets are neither recognized nor disclosed in financial statements. Provisions involving substantial degree of estimation in measurement are recognized when there is present obligation and it is probable that there will be out flow of resources.



<b>25.2 Contingent Liabilities not provided in respect of :</b>			
Sl. No.	PARTICULARS	RUPEES IN LAKHS	
		Current Year 2016-17	Previous Year 2015-16
a	As a signatory to the Memorandum of Cement Allocation and Co-ordinating Organization	1.00	1.00
b	Guarantees given by the Bankers/Letters of Credit (Net of margin money paid)	8.64	348.23
c	Corporate guarantee given to SIPCOT for the financial assistance availed by M/s. Cheran Cement Limited (liability as on 30.04.2013)	3174.79	3174.79
d	Corporate guarantee given to SBI, SBH, Bank of India, Syndicate Bank, Indian Overseas Bank, Central Bank of India and Canara Bank for financial assistance availed by S.P.Y. Agro Industries Limited	13300.57	12584.48
e	Arrears of dividend on "C" Cumulative Preference shares held by institutions, being not redeemed and requested for extension of time	48.60	45.90
f	Estimated amount of contracts remaining to be executed on capital account (Net of advances)	1332.75	420.06
g	<b>Claims against the Company not acknowledged as debts being disputed and pending in appeals</b>		
i)	<b>CENTRAL EXCISE:</b>		
a)	CENVAT credits availed and utilized were subsequently disallowed by the Department and are pending in Appeals or CESTAT	894.96	937.46
b)	Differential Duty on supplies made to direct parties, the Company has contested in appeals and are pending with the Commissioner of Appeals or CESTAT/or A.P High Court (paid under protest Rs.12.56 lakhs)	670.85	720.42
c)	Excise Duty demanded by Central Excise Commissioner based on documents of transporters, contested by the company before Settlement Commission, Chennai (Duty paid under protest Rs.150.23 lakhs)	150.23	Nil
ii)	<b>ELECTRICITY MATTERS:</b>		
a)	Claim of APSEB for 10% voltage surcharge for the period from September 1983 to November 1984 contested. High Court granted stay and directed APSEB to dispose off the pending representations made by the company.	30.64	30.64
b)	Fuel Surcharge Adjustment (FSA) charges for the years 2008-09, 2009-10 and for the first quarter of 2010-11 payable to APCPDCL contested by the industrial units including the company before the Hon'ble High Court of A.P. and the High Court granted stay for the year 2009-10 and first quarter 2010 11 and the favourable order of the High Court for the year 2008-09 was referred to Supreme Court and the same is pending	53.56	53.56
iii)	<b>INCOME TAX MATTERS</b>		
a)	The Assessing Officer (Dy. Commissioner of Income Tax, Kurnool) has raised demand for payment of capital gains tax on land under Joint Development Agreement for the Assessment year 2006-07. The company contested the demand before the Commissioner of Income Tax Appeals, Hyderabad.	3150.40	3281.81
b)	The Assessing Officer has re-opened the assessment for the A.Y 2008-09 and demand raised for MAT liability on book profit under section 115JB of Income Tax Act, the Company contested the demand before the Commissioner of Income Tax Appeals, Hyderabad.	979.77	979.77



Sl. No.	PARTICULARS	RUPEES IN LAKHS	
		Current Year 2016-17	Previous Year 2015-16
c)	The Assessing Officer (Asst. Commissioner of Income Tax, Kurnool) has raised demand for the assessment year 2013-14 The Company contested the demand before the Commissioner of Income Tax Appeals, Hyderabad.	1541.50	1541.50
iv)	<b>COMMERCIAL TAX MATTERS</b>		
a)	Demand raised by the Commercial Tax Department, Tamilnadu in respect of levy of penalty for the assessment year 1994-95 contested in appeal before Appellate Authority and the matter was remanded to assessing authority.	5.56	5.56
b)	Penalties levied by the Commercial Tax Officer, Kurnool for non payment of tax dues before the due date. The Company has requested the Government for waiver of the penalties.	198.25	198.25
v)	Demand raised by the Department of Mines and Geology for penal interest on royalty dues for delay in payments and the Company has filed Revision Application for waiver of interest before the Department and Ministry of Mines, New Delhi	1783.27	1521.08
vi)	<b>OTHER MATTERS</b>		
	Suits filed by the parties against the company and pending in Appeals/ Courts	120.45	120.45
25.3	Under The Micro, Small and Medium Enterprises Development Act, 2006 and in accordance with the notification issued by the Ministry of Corporate Affairs, certain disclosures are required to be made relating to Micro and Small Enterprises as defined in the said Act. The company is in the process of compiling the relevant information from its suppliers about their coverage under the said Act and hence required disclosures could not be made.		
25.4	<b>Disclosure of discontinued operations of Wire /Engineering Division:</b> The operations of the Wire/ Engineering Division at Bangalore were permanently discontinued from October 2005 and the division was closed on 31.01.2006. The company has entered into agreements for joint development of land with the developers. As per the disclosure requirements under Accounting Standard (AS 24), the book value Rs.81.05 lakhs (Previous year Rs.84.95 lakhs) of land property under joint development agreements, was shown separately under "Current Assets" as current investment in land property and the amounts received from intending buyers of Rs.222.00 lakhs (previous year Rs.247.00 lakhs) were shown separately under "Non-Current Liabilities" as other long term liability. There was a profit on sale of property Rs.23.29 lakhs considered as exceptional item during the year (previous year profit on sale of property Rs.58.63).		
25.5	Belated charges/overdue interest on delay in payment of statutory dues/liabilities have not been provided in the absence of demand for the same.		
25.6	The balances of sundry debtors, sundry creditors, other liabilities, advance to suppliers for raw materials and spares, other advances including claims and deposits have been shown as appearing in the books of account and are subject to reconciliation and confirmation.		
25.7	<b>Lease payments:</b> The Company has not taken any assets under non cancellable operating lease agreements and hence no future lease payments.		
25.8	<b>Segment Reporting</b> The business activity and geographical operations of the company is in one segment of cement product and hence segment reporting is not applicable.		



**25.9 Related party transactions:**

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

Sl.No.	Nature of Transaction	Rs. in lakhs			
		For the Year		Balance as at	
		2016-17	2015-16	31-03-17	31-03-16
1	Sales/advances and receivable (Cheran Cement Limited)	-	-	264.23	264.23
2	Remuneration to Managing Director	18.00	18.00	21.36	14.61
3	Corporate Guarantee given to SIPCOT for financial assistance availed by Cheran Cement Limited (estimated liability)	NIL	-NIL-	3174.79	3174.79
4	Corporate Guarantee given to SBI, SBH, Bank of India, Syndicate Bank, Indian Overseas Bank, Canara Bank and Central Bank for Financial assistance availed by S.P.Y.Agro Industries Limited	716.09	1396.89	13300.57	12584.48
5	Purchases and services availed from and due to Associate Companies	978.14	634.59	(364.76)	418.94
6	Sales and services provided to and due from Associate Companies	38.74	307.26	53.93	27.21
7	Advances/Inter-corporate Deposits given to Associate Companies	(825.90)	2810.67	8980.05	9805.95
8	Investment in Equity Shares of M/s.S.P.Y.Agro Industries Limited	5000.00	--	5000.00	---

**25.10 EARNING PER SHARE**

Basic and diluted earnings per share (face value of Rs.10/-each) calculated in compliance with the provisions of Accounting Standard 20 for the year ended 31.03.2017 comes to Rs.2.63 (Previous year Rs.6.65).

The denominator for basic/diluted EPS is 16018139 Equity Shares of Rs.10/- each numerator is net profit of Rs.4,24,03,138 for the year as per Statement of Profit and Loss (Previous year net Profit Rs. 10,68,37,963) and as decreased by the preference dividend for the year of Rs.2,70,186 on "C" Cumulative Redeemable Preference Shares, which is not provided.

Therefore basic/diluted earning per share = Net Profit of Rs.4,21,32,952 ÷ 16018139 shares = Rs.2.63

**25.11 Figures have been rounded off to the nearest decimal of Lakhs under Notes to Accounts.**

**25.12 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.**



**25.13 Revenue from operations or sale of goods (Gross sales) Rs. in lakhs**

S. No.	Description of Products	Qty. in Mts.	For the year ended 31.03.2017	Qty. in Mts.	For the year ended 31.03.2016
<b>A</b>	<b>Manufactured Goods</b>				
1.	Clinker		Nil	Nil	Nil
2.	Cement	573554	26655.42	585551	27303.31
	<b>Total</b>	<b>573554</b>	<b>26655.42</b>	<b>585551</b>	<b>27303.31</b>
<b>B</b>	<b>Traded Goods</b>		Nil		Nil

**25.14 Cost of Raw Material Consumed Rs. in lakhs**

S. No.	Description	2016-17		2015-16	
		Qty. in Tonnes	Value	Qty. in Tonnes	Value
1.	Limestone (Cement Grade) *	528038	450.70	556151	498.87
2.	Laterite	13191	246.59	21501	304.76
3.	Gypsum	12755	213.11	10795	177.27
4.	Iron Ore	20929	308.04	15545	184.77
5.	Clinker	0	0	997	35.75
6.	Fly ash & Other	188898	2834.84	178448	2440.30
	<b>Total</b>		<b>4053.29</b>		<b>3641.72</b>
7.	Purchase of Traded Goods	-	Nil	-	Nil

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

**25.15 Value of imports calculated on CIF Basis Rs. in lakhs**

		2016-17	2015-16
a)	Raw Materials	Nil	Nil
b)	Components and spare parts	Nil	Nil
c)	Capital goods	Nil	Nil
	<b>Total</b>	<b>Nil</b>	<b>Nil</b>



25.16 Earnings in foreign Exchange		Rs. in lakhs			
		2016-17		2015-16	
	FOB Value of Exports	Nil		Nil	
25.17 Expenditure in Foreign Exchange		Rs. in lakhs			
		2016-17		2015-16	
i)	Raw Materials	Nil		Nil	
ii)	Travelling Expenses	Nil		Nil	
iii)	Others	Nil		Nil	
	<b>Total</b>	<b>Nil</b>		<b>Nil</b>	
25.18 Value of imported and indigenous raw materials components, spare parts and other materials consumed.		Rs. in lakhs			
		2016-17		2015-16	
		Value	%	Value	%
i)	<b>Raw Materials</b>				
	Imported	Nil	Nil	Nil	Nil
	Indigenous	4053.29	100%	3641.72	100%
	<b>Total</b>	<b>4053.29</b>	<b>100%</b>	<b>3641.72</b>	<b>100%</b>
ii)	<b>Stores and spare parts</b>				
	Imported	Nil	Nil	Nil	Nil
	Indigenous	568.24	100%	694.41	100%
	<b>Total</b>	<b>568.24</b>	<b>100%</b>	<b>694.41</b>	<b>100%</b>
25.19 Disclosure of Specified Bank Notes (SBN):					
During the year the company had specified bank notes or other denomination notes as defined in the MCA Notification G.S.R. 308 (E) dated: 30th March, 2017 and the details of specified bank notes (SBNs) held and transacted during the period from 08.11.2016 to 30.12.2016 the denomination wise SBNs and other notes as per the notification is given below:					
Particulars	SBNs*	Other Denomination Notes	Total		
Closing Cash in hand as on 08/11/2016	86,34,000	1,93,564	88,27,564		
Add: Permitted Receipts	-	4,05,100	4,05,100		
Less: Permitted Payments	-	5,01,743	5,01,743		
Less: Amount deposited into Banks	86,34,000	-	86,34,000		
Closing Cash on hand as on 30/12/2016	-	96,921	96,921		
* SBNs for the purpose of this clause, the term "Specified Bank Notes" shall have the meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs No. S.O 3407 (E), Dt. 08.11.2016					
The above disclosure on Specified Bank Notes (SBN's) does not include cash directly deposited into bank accounts by the debtors/ parties of the Company of Rs. 4,30,700 and the Company is not in possession of any evidence about SBN's/Other denomination notes deposited by the parties and also accounted by the Company as non-cash transactions by crediting to parties accounts and debiting Bank accounts.					
As Per our report of even date attached		For and on behalf of the Board			
<b>For BRAHMAYYA &amp; CO.,</b>		M/s. Panyam Cements & Mineral Industries Limited			
Chartered Accountants					
Firm's Regn/ No. 000514S					
<b>CA. B.DAIVADHEENAM REDDY</b>		<b>V.SURESHKUMAR</b>	<b>S.SREEDHAR REDDY</b>		
Partner		Director	Managing Director		
M.No. 026450					
Place : Nandyal		<b>S. NAGESWARA REDDY</b>			
Date: 30 <sup>th</sup> May, 2017		Chief Financial Officer			

**PANYAM CEMENTS & MINERAL INDUSTRIES LIMITED**

(CIN: L26940AP1955PLC000546)

**Registered Office:** C-1, Industrial Estate, Bommalasatram,

Nandyal - 518 502, Kurnool Dist. A.P.

**Central Administrative Office:** Plot No.188, Phase - II, Kamalapur Colony,  
Hyderabad - 500 073, TS. INDIA.

**Form No. MGT-11  
PROXY FORM**

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

Regd. Folio No. :	*DP ID :
No. of Shares Held :	*Client ID :

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

1. \_\_\_\_\_ of \_\_\_\_\_ E-mail ID \_\_\_\_\_

1. \_\_\_\_\_ of \_\_\_\_\_ E-mail ID \_\_\_\_\_

and whose signatures are appended below as my/our proxy to attend and vote, in case of a poll, for me/us and on my/our behalf at the 61st Annual General Meeting of the Company, to be held on Tuesday, the 26th September, 2017 at 11.45 A.M. at the Registered Office: C-1, Industrial Estate, Bommalasatram, Nandyal - 518 502, Kurnool Dist., A.P. and any adjustment thereof :

S.No.	Resolution(s)	Vote	
		For	Against
<b>Ordinary Business</b>			
1	Adoption of Audited Financial statements for the year ended 31.03.2017.		
2	Re-appointment of Dr.R.K.Prasad Sunkara as a Director		
3	Re-appointment of Mrs.V.Aravinda Rani as a Director		
4	Appointment of M/s. K.S.Rao & Co, as Statutory Auditors of the Company.		
Special Business-Ordinary Resolution :			
5	Ratification of appointment of Aruna Prasad & Co., as Cost Auditors for the Financial Year 2017-18.		
6	Amendment / Ratification of EGM Notice dated 29th December, 2015 and Explanatory Statement annexed thereto, for the purpose of issuance of Share Warrants on Preferential Allotment passed by the shareholders on 25th January, 2016.		

Signed this \_\_\_\_\_ of September, 2017.

Signature of Share holders \_\_\_\_\_

Signature of Proxy holder(s) \_\_\_\_\_

Affix  
₹ 1/-  
Revenue  
Stamp

**Note :**

- 1) This form of proxy in order to be effective should be duly completed and deposited at the Registered office of the Company, not less than 48 hours before the commencement of the Meeting.
- 2) The proxy need not be a member of the company.  
\*applicable for investors holding shares in Electronic form.

