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**PANYAM  
CEMENTS & MINERAL  
INDUSTRIES LIMITED**



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**PANYAM CEMENTS &  
MINERAL INDUSTRIES LIMITED**

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

**2015 - 16**

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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,  
Kamalapur 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 60th Annual General Meeting of the Members of the Company will be held on Wednesday, the 28th September, 2016 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 2016, 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 Sri V. Suresh Kumar (DIN No. 01788268), who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a director in place of Sri V. Ramnath (DIN No. 01303841) who retires by rotation and being eligible offers himself 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 M/s. Brahmayya & Co., Chartered Accountants, Adoni (Firm Registration No. 000514S), be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at such remuneration as shall be fixed by the Board of Directors of the Company.”

**Special Business:**

5. To consider and if thought fit to pass the following resolution with or without modifications as an Ordinary Resolution:  
  
“RESOLVED THAT pursuant to the provisions of section 149, 152 and other applicable provisions, if any of the Companies Act, 2013(the Act) and the Rules framed thereunder (including any statutory modification(s) or re enactment thereof for the time being in force) read with Schedule IV to the Act, as amended from time to time, Mr.S.Panduranga Rao (DIN NO.073390567), who has submitted a declaration that he meets the criteria for independence as provided in section 149 (6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from November 30, 2015 up to November29, 2020 and that he shall not be liable to retire by rotation.:
6. To consider and, if, thought f 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 service tax 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, 2017, 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.”

7. Disclosure of Ultimate Beneficial Owners of the allottees with respect to Item No.2 ‘Preferential issue of convertible warrants of the Company’ in the EGM Notice dated 29th December, 2015:

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



“RESOLVED THAT in furtherance to the special resolution passed by the shareholders of Panyam Cements & Mineral Industries Limited at their extra ordinary general meeting held on January 25, 2016, the members of the company be and are hereby directed to note the following allottees, whose ultimate beneficiary details are provided herein below:

S.No.	Name of the 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	EISAF LP is a Limited Partnerships incorporated in Singapore which owns 100% of EW India Special Assets Fund Pte Ltd. EISAF LP is controlled by General Partner Pte Ltd, which acts as the general partner. 99% of the share capital of the General Partner Pte Ltd is held by CIM TRUSTEES (MAURITIUS) LIMITED which acts as a trustee (also commonly referred to as administrator) for the general partner.	678.663	-	-	678.663	4.02
2.	ECap Equities Limited	Private Corporate Bodies	ECap Equities Limited is a subsidiary of Edelweiss Financial Services Limited which is a public listed company in India.	164,397	-	-	164,397	0.98%

RESOLVED FURTHER THAT the names of the ultimate beneficiaries of the above allottee be and is hereby noted and approved, to enable the Company or its Board of Directors to take requisite further action for seeking listing approval from BSE Limited for the Equity Shares to be allotted on preferential basis.

RESOLVED FURTHER THAT all other terms and conditions of the preferential allotment as approved by the shareholders of the Company vide Special Resolution dated 25th January, 2016 remain the same.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to take all actions and do all such acts, deeds, matters and things as it may, in its absolute discretion deemed necessary, expedient, usual or proper and to settle any question or difficulty that may arise with regard to the above or any other matter incidental or consequential thereto without being required to seek any further approval and / or consent of the members of the Company and it is deemed that the members have given their approval for the purpose of these acts”.

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

**Place: Nandyal**  
**Dt:- 10<sup>th</sup> August, 2016**

**S. SREEDHAR REDDY**  
Managing Director

**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. 5, 6 and 7 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 and Item No. 5 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 26th September, 2016 to 28th September, 2016 (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.
- Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.
- To support the ‘Green Initiative’, Members 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 2015-16 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 2015-16 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. Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.
<b>Dividend Bank Details #</b>	● 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.

- (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.



- (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).
19. 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.
20. The voting period begins at 9.00 A.M. on 25th September, 2016 and ends at 5.00 P.M. on 27th September, 2016. The e-voting module shall also be disabled by CSDL for voting thereafter.
21. 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).
22. 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, Kurnool District, Andhra Pradesh on 28th September 2016.

**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:**

Sri V. Suresh Kumar, (DIN No.01788268) aged about 42years, has obtained his degree i.e. B.E. in Computer Science and M.Sc. in Physics from BITS, Pilani. He got extensive experience in managing projects in VLSL. He has extensively travelled to Japan, Germany and USA and gained vast experience. His vast experience will be an added advantage to the growth of the company.



**Item No.3:**

Sri V. Ramnath, (DIN No.01303846) aged about 53 years, is an Engineering Graduate in Civil and is having about 28 years of industrial experience having worked in different capacities/positions. His guidance and services are immense for further growth of the company

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

**Item No.5:**

Sri S.P. Rao (DIN No.07339056) is a Mechanical Engineer from Government College of Engineering from Kakinada and M.Tech. from IIT Kharagpur and has been associated with the Cement Industry for more than 4 decades in conceptualization, design, implementation and operations of Cement Plants both in India and Overseas. Associated with various leading and reputed organizations like My Home Cements(CRS Partner in India) TSSCO Cement Grinding Unit, LVT Thailand, Star Cement UAE etc,

None of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

**Item No.6**

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. 6 of the Notice for ratification of the remuneration payable to the Cost Auditors for the Financial Year ending 31st March, 2017.

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. 6 of the Notice.

The Directors recommend the Resolution as stated at Item No 6 of the Notice for approval of the Members by way of an Ordinary Resolution.

**Item No.7**

The members of the Company had in terms of Special Resolutions passed at the Extra Ordinary General Meeting held on 25th January 2016, approved the preferential issue of upto 843,060 Warrants Convertible into Equity Shares of Rs.10/- each at a price not less than Rs.84.61/- per share on Preferential Allotment basis to the following persons:-

S.No.	Name of Proposed Allottees	No. of Convertible Warrants allotted
1.	EW India Special Assets Fund Pte Ltd	6,78,663
2.	ECap Equities Limited	1,64,397

Subsequently, the Company made an application to the BSE Limited (BSE) for seeking its in-principle approval for issuance of aforesaid warrants convertible into equity shares.

BSE has given its in-principle approval by its letter dated March 3, 2016 for afore-mentioned issue of Warrants Convertible into Equity Shares of Rs.10/- each. In terms of the said letter, BSE has advised the Company to disclose the identity of ultimate beneficiary of the said allottees to the shareholders and get it ratified by the shareholders. Accordingly, the Company has disclosed the ultimate beneficiaries of the said allottees of warrants, as approved the shareholders in terms of special resolution dated 25th January 2016, and the Board of Directors of the Company recommend the Resolution in Item no.7 for approval of shareholders by way of a Special Resolution.

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.

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

**Place: Nandyal**  
**Dt:- 10<sup>th</sup> August, 2016**

**S. SREEDHAR REDDY**  
Managing Director

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



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

Particulars	V. Sureshkumar Shastry	V. Ramnath	S.P. Rao
Date of Birth	27.11.1973	09-02-1956	15.08.1946
Date of Appointment	30.05.2011	18-01-1992	30.11.2015
Qualifications	B.Tech	B. Tech	B.Sc., B.E. (Mech) & M.Tech
Expertise in specific functional areas	Managing Projects in VLSL and PVC Pipes	Cement Technology and Printing Technology	Cement Technocraft
Directorships held in other companies (excluding foreign companies)	<ul style="list-style-type: none"> <li>• Kasura Technologies Pvt.Ltd.</li> <li>• Nandi Grain Derivatives P.Ltd.</li> <li>• Sujala Infrastructure Pvt.Ltd.</li> <li>• Nandi Trade Impex Private Limited</li> <li>• Integrated Thermoplastics Pvt.Ltd.</li> <li>• Nandi Water Containers P.Ltd.</li> <li>• Anantapur Pipes Pvt.Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>• Velco Technologies Ltd.</li> <li>• Cheran Cement Ltd.</li> <li>• Bon Sante Baking Ltd .</li> <li>• Tegra Digital Private Ltd .</li> </ul>	<b>Nil</b>
Memberships/ Chairmanships of committees of other companies (includes only Audit Committee and Shareholders/ Investors Grievance Committee)	<b>Nil</b>	<b>Nil</b>	
Number of shares held in the Company	<b>1843752</b>	<b>502050</b>	<b>NIL</b>



**DIRECTORS' REPORT :**

To  
The Members

Your Directors have pleasure in presenting the 60<sup>th</sup> Annual Report and Audited Statements of Accounts for the year ended 31<sup>st</sup> March, 2016:

**FINANCIAL RESULTS :**

	(Rs.in lakhs)	
	Year ended 31 <sup>st</sup> March 2016	Year ended 31 <sup>st</sup> March 2015
<b>Income:</b>		
Gross Sales of manufactured products ..	27303.31	11265.10
Less: Excise Duty and Sales Tax ..	6048.30	2366.79
Net Sales of manufactured products ..	21255.01	8898.31
Other Income ..	996.69	523.13
Total ..	22251.70	9421.44
Profit (+) / (Loss) (-) before Interest and Depreciation	3160.59	256.39
Less: Interest and Finance charges ..	1402.11	1179.43
Less: Depreciation ..	626.74	592.50
Net Profit (+) / (Loss) (-) before Exceptional Extra Ordinary Items and Tax	1131.74	(-) 1515.54
Add - exceptional items on transfer of wire Division Land property under Joint Development Agreement.	58.64	0.00
Net Profit (+) / (Loss) (-) before Tax	1190.38	(-) 1515.54
Less Provision for - Income Tax for the year (MAT)	122.00	0.00
Deferred Tax Liability	-	0.00
Net Profit / (Loss) after tax	1068.38	(-) 1515.54
Loss Brought Forward from previous year	(-) 3488.56	(-) 1950.65
Depreciation on Fixed Assets whose Useful life is over		(-) 22.37
Loss carried to Balance Sheet	(-) 2420.18	(-) 3488.56

**OPERATIONS:**

The company has produced during the year 2015-16, 5,89,660 M.Tonnes of cement as against 2,44,852 M. Tonnes produced during the previous year. The performance of the Company has improved during the current financial year as compared to the last year. The major factor for improved performance was primarily due to favourable market conditions and the manufacture of slag cement.

The gross sales for the year under report was Rs. 27303.31 lakhs as against Rs.11265.10 lakhs in the previous year. The Net profit after tax for the year was Rs.1068.38 lakhs as against net loss of Rs. 1515.54 lakhs in the previous year.

As stated in our last year Annual Report, the developer Greenage Griha Nirman Private Limited (formerly known as Bhimshankar Realtors Private Limited), has completed the first phase of construction consisting of four blocks and out of the remaining six blocks in second phase, two blocks namely CEDAR and DEODAR are completed and blocks EBONY and HIBISCUS will be completed by September and December 2016 respectively and remaining two blocks namely GINGER and FERN to be completed by next year end with grace period of six months.

**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 shelved to stabilize the operations of the unit. However, the railway siding work which was under progress was completed and the railway inspection works are going on and we may get the permission from the railway authorities soon. Immediately on getting of the approval, we may commence the dispatches by wagons during August 2016. Further, the secondary crusher works were also completed and the crusher is under operation. This will help us to improve the operations of the company in the coming years. As per the Central Pollution Control norms, the modification of Kiln 1 is taken up. For Kiln 3, we have taken up installation of pulse jet bag filters and ESP for cooler. The said works are under progress.

**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, 2016.

**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.

As soon as we get the permission from the Railway authorities, we may commence dispatches of cement in rakes and it will help us to improve our sales during the current financial year. Further, the secondary crusher works were also completed and the crusher is under operations. This will help us to improve the operations of the company in the coming years.

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.

**ALLOTMENT OF WARRANTS & NON CONVERTIBLE DEBENTURES:**

In order to raise the debt, the company has made private placement of 978 (Nine hundred and seventy eight only) 14% - Secured, Rated, Listed Redeemable Non Convertible Debentures in dematerialized form, of the face value of Rs.10,00,000/- each for cash at par in three tranches after getting approval of the same from the members of the company in the General Meeting held on 25<sup>th</sup> January, 2016. The BSE Limited, Mumbai has admitted the above NCDs issued in three series on the BSE Limited, Mumbai for dealing in the said securities. These NCDs were allotted to the two investors. Viz. EW India Special Assets Pte. Limited, Singapore and E Cap Equities Limited, Hyderabad.

In accordance with Section 62 of the Companies Act read with Section 42 of the Companies Act, 2013, the company has issued and allotted 8,43,060 warrants convertible into Equity Share of Rs.10/- each, at a price of Rs.84.61 per warrant to EW India Special Assets Pte. Limited, Singapore and E Cap Equities Limited, Hyderabad after getting the approval of the same from the members of the Company at their General Meeting held on 25<sup>th</sup> January, 2016. Further, the BSE Limited, Mumbai has also given its in-principle approval for the said issue vide its letter No.DCS/PREF/ND/PRE/786/2015-16 dated 3<sup>rd</sup> March, 2016. The investors can exercise their right for conversion of warrants into equity at any time with in a period of 18 months from the date of issue of such warrants. Further, in accordance with Chapter VII of SEBI ICDR Regulations, the company has received 25% of the consideration payable on the warrants.

**REPAYMENT OF TERM LOANS TO BANKS:**

The company has repaid the entire outstanding term loans to State Bank of India; State Bank of Hyderabad and Indian Overseas Bank before 31<sup>st</sup> March, 2016, out of the NCD Proceeds and the company is continuing the working capital facilities with the said banks.

**INDUSTRIAL RELATIONS:**

Company's Industrial Relations continue to be harmonious and cordial.

**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. Brahmayya & Co., Chartered Accountants, Adoni, were appointed as Statutory Auditors of the Company for a term of 3 years upon the recommendation of the Audit Committee at its meeting held on 13<sup>th</sup> August, 2014 by the Board in its meeting held on 13<sup>th</sup> August, 2014, subject to the members ratification every year to comply with the Section 143 of the Companies



Act, 2013. Accordingly, a resolution for ratification by the members will be placed at the ensuing Annual General Meeting and will be effective upto the next Annual General Meeting.

**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, the Company is clearing the statutory dues in a faced 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, 2016. 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.

However, for the financial year 2014-15, the Cost Audit was not applicable as the turnover of the company (Net sales) was below Rs.100 crores during the previous financial year pursuant to Section 148 of the Companies Act, 2013.

**SECRETARIAL AUDITOR:**

The Board has appointed M/s. GMV Dhanunjaya Rao, Practising Company Secretary, to conduct Secretarial Audit for the FY 2015-16. The Secretarial Audit Report for the financial year ended March 31, 2016 is annexed herewith marked as Annexure... to this Report. The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer.

**DIRECTORS:**

In terms of the Articles of Association of the Company, Sri V. Suresh Kumar and Sri V. Ramnath will retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Pursuant to provisions of 149, 152 and other applicable provisions, if any of the Companies Act, 2013 read with schedule IV to the Act, Sri S. Panduranga Rao (DIN NO.07339056) was appointed as an Independent Director of the Company to hold the said office for a period of five years with effect from 30th November, 2015. The Company has received Notices in writing from a Member proposing the candidature of Sri S. Panduranga Rao for the office of Director.

**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. Nageswara Reddy has been appointed as Chief Financial Officer of the Company w.e.f. 30th March, 2015.

**MEETINGS OF THE BOARD**

12 (Twelve) meetings of the Board of Directors were held during the year. The particulars of number of meetings held and attended by each Director are detailed in the Corporate Governance Report, which forms part of this Report.

**AUDIT COMMITTEE:**

The Audit Committee was reconstituted with the following members Sri P.Jayarama Reddy, Sri V.Ramnath and Sri S.Panduranga Rao. Sri P.Jayarama Reddy is the Chairman of the Audit Committee.

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

**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 thereunder.

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.

**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 from 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 / NCDs 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 May, 2016.

**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 seeing and approving the Company's enterprise risk management frame work, and (b) Overseeking 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.

**CORPORATE SOCIAL RESPONSIBILITY**

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. The Corporate Social Responsibility Committee has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board.





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

**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. Members may refer to the financial statements which sets out related party disclosures pursuant to AS - 18.

**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 2015-16.

**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 Chairman and 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:**

The details of Annual Return in MGT-9 format is enclosed.

**ACKNOWLEDGEMENTS:**

Your Directors are happy to acknowledge the financial assistance given to the Company by the Banks and Edelweiss, Your Directors also express their thanks to the various Central and State Government Departments and the shareholders for their support and help extended during the year.

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

**S. SREEDHAR REDDY**  
Managing Director

**Place: Nandyal**  
**Dt:- 27<sup>th</sup> May, - 2016**



**ANNEXURE TO DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016:**

**ANNEXURE I**

**A. Conservation of Energy:**

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

High Efficiency fans are being installed, Raw Mills out put 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 out put 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	
		31-03-2016	31-03-2015
<b>A. Power and Fuel Consumption:</b>			
<b>1. Electricity:</b>			
a) Purchased			
Units	000 KWH	65148	33137.63
Total Amount	Rs. Lakhs	4056.94	2297.91
Average Rate	Rs./KWH	6.22	6.93
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	90007	59926
Total Cost	Rs.Lakhs	4083.47	2330.61
Average Rate	Rs.per MT	4536.85	3889.15
<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/tonnes of cement	110	135
Coal	Kgs/tonnes of cement	153	244

**FORM "B"**

**A. RESEARCH AND DEVELOPMENT (R & D)**

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

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

2. Benefits derived as a result of the above efforts

- Not applicable -

3. Future course of action:

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

4. Expenditure on R and D:

No separate amount is incurred in respect of Research and Development.

**B. TECHNOLOGY ABSORPTION,  
ADAPTATION AND INNOVATION:**

- Not applicable -



**ANNEXURE - II  
Amount in Rupees  
CASH FLOW STATEMENT FOR THE YEAR ENDED - 31.03.2016**

	Amount in Rupees		
	LESS	ADD	NET
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>			
<b>NET PROFIT / (LOSS) BEFORE TAX</b>			<b>119037964</b>
ADJUSTMENT FOR :			
Depreciation		62674286	
Dividend Received	12350		
Interest received/paid	72701491	138221676	
Profit / Loss on sale of Assets / Investments	6045710		
Property under development	0		
Operating Profit before Working Capital Changes	78759551	200895962	122136410
<b>ADJUSTMENT FOR :</b>			241174374
Trade and other receivables	159799773		
Inventories		26826134	
Trade payables/Working Capital		322910097	
Working Capital Changes(Use)	159799773	349736231	189936458
Cash generated from Operations			431110833
Less: Interest paid	138221676	2701491	
Direct Taxes paid	-		
	138221676	2701491	-135520185
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>			295590648
Extra Ordinary Expenses / Income			0
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase/Sale of Assets	9894916	270000	
Purchase/Sale of investments in property under development		91790	
Interest received		70000000	
Dividend received		12350	
	9894916	70374140	60479224
<b>NET CASH FLOW USED IN INVESTING ACTIVITIES</b>			356069872
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>			
Share Capital / Warrants		17832827	
Repayment of/ Proceeds from Loans & Advances	169915844		
Secured/Unsecured borrowings (Net)	166479765		
		17832827	
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	336395609	17832827	-318562782
Net Increase/Decrease in cash and cash equivalents			37507090
<b>Cash and Cash equivalents as on 01.04.2015</b>			27989794
<b>Cash and Cash equivalents as on 31.03.2016</b>			65496883

As Per our Report of even date attached

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

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

Place: Nandyal  
Date: 27<sup>th</sup> May, 2016

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

**V. SURESHKUMAR**  
Director

**S. SREEDHAR REDDY**  
Managing Director

**S. NAGESWARA REDDY**  
Chief Financial Officer



**SECRETARIAL AUDIT REPORT**

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 **31.03.2016** 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 31.03.2016, 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 (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d) 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);**
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not Applicable as the Company has not delisted its equity shares from any Stock exchange during the Audit Period);** and
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not Applicable as the Company has not bought back any of its securities during the Audit Period);**
- (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 applicable clauses of the Listing Agreement entered into by the Company with BSE Limited & Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015.

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 5 and Regulation 7(2) of SEBI (Prohibition of Insider Trading) 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 except for one meeting which was called at short notice due to exigency, 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 obtained approval from its shareholders under Section.62 & 71 of Companies Act, 2013 for issue of Secured, Rated, Listed, Non Convertible, Redeemable, Debentures aggregating upto Rs.97.80 crores;
- ii. The company had obtained approval from its shareholders under Section.62 & 42 of Companies Act, 2013 for issue of 8,43,060 convertible warrants of Rs.10/- each on Preferential basis;

For GMVDR & Associates  
Company Secretaries

Place: Hyderabad  
Date: 10.08.2016

(G.Mohan)  
Proprietor

**ANNEXURE-1**

**List of applicable laws:**

- The Factories Act, 1948
- The Payment of Wages Act, 1936
- The Minimum Wages Act, 1948
- Employees Provident Fund And Misc. Provisions Act, 1952
- Employers State Insurance Act, 1948
- The Payment of Bonus Act, 1965
- The Environment (Protection) Act, 1986
- Electricity Act 2003
- Indian Stamp Act, 1999
- Negotiable Instrument Act 1881
- Payment of Gratuity Act, 1972
- The Apprentices Act 1961
- Water (Prevention & Control of Pollution) Act 1974
- Air (Prevention & Control of Pollution) Act 1981
- Mines Act
- Industries (Development and Regulation) Act, 1951
- Environment Protection Act, 1986
- The Contract Labour (Regulation and Abolition) Act, 1970
- The Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013



**FORM No. MGT. 9  
EXTRACT OF ANNUAL RETURN**

as on the financial year ended on 31.03.2016

[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	

**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>8330795</b>	<b>500</b>	<b>8331295</b>	<b>52.01</b>	<b>8408679</b>	<b>500</b>	<b>8409179</b>	<b>52.50</b>	<b>77884</b>	<b>0.48</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>8330795</b>	<b>500</b>	<b>8331295</b>	<b>52.01</b>	<b>8408679</b>	<b>500</b>	<b>8409179</b>	<b>52.50</b>	<b>77884</b>	<b>0.48</b>
<b>Total shareholding of Promoter (A)=(A)(1)+(A)(2)</b>										
<b>B. Public Shareholding</b>										
1. Institutions										
a) Mutual Funds	600	550	1150	0.01	600	450	1050	0.01	(100)	0
b) Banks/FI	50	0	50	0.00	0	0	0	0.00	(50)	0
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) FIIs	4269057	0	4269057	26.65	2588484	0	2588484	16.16	(1680573)	(10.49)
h) Foreign Venture Capital Funds										
i) Others (specify)										
<b>Sub-total (B)(1):-</b>	<b>4326967</b>	<b>1400</b>	<b>4328367</b>	<b>27.02</b>	<b>2646344</b>	<b>1300</b>	<b>2647644</b>	<b>16.53</b>	<b>(1680723)</b>	<b>(10.49)</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										
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh										
c) Others (specify)	92443	310	92753	0.58	43501	310	43811	0.28	(48942)	(0.30)
Bodies (Clearingmem)	2653	0	2653	0.02	8646	0	8646	0.05	5993	0.03
<b>Sub-total (B)(2):-</b>	<b>2440947</b>	<b>917530</b>	<b>3358477</b>	<b>20.97</b>	<b>4263936</b>	<b>697380</b>	<b>4961316</b>	<b>30.97</b>	<b>1602839</b>	<b>10.00</b>
<b>Total Public Shareholding (B)=(B)(1) + (B)(2)</b>	<b>6767914</b>	<b>918930</b>	<b>7686844</b>	<b>47.99</b>	<b>6910280</b>	<b>698680</b>	<b>7608960</b>	<b>47.50</b>	<b>(77884)</b>	<b>(0.48)</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>15098709</b>	<b>919430</b>	<b>16018139</b>	<b>100</b>	<b>15318959</b>	<b>699180</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	1681404	10.50	100	0
2.	S. Sreedhar Reddy	1744423	10.89	98.38	1822307	11.38	98.38	0.48
3.	V. Suresh Kumar	1843752	11.51	100	1843752	11.51	100	0
4.	S. Sujala	1106274	6.90	100	1106274	6.91	100	0
5.	V. Aravinda Rani	1033081	6.45	100	1033081	6.45	100	0
6.	S. Parvathi	921861	5.76	100	921861	5.76	100	0
7.	Francis Reddy	500	0.00	0	500	0.00	0	0
	<b>Total</b>	<b>8331295</b>	<b>52.01</b>	<b>99.65</b>	<b>8409179</b>	<b>52.50</b>	<b>99.50</b>	

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

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.	S. Sreedhar Reddy	1744423	10.89	1822307	11.38

**(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.	Cophall Mauritius Investment Ltd.	1380700	8.62	1380700	8.62
2.	Deutsche Securities Mauritius Ltd.	920784	5.75	607784	3.79
3.	Duetsche Securities Mauritius Ltd.	600000	3.75	600000	3.75
4.	Eight Capital India (M) Ltd.	686751	4.29	547247	3.42
5.	Velamati Ramnath	568550	3.55	568550	3.55
6.	Kali Prasad Sunkara	437400	2.73	437400	2.73
7.	Ramakrishna Prasad Sunkara	166135	1.04	156135	0.97
8.	Saieswari .V	94350	0.59	94350	0.59
9.	Tangutoor Udaya Raj			78000	0.49
10.	L. Rama Devi	73300	0.46	73300	0.46



**(v) Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	For each of the Directors and KMP	Shareholder's at the Beginning of the year		Datewise Increase/ Decrease in Share holding during the	Reason	Cummulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company			No. of Shares	% of Total Shares of the Company
1.	S. Sreedhar Reddy	1744423	10.89	77884	Purchase	1822307	11.38
2.	V. Suresh Kumar	1843752	11.51		No Change	1843752	11.51
3.	V. Aravinda Rani	1033081	6.45		No Change	1033081	6.45
4.	V. Ramnath	568550	3.55		No Change	568550	3.55
5.	Dr. R.K.Prasad Sunkara	166135	1.04	(10000)	Sale	156135	0.97
	At the end of the Year	5355941	33.44	67884		5423825	33.86

**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	2055.85	3043.31	0	5099.16
ii) Interest due but not paid	23.46	0	0	23.46
iii) Interest accrued but not due	759.30	0	0	759.30
<b>Total (i+ii+iii)</b>	<b>2838.61</b>	<b>3043.31</b>	<b>0</b>	<b>5881.92</b>
Change in Indebtedness during the financial year				
Addition•	0	0	0	0
Reduction	2838.61	3043.31	0	5881.92
<b>Net Change</b>	<b>2838.61</b>	<b>3043.31</b>	<b>0</b>	<b>5881.92</b>
Indebtedness at the end of the financial year				
i) Principal Amount	0	0	0	0
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
<b>Total (i+ii+iii)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Indebtedness at the beginning of the financial year**



**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	-	-
	Total (A)	Rs. 18,00,000	Rs. 18,00,000
	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)		
4.	Other Non-Executive Directors	V. Ramnath S. Rama Krishna Prasad V. Suresh Kumar Sastry 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**

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. 63458616		
SPY Reddy Education Society	Purchase/sale of material	12 months	Sale Rs. 31000		
Sujala Infrastructure Pvt.Ltd.	Purchase/sale of material	12 months	Sale Rs. 2602895		
S.P.Y.Agro Industries Limited	Purchase/sale of material	12 months	Sale Rs. 1771650		
Nandi Polymers Pvt.Ltd.	Purchase/sale of material	12 months	Sale Rs. 41900		
Integrated Thermo Plastics Ltd	Purchase/sale of material	12 months	Sale Rs. 21000		
Sreekanth Trading Pvt.Ltd.	Purchase/sale of material	12 months	Sale Rs. 26257440		



**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 2015-16, the company convened 12 (Twelve only) Board Meetings were convened on 25th April, 2015; 30th April, 2015; 30th May, 2015; 30th July, 2015; 12th August, 2015; 10th November, 2015; 30th November, 2015; 29th December, 2015; 1st February, 2016; 9th February, 2016; 17th March, 2016 and 30th March, 2016.

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	Category of Directorship	No. of Board Meetings Attended	Attendance at last AGM held on 27th	No. of other Directorships	No. of Membership Chairmanship in Board / Committees (Including our Company)
1.	Sri S.Sreedhar Reddy	Promoter - Managing Director	12	Yes	13	1
2.	Sri V. Suresh Kumar	Promoter-Director	12	Yes	5	-
3.	Sri V. Ramnath	Independent Non-Executive Director	5	No	4	-
4.	Dr.R.K. Prasad Sunkara	NRI-Non-Executive Director	1	No	-	-
5.	Smt. V. Aravinda Rani	Director	9	Yes	10	-
6.	Sri P.J. Reddy	Independent Director	11	Yes	-	-
7.	*Sri S. Panduranga Rao	Independent Director	6	No	-	-

Appointed as a Director with Effect from 30th November 2015



**3) Audit Committee:**

The Committee's composition and terms of reference are in compliance with 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. 30th May; 2015, 12th August, 2015; 10th November, 2015 and 9th February, 2016.

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	3
3.	Sri S.P. Rao	4	1

\* Appointed as a Director/Member with effect from 30th November, 2015.

**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, 2016:**

**i) Executive Directors:**

The Managing Director has drawn an amount of Rs.18.00 lakhs towards salary for the year ended 31st March, 2016.

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 2015-16, the Committee met 18 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 2015-2016, 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	18	16
2.	Smt. V. Aravinda Rani	18	13
3.	Sri P.J. Reddy	18	15
4.	Sri S.P. Rao*	18	3

\* Appointed as a Director/Member with effect from 30th November, 2015.

**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 2015-16, 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
2013	Registered Office C-1, Industrial Estate, Nandyal, Kurnool Dist., A.P.	21.09.2013	11.45 A.M.
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.





**Special Resolutions :**

During the year, an Extra-Ordinary General Meeting was held on 25th January, 2016

In respect of the resolutions passed in the above three respective Annual General Meetings and Extra-Ordinary General Meeting 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 Company promotes ethical behaviour in all its business activities and has put in place a

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 Annual General Meeting : 28th September, 2016 at 11.45 A.M. 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, 2016 : Second week of August 2016  
For the quarter ending Sept.30, 2016 : Second week of November 2016  
For the quarter ending December 31, 2016 : Second week of February 2017  
For the quarter ending March 31 2017 : Last week of May 2017  
(audited)  
Annual General Meeting for the year ending 31st March, 2016. : 28th September, 2016 at 11.45 A.M.
- v) Date of Book Closure : From 26.09.2016 to 28.09.2016 (both days inclusive)
- vi) Dividend payment date : N.A.
- vii) Listing on Stock Exchanges : The Company's shares are listed on: Bombay Stock Exchange Limited Floor 25, Phiroze Jeejeebhoy Towers Dalal Street, Mumbai - 400 001. Listing fee was paid to the said Stock Exchange.

The Company's Non-Convertible Debentures are listed on Bombay Stock Exchange Limited.

10) a) Distribution of shareholding as on 31st March 2016 :

Nominal Value of Shares	No. of Shares Holders	Percentage of Share Holders	Shares Amount in Rs.	Percentage of Share Holders %
Upto - 5000	5663	88.97	6498000	4.06
5001 - 10000	317	4.98	2633500	1.64
10001 - 20000	182	2.86	2723920	1.70
20001 - 30000	47	0.74	1166220	0.73
30001 - 40000	27	0.42	963180	0.60
40001 - 50000	21	0.33	1009060	0.63
50001 - 100000	41	0.64	2969190	1.85
100001 & ABOVE	67	1.06	142218320	88.79
<b>TOTAL</b>	<b>6365</b>	<b>100.00</b>	<b>160181390</b>	<b>100.00</b>



viii) Market Price Data :

Month		Stock Exchange Mumbai (BSE) Rs.		
		High (Rs.)	Low (Rs.)	
April	2015	...	46.40	37.50
May	2015	...	42.20	36.20
June	2015	...	47.30	30.65
July	2015	...	71.65	40.10
August	2015	...	68.80	46.00
September	2015	...	71.15	48.30
October	2015	...	104.00	69.00
November	2015	...	101.70	73.95
December	2015	...	92.00	79.80
January	2016	...	84.95	52.00
February	2016	...	73.00	48.60
March	2016	...	79.80	52.55

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



b) Pattern of shareholding as on 31<sup>st</sup> March 2016

Category	No. of Shares	% of shareholding
<b>A Promoter's holding:</b>		
1 Promoters: Indian Promoters	6586872	41.12
Foreign Promoters	-	-
2 Persons acting in concert	1822307	11.38
Sub Total	<b>8409179</b>	<b>52.50</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>	2588484	16.16
<b>Sub-Total</b>	<b>2647646</b>	<b>16.53</b>
4 Others		
A Private Corporate Bodies	273974	1.71
B Indian Public	4634885	28.93
C NRIs/OCBs	43811	0.28
D Any other (Please specify)	8646	0.05
<b>Sub Total</b>	<b>4961316</b>	<b>30.97</b>
<b>Grand Total</b>	<b>16018139</b>	<b>100.00</b>
<b>Note: Total foreign shareholdings:</b>	<b>2632295</b>	<b>16.43</b>

**11 Dematerialization of Shares and Liquidity:**

As on 31st March, 2016, 95.63% 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 2015-16, the company had received requests for de-materialization 222030 shares. The Company has acted upon all valid requests received for dematerialization during 2015-16.

As on 31st March, 2016, no requests were pending for demat confirmation.



**12) Plant Locations:**

<b>Registered Office</b>	:	C-1 Industrial Estate, Bommalasatram Nandyal Kurnool District, Andhra Pradesh - 518 502 Tel : 08514-222274 Website : panyamcements.com Email : regoffice @panyamcements.com
<b>Cement Works</b>	:	Cement Nagar 518 206, Kurnool District, Andhra Pradesh Tel : 08516-274638 Fax : 08516-274644
<b>Central Administrative Office</b>	:	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 FY16, 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 yielded 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 bank 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 2015-16 on the rolls of the Company is 150 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, 2016 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. 27<sup>th</sup> May, 2016



**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, 2016, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange.

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

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

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

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

Place: Nandyal  
Date 27<sup>th</sup> May, 2016

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

**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 & Minerals Industries Limited, Nandyal ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, 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 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 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 financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements, that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

**(4) Opinion**

In our opinion and to the best of our information and according to the explanations given to us, 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;

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2016;
- b) in the case of the Statement of Profit and Loss, of the Profit of the Company for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**(5) 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 further report that:

- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) in our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books;
- c) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) in our opinion, the aforesaid standalone financial statements comply with the applicable Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e) on the basis of written representations received from the Directors as on 31st March, 2016 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2016, from being appointed as a director in terms of Section 164 (2) of the Act;
- f) 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.
- g) 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;
- (i) The company does not have any pending litigations which would impact its financial position.
- (ii) The company did not have any long term contracts including derivative contracts; as such there were no material foreseeable losses thereon.
- (iii) There were no amounts that require to transfer during the year by the company to the Investor Education and Protection Fund.

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

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

Place: Nandyal (Camp)  
Dt. 27<sup>th</sup> May, 2016



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

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

Referred to in paragraph 5 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 regular programme of physical verification of its fixed assets and have been physically verified by the management in a phased manner during the year, 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 unsecured 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 & conditions for grant of such loans and therefore we are unable to report whether the terms & conditions of loans are not prejudicial to the company's 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 schedule of repayment of principal & interest payment and therefore, we are unable to report whether the repayment or receipts of principal & interest are regular.
  - 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 for re-payment of principal & interest recover 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 sections 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 based on the 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 any other statutory dues applicable to it. As explained to us, the company did not have any dues on account of Employees' State Insurance.
- According to the information and explanations given to us, the following arrears of undisputed statutory dues were outstanding as at 31st March, 2016 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 31.03.2016 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 26.81	2009-10 2010-11
2	A.P.VAT Act, 2005	Value Added Tax	581.04 4.00	July 2012 to August 2013 2013-14
3	Telangana VAT Act 2014	VAT Tax	5.92	March-2015
4	T.N.G.S.T Act	Tamilnadu Sales Tax	51.88	March 1999 to Feb 2000
5	Goa G.S.T Act, 1956	Goa Sales Tax	13.87	Feb.1999 to Feb 2000
6	A.P.G.S.T.Act, 1956 (Consignment Agents in Different States)	Consignment Sales Tax	16.82	1998-99 to 2003-04
7	CST Act, 1956	Central Sales Tax	11.51 5.45	2008-09 2011-12
8	A.P. Profession Tax Act, 1987	Profession Tax Collections	1.13	October 2000 to August 2005
9	Income Tax Act, 1961	I.T.D.S from Interest	14.90	2001-02, 2004-05, 2005-06 & 2015-16
10	Income Tax Act, 1961	I.T.D.S from Professionals	1.96	2002-03, 2005-2006 & April 2015 to August, 2015
11	Income Tax Act, 1961	I.T.D.S from Contractors	1.97	2000-01 & 2001-02
12	Income Tax Act, 1961	I.T.D.S from Contractors	6.20	2004-05 & Apr 2013 to August 2013
	"	"	7.65	Apr 15 to Aug 15
13	Income Tax Act, 1961	T.C.S. on Royalty	29.35	July 2010 to August 2015
14	Income Tax Act, 1961	Income Tax	11.22	2008-09
	"	"	130.47	2011-12
	"	"	227.18	2012-13
15	E.PF Act, 1952	P.F. Recoveries and Contributions P.F. Penal Damages	145.42 22.80 163.70	April 2005 to August 2015 March 2014 to August 2015 Up to 2005
16	The Central Excise Act, 1944	Excise Duty & Cess	1692.06	March 2015 to August 2015
17	The Finance Act, 1994	Service Tax & Cess	50.78	June 2015 to August 2015
18	A.P. Panchayat Raj Tax Act, 1994	Property Tax	4.62	2004-05
19	Mines and Minerals Act, 1957	Royalty on Limestone	1113.12	2005-06 to August 2015
20	Mines and Minerals Act, 1957	Cess on Royalty	52.80	2006-07 to August 2015
21	Mines and Minerals Act, 1957	Welfare Cess on Limestone	4.85	upto August 2015
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)
2	The Central Excise Act, 1944	CENVAT credits availed on D.G.Sets disallowed by the Dept.	232.35	Feb.97 to June 1999	
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	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. 2007 to Feb. 2008	Commissioner, Tirupati.
8	.do.	<b>Differential Duty</b> for Supplies made to Direct parties	40.63	Mar. 2007 to Feb. 2008	Appeal in CESTAT, Bengaluru
9	The Central Excise Act, 1944	Duty on captive consumption	1.46	2007-08	Appeal in CESTAT, Bengaluru
10	.do.	Duty on captive Consumption	0.87	2008-09	Appeal in CESTAT, Bengaluru
11	.do.	Differential Duty on D.G.Set	42.37	2007-08	Appeal in CESTAT, Bengaluru
12	.do.	Differential Duty on D.G.Set	10.24	2004-05	A.P.High Court
13	.do.	Cenvat on Capital Goods (TMT Bars)	42.10	2008-09 & 2009-10	Appeal in CESTAT Bengaluru
14	.do.	<b>Differential Duty</b> on high seas imported coal	34.32	August 2012	Addl. Commissioner, Guntur
15	do.	CENVAT on Service Tax on outward GTA	35.18	Nov. 2009 to Dec. 2010	Addl. Commissioner, Tirupati
16	.do.	<b>Differential Duty</b> for Supplies made to Direct Parties	383.80	Apr. 2008 to Oct. 2011	Appeal in CESTAT Bengaluru
17	.do.	<b>Differential Duty</b> for Supplies made to Direct Parties	246.81	Nov. 2011 to Dec. 2013	Commissioner, Tirupati
18	.do.	<b>Differential Duty</b> for Supplies made to Direct Parties	46.85	Aug. 2014 to Mar. 2015	Commissioner, Tirupati
19	.do.	Default in payment of Central Excise Duty	413.38	2006-07	CESTAT Appeals, Hyderabad
20	Income Tax Act, 1961	Capital Gains Tax on Land Development Agreements	3281.81	2005-06	CIT Appeals, Hyderabad
21	Income Tax Act, 1961	MAT on Book Profit of Sick Company	979.77	2007-08	CIT Appeals, Hyderabad
22	Income Tax Act, 1961	Capital Gain Tax on Land Development Aggrement	1768.68	2012-13	CIT Appeals, Kurnool
23	AP VAT Act, 2005	Penal for delay in payment of Tax before Due Dates	58.27 55.78 10.80 19.69 53.71	2011-12 2012-13 June 2013 2014-15 2015-16	Request for Waiver before the Govt. of A.P. " " "
24	Mines & Minerals Act.	Penal Interest on Royalty dues	1521.08	May 2006 to March 2016	Revision application for waivr before the Dept./ Ministry of Mines
25	The Electricity Act, 2003	Fuel Surcharge Ajustment (FSA) Charges	30.08 23.48	2008-09 June 2009	Supreme Court of India 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 dues to Financial Institutions, Banks, Government or dues to debentureholders as at 31-03-2016
- (ix) In our opinion and according to the information and explanations given to us, the company did not raise any money by way of initial public offer or further public offer (including debt instrument) and term loans during the year. Accordingly paragraph 3 (ix) of the CARO 2016 is not applicable.
- (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.  
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 purpose 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.

Place: Nandyal (Camp)  
Date 27<sup>th</sup> May, 2016

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

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



**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. Panyam Cements & Minerals Industries Limited, Nandyal ("the Company") as of 31 March 2016 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 2016, 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 (Camp)  
Date 27<sup>th</sup> May, 2016

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



<b>BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2016</b>						
Amount in Rupees						
Sl. No.	Particulars	Note No.	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015	As at 31.03.2015
<b>I</b>	<b>EQUITY AND LIABILITIES</b>					
	<b>(1) Shareholders' funds</b>					
	(a) Share Capital	1	162141085.00		162141085.00	
	(b) Reserves and Surplus	2	89275071.51		-17562892.26	
	(c) Money received against share warrants		17832827.00		-	
				269248983.51		144578192.74
	<b>(2) Share application money pending allotment</b>					
	<b>(3) Non-current liabilities</b>					
	(a) Long-term borrowings	3	330126575.00		507287785.10	
	(b) Deferred tax liabilities (Net)	4	41393576.00		41393576.00	
	(c) Other Long term liabilities	5	75080168.02		71098722.71	
	(d) Long-term provisions		-		-	
				446600319.02		619780083.81
	<b>(4) Current liabilities</b>					
	(a) Short-term borrowings	6	299507710.50		307576637.76	
	(b) Trade payables	7	258220783.57		167241501.63	
	(c) Other current liabilities	8	1184790644.75		914790902.84	
	(d) Short-term provisions	9	12200000.00		30000000.00	
				1754719138.82		1419609042.23
	<b>TOTAL</b>			<b>2470568441.35</b>		<b>2183967318.78</b>
<b>II</b>	<b>ASSETS</b>					
	<b>(1) Non-current Assets:</b>					
	(a) Fixed Assets					
	(i) Tangible Assets	10	683399249.00		728199747.57	
	(ii) Intangible Assets		0.00		0.00	
	(iii) Capital work-in-progress		242364977.90	925764226.90	250431554.27	978631301.84
	(iv) Intangible assets under development		-		-	
	(b) Non-current investments	11		3816200.00		3816200.00
	(c) Deferred tax assets(net)				-	-
	(d) Long-term loans and advances	12		606853284.54		436937440.75
	(e) Other non-current assets					-
	<b>(2) Current Assets:</b>					
	(a) Current investments in land property		8495365.00		9423740.00	
	(b) Inventories	13	201380624.58		228206758.79	
	(c) Trade receivables	14	196573144.99		137202582.05	
	(d) Cash and Cash equivalents	15	65496883.12		27989793.51	
	(e) Short term loans and advances	16	461841484.22		361016072.84	
	(f) Other current assets	17	347228.00	934134729.91	743429.00	764582376.19
	<b>TOTAL</b>			<b>2470568441.35</b>		<b>2183967318.78</b>
	Significant Accounting policies and Notes to Accounts	25		0.00		0

Notes "1" to "17" and Note No. 25 Annexed form an Integral part of Balance Sheet

As Per our Report of even date attached

**For Brahmayya & Co.,**  
Chartered Accountants  
F.R NO:000514S

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

Place: Nandyal  
Date: 27<sup>th</sup> May, 2016

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

**V. SURESHKUMAR**  
Director

**S. SREEDHAR REDDY**  
Managing Director

**S. NAGESHWARA REDDY**  
Chief Financial Officer



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 <sup>st</sup> MARCH, 2016						Amount in Rupees	
Sl. No.	Particulars	Note No.		For the Year Ended 31.03.2016		For the Year Ended 31.03.2015	
<b>I</b>	Revenue from Operations	18		2125501460.86		889831092.62	
<b>II</b>	Other Income	19		99668677.18		52313289.33	
<b>III</b>	<b>Total Revenue (I+II)</b>			2225170138.04		942144381.95	
<b>IV</b>	<b>Expenses:</b>						
a)	Cost of materials consumed	20		466381449.20		195191205.83	
b)	Purchases of Stock-in-Trade			2016765.00		-	
c)	Changes in inventories of finished goods work-in-progress and stock in Trade	21		11072968.00		-18481965.00	
d)	Employee benefits expenses	22		115831438.15		78190009.55	
e)	Finance costs	23		140211447.05		117943068.76	
f)	Depreciation and amortization expense	10		62674286.00		59250380.66	
g)	Other expenses	24		1313807235.87		661605303.26	
	<b>Total Expenses</b>			2111995589.27		1093698003.06	
<b>V</b>	Profit/(Loss) before exceptional and extraordinary items and tax (III-IV)			113174548.77		-151553621.11	
<b>VI</b>	Exceptional items			5863415.00		-	
<b>VII</b>	Profit/(Loss) before extraordinary items and tax (V-VI)			119037963.77		-151553621.11	
<b>VIII</b>	Extraordinary Items						
<b>IX</b>	Profit/(Loss) before tax (VII-VIII)			119037963.77		-151553621.11	
<b>X</b>	Tax expense: (1) Current tax (2) Deferred tax			12200000.00 -		- -	
<b>XI</b>	Profit/(Loss) for the period from continuing operations (IX-X)			106837963.77		-151553621.11	
<b>XII</b>	Profit/(loss) from discontinuing operations			-		-	
<b>XIII</b>	Tax expense of discontinuing operations			-		-	
<b>XIV</b>	Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)			-		-	
<b>XV</b>	<b>Profit/(Loss) for the period (XI+XIV)</b>			106837963.77		-151553621.11	
<b>XVI</b>	Earnings per equity share: face value Rs.10/- each						
	(1) Basic (Loss)			6.65		-9.48	
	(2) Diluted (Loss)			6.65		-9.48	
	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>B. DAIVADHEENAM REDDY</b> Partner M.NO:026450 Place: Nandyal Date: 27 <sup>th</sup> May, 2016				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 31.03.2016	As at 31.03.2016	As at 31.03.2015	As at 31.03.2015				
<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	185000000.00		185000000.00					
	<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	139327700.00 20909090.00		139327700.00 20909090.00					
	<b>SUBSCRIBED AND FULLY PAID</b>								
c)	1,60,18,139 Equity Shares of Rs.10/-each		160181390.00		160181390.00				
	<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		29795.00		29795.00				
	<b>TOTAL</b>		160211185.00		160211185.00				
<b>PREFERENCE SHARE CAPITAL</b>									
<b>1.2</b>	<b>AUTHORISED:</b>								
a)	5500 - 15% Redeemable 'A' Cumulative Preference Shares of Rs.100/- each	550000.00		550000.00					
	23500 - 15% Redeemable 'B' Cumulative Preference Shares of Rs.100/-each	2350000.00		2350000.00					
	21000 - 14% Redeemable 'C' Cumulative Preference Shares of Rs.100/-each	2100000.00		2100000.00					
	250000 - Preference Shares of Rs.100/-each	25000000.00		25000000.00					
		30000000.00		30000000.00					
	<b>ISSUED:</b>								
b)	20942- 14% Redeemable 'C' Cumulative Preference Shares of Rs.100/-each	2094200.00		2094200.00					
	<b>SUBSCRIBED AND FULLY PAID</b>								
c)	19299 - 14% Redeemable 'C' Cumulative Preference Shares of Rs.100/-each		1929900.00		1929900.00				
	<b>TOTAL</b>		1929900.00		1929900.00				
d)	<b>SUBSCRIBED BUT NOT FULLY PAID</b>								
	<b>TOTAL SHARE CAPITAL (1.1+1.2)</b>		162141085.00		162141085.00				





NOTES TO BALANCE SHEET					
Sl. No.	Particulars	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015	As at 31.03.2015
<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	11.00	1681404	11.00	1681404
	S. Sreedhar Reddy	11.00	1822307	11.00	1744423
	V. Suresh	12.00	1843752	12.00	1843752
	S. Parvathi	6.00	921861	6.00	921861
	S. Sujala	7.00	1106274	7.00	1106274
	V. Aravinda Rani	6.00	1033081	6.00	1033081
	Copthal Mauritius Investment Limited	9.00	1380700	9.00	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 which were allotted as fully paid up for consideration other than cash pursuant to the Scheme of Amalgamation of the erstwhile Deccan Wires Limited with the Company during the year 1980-81				
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 which 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				



NOTES TO BALANCE SHEET					
Amount in Rupees					
Sl. No.	Particulars	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015	As at 31.03.2015
<b>NOTE NO - 2 RESERVES AND SURPLUS</b>					
(a)	Capital Reserve-opening balance		229717814.50		229717814.50
(b)	Capital Redemption Reserve-opening balance		7419300.00		7419300.00
(c)	Securities Premium Reserve-opening balance		94155905.00		94155905.00
(d)	Debentures Redemption Reserve-opening balance		0.00		0.00
(e)	Revaluation Reserve		0.00		0.00
(f)	Share Options Outstanding Account		0.00		0.00
<b>Other Reserves</b>					
(g)	General Reserve-opening balance		0.00		0.00
(h)	Surplus-Balance in Statement of Profit and Loss-Opening balance	-348855911.76		-195065251.65	
	Add/(Less): Profit/(Loss) for the Year from Statement of Profit and Loss	106837963.77		-151553621.11	
	Add/(Less): Balance value of fixed Assets useful life is over as per Companies Act 2013	0.00		-2237039.00	
		-242017947.99		-348855911.76	
			<b>-242017947.99</b>		<b>-348855911.76</b>
<b>TOTAL</b>					
			<b>89275071.51</b>		<b>-17562892.26</b>
<b>NOTE NO - 3 LONG TERM BORROWINGS SECURED:</b>					
3.1	Term Loans from Banks				
	(Repaid during the year from the funds raised by issue of NCDs)				
(i)	Indian Overseas Bank				
	Term Loan II.Rs.10.50 Crores repayable in 28 Quarterly installments of Rs.37.50 lakhs from Dec,2010.			26219341.00	
	Term Loan III.Rs.1.50 Crores repayable in 24 Quarterly installments of Rs.6.25 lakhs from Dec,2012			6875000.00	
(ii)	State Bank of Hyderabad				
	Term Loan II Rs.5.40 crores repayable in 24 quarterly installments of Rs.54.64 lakhs from October 2012			16265367.00	
(iii)	State Bank of India Term Loan Rs.10.00 Crores repayable in 20 quarterly instalments of Rs.37.50 lakhs from April 2014 and 4 instalments of Rs 62.50 lakhs from April 2019.			70000000.00	
				57197056.00	
<b>CORPORATE LOANS</b>					
(i)	State Bank of India-Nandyal-Rs.6.50 Crores repayable in 7 Quarterly instalments of Rs.26.00 lakhs from Sept 2015 to March 2017,				
	4 instalments of Rs.31.20 lakhs from June 2017 to March 2018,				
	4 instalment of Rs.52.00 lakhs from June 2018 to March 2019				
	and 2 instalments of Rs.67.60 lakhs from June 2019 to Sept 2019.				
(ii)	State Bank of Hyderabad-Rs.3.00 Crores repayable in 7 Quarterly instalments of Rs.12.00 lakhs from Sept 2015 to March 2017,				
	4 instalments of Rs.14.50 lakhs from June 2017 to March 2018,				
	4 instalment of Rs.24.00 lakhs from June 2018 to March 2019				
	and 2 instalments of Rs.31.00 lakhs from June 2019 to Sept 2019.			26400000.00	
<b>TOTAL</b>					
			<b>0.00</b>	<b>202956764.00</b>	



NOTES TO BALANCE SHEET		Amount in Rupees			
Sl. No.	Particulars	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015	As at 31.03.2015
3.2	<b>14% - Rated, Secured, Listed, Redeemable Non Convertible Debentures of Rs. 10.00,000/- each</b> 266 Nos of Debentures issued to EW India Special Assets Fund Pte Ltd.  64 Nos of Debentures issued to E Cap Equities Limited (Repayable from August 2018 to March 2021 in Quarterly Installments)  Interest Accrued (NCD)		266000000.00  64000000.00  126575.00 <b>330126575.00</b>		0.00  0.00  0.00 <b>202956764.00</b>
	<b>UNSECURED:</b>				
3.3	<b>Loans and advances from related parties</b> From promoters group contribution to approved Project Scheme.	0.00		304331021.10	304331021.10
	<b>TOTAL</b>		<b>330126575.00</b>		<b>507287785.10</b>
3.4	There were no long term Deposits and Finance Lease obligations.				
3.5	Term loans from Banks: All Term loans were cleared as on 31.03.2016, from funds raised by issue of NCDs on private placement basis during the year.				
3.6	<b>SECURITY:</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 first charge on all plant & machinery and other movable assets of the company situated at Cement Nagar and second charge on stocks of inventories and book debts.  Further secured by pledge of equity shares of the Company held by the promoters of the Company and also personal guarantees of the promoters.				



NOTES TO BALANCE SHEET		Amount in Rupees			
Sl. No.	Particulars	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015	As at 31.03.2015
	<b>NOTE NO: 4 DEFERRED TAX LIABILITY (NET)</b>				
a)	Deferred tax liability as on 01.04.2015 / 01.04.2014 in respect of timing difference arising on account of difference between straight line and written down Value methods and rates of depreciation.		75273406.00		75273406.00
b)	Less: Deferred tax asset as on 01.04.2015 / 01.04.2014 in respect of expenses allowable U/s 43B of IT Act, 1961		38146672.00		38146672.00
c)	Net Deferred tax liability as on 01.04.2015 / 01.04.2014		37126734.00		37126734.00
d)	Opening Deferred tax liability as on 01.04.2015 / 01.04.2014		41393576.00		41393576.00
	Net Deferred Tax (Asset) / Liability Note: Deferred Tax Asset for the year was not considered as asset on consideration of prudence.		41393576.00		41393576.00
	<b>NOTE NO: 5 OTHER LONG TERM LIABILITIES</b>				
5.1	Advances against Joint Development of Property in Bangalore (Residential Flats construction work under progress)		24699688.00		31399688.00
5.2	Trade Deposits from Dealers		31338804.37		20657358.37
5.3	Caution Deposits from contractors		1146722.36		1146722.36
5.4	Advances against staff quarters (pending for final settlement)		7814573.00		7814573.69
5.5	Other liabilities (pending disputes for settlement and legal cases)		10080380.29		10080380.29
	<b>TOTAL</b>		<b>75080168.02</b>		<b>71098722.71</b>



NOTES TO BALANCE SHEET		Amount in Rupees			
Sl. No.	Particulars	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015	As at 31.03.2015
	<b>NOTE NO: 6 SHORT TERM BORROWINGS SECURED</b>				
<b>6.1 From Banks</b>					
a) Working capital Demand Loans			-		-
b) Cash Credits			299507710.50		307576637.76
<b>TOTAL</b>			<b>299507710.50</b>		<b>307576637.76</b>
<b>6.2</b>	There were no loans repayable on demand and short term deposits/loans and advances from related parties				
<b>6.3</b>	There was no default as on 31.03.2016 and 31.03.2015 in repayment of loans and interest payments on working capital cash credit loans.				
<b>6.4 SECURITY</b>					
	<b>Cash Credits working capital loans from banks:</b> 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 fixed assets of the company and also by the personal guarantee of the Directors and shareholders.				
	<b>NOTE NO: 7 TRADE PAYABLES UNSECURED CREDITORS</b>				
<b>7.1 For Capital goods</b>			-		-
<b>7.2</b>	For Supplies of raw materials/stores and spares etc		258220783.57		167241501.63
<b>7.3</b>	For Services		-		-
<b>TOTAL</b>			<b>258220783.57</b>		<b>167241501.63</b>
<b>7.4</b>	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>				
<b>8.1</b>	Current maturities of long term debt				
	<b>SECURED :</b>				
a)	<b>Term Loans from - Indian Overseas Bank, State Bank of Hyderabad and State Bank of India</b> Installments payable within 12 months after the reporting date		0.00		83400505.53
	Interest accrued and due on Term Loans and instalments due		0.00		22281426.81
	<b>LC Bills Discounting with Banks</b> ( All term loans repaid during the year 2015-16)		<b>50000000.00</b>		<b>49900000.00-</b>



NOTES TO BALANCE SHEET		Amount in Rupees			
Sl. No.	Particulars	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015	As at 31.03.2015
<b>c)</b>	<b>Hire Purchase Finance</b>				
	Installments payable within 12 months after the reporting date		0.00		2820551.41
	Interest accrued and due on Hire Purchase Loans and Instalment due		0.00		5019957.00
	<b>UNSECURED:</b>				
<b>8.2</b>	Deferred Payment of Royalty arrears payable within 12 months after the reporting date	0.00		16462663.00	
	L & T Finance Corporate Loan Instalments payable within 12 months	0.00		115098.00	
<b>8.3 OTHERS</b>					
a)	Caution Deposits from Dealers/Employees payable on demand	3891120.42		3093322.42	
b)	Statutory Dues towards Royalty, Excise duty, Service tax, VAT, TDS etc	615695091.35		325001705.70	
c)	Employees Salaries, Bonus and P F/ ESI recoveries and contributions to Superannuation Fund	72732719.65		61282353.75	
d)	Advances from customers	165422431.79		101776780.38	
e)	Power Charges and Other expenses payable	275096845.54		242396372.84	
f)	Other Advances from Transporters/Creditors	1952436.00	1134790644.75	1240166.00	751368462.09
	<b>TOTAL</b>		<b>1184790644.75</b>		<b>914790902.84</b>
<b>8.4</b>	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>				
<b>9.1</b>	Provision for employee benefits, Gratuity and Leave encashment obligation / contribution				
<b>9.2</b>	Others				
a)	Provision for Income Tax		12200000.00		30000000.00
	<b>TOTAL</b>		<b>12200000.00</b>		<b>30000000.00</b>



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

S.No.	Particulars	GROSS BLOCK		DEPRECIATION		NET BLOCK		
		As at 1st April 2015	Additions during the Year	Deductions during the Year	As at 31st March 2016	As at 31st March 2015	As at 31st March 2016	As at 31st March 2015
1	Freehold Land	417536	0	0	0	0	417536	417536
2	Buildings - Factory	53384127	0	0	53384127	2923299	31611939	21772188
3	Building - Residential & Non Factory	13073434	0	0	13073434	107775	11025710	2047724
4	Building - Others (Temporary)	752284	0	0	752284	0	752284	0
5	Roads, Culverts and Bridges	2730052	843807	0	3573859	437355	1994170	1579689
6	Wells and Water Works	5450780	0	0	5450780	40859	5181737	269043
7	Plant and Machinery-Continuous Process	969236570	900000	0	970136570	32696377	414179893	555956676
8	Plant and Machinery-Power Generation	34069380	0	0	34069380	1475827	3131710	2751670
9	Plant and Machinery-Others	10386749	2745362	0	13132111	1062318	7423125	5708986
10	Plant and Machinery-Electrical Equipments	23332938	0	0	23332938	0	22523386	807551
11	Plant and Machinery-Others	253989	0	0	253989	90113	115235	138754
12	Plant and Machinery-Others	78484767	9177202	0	87661969	15929246	19657272	68004697
13	Electrical Installation	6452729	0	0	6452729	6411805	0	6411805
14	Telephone Installations	552852	0	0	552852	460974	0	481363
15	Railway Siding and Weigh Bridge	1389297	0	0	1389297	58801	0	1160395
16	Ropeway	9471240	4135426	0	13606666	206771	0	9660724
17	Quarry Equipment	161190497	0	0	161190497	4391797	0	148965603
18	Workshop Equipment	657815	0	0	657815	649349	0	649349
19	Laboratory Equipment	729523	0	0	729523	54041	0	635037
20	Mining Lease and Mineral Prospect	218226	0	0	218226	0	0	216032
21	Computers	8559812	159695	0	8719507	73484	0	8315736
22	Office Equipments	5907872	0	0	5907872	58994	0	5702060
23	Servers & Networks	5049391	0	0	5049391	226558	0	4796921
24	Furniture & Fixtures	5171691	0	0	5171691	260085	0	4723855
25	Library	48948	0	0	48948	48448	0	48448
26	Vehicles	54563574	0	671131	53892443	3156087	583425	47875394
	<b>Grand Total:</b>	<b>1451536071</b>	<b>17961493</b>	<b>671131</b>	<b>1468826433</b>	<b>62674285</b>	<b>583425</b>	<b>785427184</b>
					<b>723336324</b>	<b>62674285</b>	<b>583425</b>	<b>683399249</b>
								<b>728199748</b>

**NOTES TO BALANCE SHEET**

**Amount in Rupees**

S. No.	Particulars	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015	As at 31.03.2015
<b>11</b>	<b>NOTE NO: 11 NON CURRENT INVESTMENTS 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	100000.00		100000.00	
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	85200.00		85200.00	
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)	18000.00		18000.00	
iv)	1000 Redeemable 13% Preference Shares of Rs.10/- each in Ceat Finance	10000.00		10000.00	
v)	Principal Focussed Advantage Fund, Mumbai 10000 units of Rs.10/- each (Market value not available)	100000.00		100000.00	
			313200.00		313200.00
<b>11.2</b>	<b>TRADE INVESTMENTS</b>				
i)	In Equity Shares (unquoted and valued at cost) Panyam Cements Co-Operative Stores Limited, Cementnagar	2500.00		2500.00	
ii)	Sri. Somappa Co-Operative House Building Society Limited, Kurnool		500.00		500.00
iii)	350000 Equity Shares of Rs.10/- each in Cheran Cement Limited	3500000.00		3500000.00	
			3503000.00		3503000.00
	<b>TOTAL</b>		<b>3816200.00</b>		<b>3816200.00</b>
	Aggregate Amount of:				
	Quoted Investments		313200.00		313200.00
	Market value of Quoted Investments		253935.00		321975.00
	Unquoted Investments		3503000.00		3503000.00
	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 31.03.2016	As at 31.03.2016	As at 31.03.2015	As at 31.03.2015
<b>NOTE NO: 12 LONG TERM LOANS AND ADVANCES:</b>					
12.1.	<b>Unsecured and considered good</b>				
(a)	Capital Advances		27666748.12		23934680.65
(b)	Security Deposits with Power Distribution Corporation Ltd		1092375.42		2408599.00
(c)	Inter Corporate Loans and advances to related parties		578094161.00		410594161.10
	<b>TOTAL</b>		<b>606853284.54</b>		<b>436937440.75</b>
<b>NOTE NO: 13 INVENTORIES:</b>					
13.1	Raw Materials		3791785.89		15011604.23
13.2	Work-in-progress		46153469.00		72245304.00
13.3	Finished Goods		18473570.00		3454703.00
13.4	Stores and spares,Chemicals and consumables		65834471.68		59153673.77
13.5	Coal and packing materials		14251494.91		24719014.69
13.6	Coal in transit		52875833.10		53622459.10
	<b>TOTAL</b>		<b>201380624.58</b>		<b>228206758.79</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	19623750.33		41774284.44	
b)	Considered Doubtful	92682421.00		103603378.00	
			112306171.33		145377662.44
	Less :Provision for doubtful debts		-10000000.00		-10000000.00
			102306171.33		135377662.44
14.2	Other Trade Receivables :				
a)	Unsecured and considered good		94266973.66		1824919.61
	<b>TOTAL</b>		<b>196573144.99</b>		<b>137202582.05</b>



NOTES TO BALANCE SHEET					
Amount in Rupees					
Sl. No.	Particulars	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015	As at 31.03.2015
<b>NOTE NO: 15 CASH AND CASH EQUIVALENTS</b>					
15.1	Cash on hand		5118651.00		7431724.00
15.2	Balances with banks in current accounts		38018111.12		1247340.51
15.3	Balance with Banks in Margin Money / Fixed Deposits for LC/BG		22360121.00		19310729.00
15.4	Deposit accounts with more than 12 Months Maturity		0.00		0.00
	<b>TOTAL</b>		<b>65496883.12</b>		<b>27989793.51</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	402501059.34		288933896.48	
16.2	Others				
a)	Advance to Suppliers	16100448.60		16100448.60	
b)	Advance to Employees	266175.00		248173.00	
c)	Advance to Contractors & Transporters	813954.42		814244.42	
d)	Prepaid Insurance and other Expenses	1528653.04		1600856.00	
e)	Tender/Security/Telephone Deposits	7797575.66		7862352.08	
f)	Advance Excise Duties/CENVAT/VAT/Service tax	17764666.55		12611588.35	
g)	Advance Income tax and TDS	5786543.46		26519347.46	
h)	Other Advances	9282408.15		6325166.45	
			461841484.22		361016072.84
	<b>TOTAL</b>		<b>461841484.22</b>		<b>361016072.84</b>
<b>NOTE NO: 17 OTHER CURRENT ASSETS</b>					
17.1	Interest Receivable	347228.00			743429.00
	<b>TOTAL</b>		<b>347228.00</b>		<b>743429.00</b>



NOTES TO STATEMENT OF PROFIT & LOSS		Amount in Rupees			
Sl. No.	Particulars	For the Year Ended 31.03.2016	For the Year Ended 31.03.2016	For the Year Ended 31.03.2015	For the Year Ended 31.03.2015
<b>NOTE NO: 18 - REVENUE FROM OPERATIONS</b>					
18.1	Sale of Manufactured Products	2730331068.24		1126509878.62	
	Less: Excise duty collections	354659631.00		150373559.00	
	Less: Sales tax collections	250169976.38		86305227.00	
	Net Sales of Manufactured Products (Refer Note No: 25.13 for details of Productwise sales)		2125501460.86		889831092.62
	<b>TOTAL</b>		<b>2125501460.86</b>		<b>889831092.62</b>
<b>NOTE NO: 19 - OTHER INCOME</b>					
19.1	Interest on Bank and other deposits		2701491.00		1753428.33
19.2	Interest on Inter corporate loans and advances to related parties		7000000.00		49425350.00
19.3	Dividend Income		12350.00		8300.00
19.4	Scrap Sales		2404191.00		0.00
19.5	Rent Receipts		469096.00		454658.00
19.6	Creditors written back and bad debts collections				
19.7	Profit on Sale of Assets		182295.00		98589.00
19.8	Other Receipts		323417.18		290022.00
19.9	Income relating to prior period		23575837.00		282942.00
	<b>TOTAL</b>		<b>99668677.18</b>		<b>52313289.33</b>
<b>NOTE NO: 20 COST OF MATERIALS CONSUMED</b>					
20.1	Consumption of raw materials (Refer Notes to Account No: 25)		364171838.37		149744979.33
20.2	Consumption of packing materials		102209610.83		45446226.00
	<b>TOTAL</b>		<b>466381449.20</b>		<b>195191205.83</b>
<b>NOTE NO : 21 - CHANGES IN INVENTORIES OF FINISHED GOODS WORK-IN-PROGRESS AND STOCK IN TRADE</b>					
<b>CLOSING STOCKS</b>					
a)	Finished goods		18473570.00		3454703.00
b)	Stock-in-process		46153469.00		72245304.00
	<b>TOTAL</b>		<b>64627039.00</b>		<b>75700007.00</b>
<b>OPENING STOCKS</b>					
a)	Finished Goods		3454703.00		122595.00
b)	Stock-in-process		72245304.00		57095447.00
	<b>TOTAL</b>		<b>75700007.00</b>		<b>57218042.00</b>
	<b>NET INCREASE/(DECREASE) IN STOCKS (NET TOTAL)</b>		<b>11072968.00</b>		<b>-18481965.00</b>
<b>NOTE NO:22-EMPLOYEE BENEFITS EXPENSES</b>					
22.1	Salaries, Wages, Bonus and Allowances		86379968.67		58096357.84
22.2	Contribution to ESI & Provident Fund		3427200.00		2705289.00
22.3	Contribution to Gratuity & Superannuation Schemes		217883.00		403367.00
22.4	Staff Welfare expenses		25806386.48		16984995.71
	<b>TOTAL</b>		<b>115831438.15</b>		<b>78190009.55</b>



NOTES TO STATEMENT OF PROFIT & LOSS		Amount in Rupees			
Sl. No.	Particulars	For the Year Ended 31.03.2016	For the Year Ended 31.03.2016	For the Year Ended 31.03.2015	For the Year Ended 31.03.2015
<b>NOTE NO: 23 FINANCE COSTS</b>					
23.1	<b>Interest Expenses</b>				
a)	On Term Loans	50191968.62		23877281.81	
b)	On Working capital, cash credits and adhoc loan	53088351.00		52052610.00	
c)	On Hire Purchase Loans	1951562.75		1105986.95	
d)	Interest on Corporate Unsecured Loans	126575.00		0.00	
e)	On Others	32863218.68		36452400.00	
			138221676.05		113488278.76
23.2	Other borrowing costs				
a)	Loan processing charges		1989771.00		4454790.00
	<b>TOTAL</b>		<b>140211447.05</b>		<b>117943068.76</b>
<b>NOTE NO: 24 - OTHER EXPENSES</b>					
	Consumption of stores and spares		69440523.70		32699258.88
	Power and Fuel		814041861.36		462852563.83
	Rent including Lease Rents		329600.00		96740.00
	Insurance		1229393.96		1129773.00
<b>Repairs &amp; Maintenance</b>					
a)	Buildings	0.00		15400.00	
b)	Plant & Machinery	70738801.37		24701675.40	
c)	Others	10296822.00	<b>81035623.37</b>	5309281.48	<b>30026356.88</b>
	Rates & Taxes and service tax		17098145.78		5405326.00
	Excise duty on captive consumption/Stocks		2803996.00		-295360.00
	Travelling and conveyance		3592092.00		2181251.00
	Printing and stationery		394867.40		266583.78
	Postage Telegrams and Telephones		634854.92		489503.31
	Directors sitting fee		0.00		0.00
	Remuneration to Managing Director		1800000.00		1625000.00
	Directors Travelling		126645.00		119147.00
<b>Remuneration to Auditors</b>					
	Audit and Tax Audit Fee		400000.00		400000.00
	Audit-Expenses		42350.00		41574.00
	Cost Audit Fee		40000.00		0.00
	Cost Audit expenses		350.00		0.00
	Advertisement		118388.00		625550.00
	Legal & Professional Fee and Expenses		2393058.00		1447375.00
	Bank Charges		3844176.35		2332984.20
	Other Expenses		3976651.82		2567854.54
	Vehicle Maintenance		1126444.96		879102.48
	Loss on Sale of Assets		0.00		7762866.61
	Donations		259945.00		93300.00
	Expenses/Income relating to Earlier Years		591425.00		58898.00
<b>SELLING EXPENSES</b>					
	Freight outward and forwarding expenses	158019086.14		54449447.02	
	Discounts /price difference and Commission on consignment sales	144647751.82		50229334.44	
	Other Selling expenses	5820005.29		4120873.29	
			308486843.25		108799654.75
	<b>TOTAL</b>		<b>1313807235.87</b>		<b>661605303.26</b>



**NOTE NO : 25**

**Significant Accounting Policies and Notes to Accounts for the year ended 31<sup>st</sup> March, 2016**

**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 Accounting principles generally accepted 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 capitalised 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 2015-16	Previous Year 2014-15
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)	348.23	204.03
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.	12708.78	11311.89
e	Arrears of dividend on "C" Cumulative Preference shares held by institutions, being not redeemed and requested for extension of time	45.90	43.20
f	Estimated amount of contracts remaining to be executed on capital account (Net of advances)	420.06	422.18
g	<b>Claims against the Company not acknowledged as debts being disputed and pending in appeals and not provided for as the Company is hopeful of success in appeals:</b>		
i)	<b>CENTRAL EXCISE:</b>		
a)	CENVAT credits availed and utilized were subsequently disallowed by the Department and demand raised for differential duty.	852.46	469.21
b)	Differential Duty on supplies made to direct parties, the Company has contested in appeals and are pending with the Commissioner of Appeals or CEGAT/or A.P High Court (paid under protest Rs.12.56 lakhs)	805.02	671.24
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.	3281.81	3309.50



Sl. No.	PARTICULARS	RUPEES IN LAKHS	
		Current Year 2015-16	Previous Year 2014-15
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	878.68
c)	The Assessing Officer (Asst. Commissioner of Income Tax, Kurnool) has raised demand for the assessment year 2013-14 for payment of Capital Gains Tax on advances received under land development agreements. The Company contested the demand before the Commissioner of Income Tax Appeals, Hyderabad.	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	144.54
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	1521.08	1249.75
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. 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. 247.00 lakhs (previous year Rs. 314.00 lakhs) were shown separately under "Non-Current Liabilities" as other long term liability. There was a profit on sale of property Rs.58.63 lakhs considered as exceptional item during the year (previous year profit on sale of property (Rs. NIL).		
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	
		2015-16	2014-15	31-03-16	31-03-15
1.	Sales/advances and receivable (Cheran Cement Limited)	-	-	264.23	264.23
2.	Remuneration to Managing Director	18.00	16.25	14.61	13.89
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, Central Bank of India and Canara Bank for Financial assistance availed by S.P.Y. Agro Industries Limited	1396.89	1525.04	12708.78	11311.89
5.	Unsecured loans from Promoters/Associates	(3043.31)	(1032.12)	-Nil-	3043.31
6.	Purchases and services availed from and due to Associate Companies	634.59	237.74	418.94	76.51
7.	Sales and services provided to and due from Associate Companies	307.26	172.21	176.72	160.66
8.	Advances/Inter-corporate Deposits given to Associate Companies	2810.67	444.83	9805.95	6995.28

**25.10 EARNING PER SHARE**

Basic and diluted earnings/(Loss) per share (face value of Rs.10/-each) calculated in compliance with the provisions of Accounting Standard 20 for the year ended 31.03.2016 comes to Profit Rs.6.65 (Previous year Rs.(9.48)).

The denominator for basic/diluted EPS is 16018139 Equity Shares of Rs.10/- each numerator is net profit of Rs.10,68,37,963.77 for the year as per Statement of Profit and Loss (Previous year net Loss Rs.15,15,53,621.11) 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.10,65,67,777.77 ÷ 16018139 shares = Rs.6.65

**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 31.03.2016	Qty. in Mts.	For the year ended 31.03.2015
<b>A</b>	<b>Manufactured Goods</b>				
1.	Clinker		Nil	Nil	Nil
2.	Cement	585551	27303.31	244852	11265.10
	<b>Total</b>		<b>27303.31</b>		<b>11265.10</b>
<b>B</b>	<b>Traded Goods</b>		Nil		Nil

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

S. No.	Description	2015-16		2014-15	
		Qty. in Tonnes	Value	Qty. in Tonnes	Value
1.	Limestone (Cement Grade) *	556151	498.87	253278	214.70
2.	Laterite	21501	304.76	9420	118.07
3.	Gypsum	10795	177.27	8959	153.68
4.	Iron Ore	15545	184.77	4574	54.62
5.	Clinker	997	35.75	10352	362.67
6.	Fly ash & Other	178448	2440.30	53825	593.70
	<b>Total</b>		<b>3641.72</b>		<b>1497.45</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**

		2015-16	2014-15
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			
		2015-16		2014-15	
	FOB Value of Exports	Nil		Nil	
25.17 Expenditure in Foreign Exchange		Rs. in lakhs			
		2015-16		2014-15	
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:					
		2015-16		2014-15	
		Value	%	Value	%
i)	<b>Raw Materials</b>				
	Imported	Nil	Nil	Nil	Nil
	Indigenous	3641.72	100%	1497.45	100%
	<b>Total</b>	<b>3641.72</b>	<b>100%</b>	<b>1497.45</b>	<b>100%</b>
ii)	<b>Stores and spare parts</b>				
	Imported	Nil	Nil	Nil	Nil
	Indigenous	694.41	100%	326.99	100%
	<b>Total</b>	<b>694.41</b>	<b>100%</b>	<b>326.99</b>	<b>100%</b>
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		<b>V. SURESHKUMAR</b>		<b>S. SREEDHAR REDDY</b>	
Firm's Regn/ No. 000514S		Director		Managing Director	
<b>B.DAIVADHEENAM REDDY</b>		<b>S. NAGESWARA REDDY</b>			
Partner		Chief Financial Officer			
M.No. 026450					
Place : Nandyal					
Date: 27 <sup>th</sup> May, 2016					

**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, Kamalapuri 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 60th Annual General Meeting of the Company, to be held on Wednesday, the 28<sup>th</sup> September, 2016 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 31.03.2016.		
2.	Re-appointment of Sri V. Suresh Kumar as a Director		
3.	Re-appointment of Sri V. Ramnath as a Director		
4.	Ratification of Re-Appointment of M/s. Brahmayya & Co, as Statutory Auditors of the Company		
	<b>Special Business - Ordinary Resolution:</b>		
5.	Regularization of Sri S. Panduranga Rao as a Director.		
6.	Ratification of appointment of Aruna Prasad & Co., as Cost Auditors for the Financial year 2016-17		
7.	Disclosure of Ultimate Beneficial Owners of the allottees with respect to Item No.2 'Preferential issue of convertible warrants of the Company' in the EGM Notice dated 29th December, 2015:		

Signed this \_\_\_\_\_ of September, 2016.

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.

