

Andhra Cements Limited



74th Annual Report 2012-13

BOARD OF DIRECTORS

1. Shri MANOJ GAUR	- Chairman
2. Shri PANKAJ GAUR	- Director
3. Shri NAVEEN KUMAR SINGH	- Director
4. Shri K.N. BHANDARI	- Director
5. Shri S.D.M. NAGPAL	- Director
6. Shri R.K. PANDEY	- Director
6. Shri R.K. SINGH	- Director
8. Shri HARISH K. VAID	- Director
9. Shri SHAILENDRA GUPTA	- Director
10. Shri B.K. TAPARIA (w.e.f. 18.05.2012)	- Director
11. Shri V. K. JAIN (w.e.f. 18.05.2012)	- Director
12. Shri VINAYAK R MAVINKURVE (Upto. 15.10.2012)	- Nominee Director (IDFC Ltd.)

CFO

Shri H.K. Chhabra

**GM - LEGAL &
COMPANY SECRETARY**

Shri G. Tirupati Rao

AUDITORS**Chaturvedi & Partners**
Chartered Accountants
New Delhi.**BANKERS**State Bank of Mysore
Yes Bank Limited
Karur Vysya Bank Limited
Axis Bank
State Bank of India**FINANCIAL INSTITUTIONS**HDFC Limited
IDFC Limited**REGISTERED OFFICE**Durga Cement Works
Durgapuram
Dachepalli - 522 414
Guntur Dist. (A.P)
Ph & Fax : 08649-257429**Contents****Page No.**

1. Notice	01
2. Directors' Report	06
3. Corporate Governance Report.....	12
4. Management Discussion and Analysis Report	24
5. Auditors' Report	28
6. Balance Sheet	34
7. Statement of Profit & Loss	35
8. Notes (1 to 47).....	36
9. Cash Flow Statement	56

Proxy and Attendance Slip**UNITS**Durga Cement Works
Durgapuram,
Guntur Dist (A.P)Visakha Cement Works
Visakhapatnam (A.P)**REGISTRAR & SHARE
TRANSFER AGENT**CIL Securities Ltd.
214, Raghav Ratna Towers
Chirag Ali Lane, Abids
Hyderabad - 500 001
Ph: 040-23202465**E-MAIL ID FOR INVESTORS**

investorcell@andhracemments.com

NOTICE

NOTICE is hereby given that the Seventy Forth Annual General Meeting of the Members of the Company will be held on Saturday the 21st September, 2013 at 11.30 AM at the Registered Office of the Company at Durga Cement Works, Durgapuram, Dachepalli - 522 414, Guntur District (AP) to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013 and Statement of Profit and Loss for the Year ended on that date, together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri K.N. Bhandari, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri S.D.M. Nagpal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri R.K. Pandey, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s Chaturvedi & Partners, Chartered Accountants as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant section 81(3) and other applicable provisions of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) (hereinafter referred to as "the Act") and subject to all such approvals, permissions or sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions or sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board", which expression shall be deemed to include any Committee constituted / to be constituted by the Board to exercise its powers, including the powers conferred by this Resolution), the consent of the Company be and is hereby accorded to the Board in respect of the Rupee Term Loans of an aggregate amount not exceeding Rupees Six Hundred and Seventy One Crore from Housing Development Finance Corporation Ltd (HDFC) and IDFC Ltd ("IDFC") such that only in the event of default by the Company under the lending arrangements, HDFC and IDFC at its option may be able to convert the facility to ordinary equity shares of the Company upon such terms and conditions as may be deemed appropriate by the Board and at a price to be determined in accordance with the applicable SEBI Regulations at the time of such conversion.

RESOLVED FURTHER THAT on receipt of the notice of conversion, the Board of Directors of the Company is hereby authorized to do all such actions, deeds and things as the Board may deem necessary and shall allot and issue the requisite number of fully paid-up ordinary equity shares to HDFC and IDFC.

RESOLVED FURTHER THAT the ordinary equity shares to be so allotted and issued to the Lenders pursuant to its exercising the right of conversion shall rank pari passu in all respects with the then existing equity shares of the Company and be listed on the Stock Exchange where the existing shares of the Company are listed.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the power herein conferred by this resolution to any director or directors or to any committee of directors or any other executive(s) or officer(s) of the Company to give effect to the aforesaid resolution."

**By Order of the Board
For ANDHRA CEMENTS LTD.**

**Place : New Delhi
Date : 27th April, 2013**

**G. TIRUPATI RAO
GM - Legal & Company Secretary**

NOTES:

1. Explanatory Statement pursuant to the provisions of section 173 (2) of the Companies Act, 1956 in relation to the resolutions set out in item no. 6, is annexed hereto and forms part of the notice.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. The Proxy form duly completed must be lodged at the Registered Office of the Company at least 48 hours before the time fixed for the meeting. A Blank Proxy Form is enclosed.
4. Corporate Members intending to send their respective authorized representatives are requested to send a duly certified copy of the Board/Governing Body resolution authorizing such representatives to attend and vote at the Annual General Meeting.
5. Pursuant to Clause 49 of the Listing Agreement, the particulars of Directors seeking appointment / reappointment at the meeting are annexed.
6. Members are requested to notify immediately their e-mail ID, change of address, if any, to their Depository Participants (DPs) in respect of their shareholding in Demat Accounts and to the Company's Registrar /Share Transfer Agents in respect of their shareholding in physical segment by mentioning folio nos. etc.
7. Members/Proxies should bring the attendance slip sent herewith duly filled in for attending the meeting.
8. The Register of Members and Share Transfer Books of the Company will remain closed from 16.09.2013 to 21.09.2013 (both days inclusive) for the purpose of the Annual General Meeting of the Company.
9. All documents referred to in the Notice and accompanying Explanatory Statement, are open for inspection at the Registered Office of the Company on all working days,

except Sunday and other holidays, between 11.00 AM and 1.00 PM upto the date of the Annual General Meeting.

10. Members desiring any information as regards the accounts are requested to write to the Company at least 10 days before the date of the Meeting, so as to enable the Management to keep the information ready.
11. Members are requested to kindly bring their copies of the Annual Report to the Meeting. Copies of the Annual Report will not be distributed at the Annual General Meeting. No gifts / coupons shall be distributed at the Annual General Meeting.
12. M/s CIL Securities Ltd, 214, Raghava Ratna Towers, Chirag Ali lane, Abids, Hyderabad - 500001, Tel No. 040-23202465, Fax No. 040-23203028, continues to act as the Registrar and Share Transfer Agent (RTA) to undertake all investor-servicing activities for the share in demat and physical segments. Investors are requested to write to RTA on all share related matters i.e transfer, transmission, change of address, nomination, power of attorney, demat / remat etc.
13. **The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by e-mail to its members. To support this green Initiative of the Government in full measure, the Company initiated steps to send the various notices / documents meant for the shareholders electronically on their e-mail addresses as obtained from Depositories / other sources, unless specially requested to be sent in physical form. The members who have not registered / updated their e-mail addresses so far, are requested to register / update their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participant. Members who hold their shares in physical form and who are desirous of receiving the communications / documents in electronic form are requested to promptly register their e-mail addresses with the Company.**
14. Members can avail of the nomination facility in terms of section 109A of the Companies Act, 1956 by nominating in Form 2B, as prescribed under Companies (Central Government's) General Rules and Forms, 1956, any person to whom their shares shall vest on occurrence of events stated in the said Form. Blank Forms can be supplied on request. Form 2B submitted in duplicate: (a) in case of shares held in physical form, to the Company and (b) in case of shares held in dematerialized form, to the respective Depository Participants.

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

Item No. 6

To support the growth plans and to raise resources for its expansion project envisaging increase in the cement manufacturing capacity from 1.4 million tonne per annum to 3.0 million tonne to met the additional cost, your Board of Directors ("Board") has approved for availing of the financial facilities by way of Rupee Term Loans from time to time not exceeding Rupees Six Hundred and Seventy One Crores from Housing Development Finance Corporation Limited (HDFC) and IDFC Ltd (IDFC) in one or more tranches upon such terms and conditions as may be deemed appropriate by the Board. One of the terms is that in case of event of default by the Company under the lending arrangements of HDFC and IDFC may be entitled to exercise the option to convert whole or part of their outstanding into fully paid-up ordinary equity shares of the Company at a price to be determined in accordance with the applicable SEBI Regulations at the time of such conversion.

The resolution has been proposed under the provisions of section 81 (3) and other applicable provisions of the Companies Act, 1956 ("Act") in view of the fact that under the lending arrangements, in the Event of Default (as may be specified by HDFC and IDFC under lending documents) HDFC and IDFC may be entitled at its option to convert the entire or part of the outstandings into ordinary equity shares of the Company in accordance with the applicable SEBI Regulations and hence prior approval of the members is required in general meeting by a Special Resolution.

None of the directors of the Company is, in any way, concerned or interested in the said Resolution.

The Board recommends the resolution for your approval.

By Order of the Board

Place: New Delhi

Date : 27th April, 2013

G. TIRUPATI RAO

GM - Legal & Company Secretary

Registered Office:

Durga Cement Works

Durgapuram, Dacheipalli - 522414

Guntur District (AP)

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

Particulars	Shri K.N. Bhandari	Shri S.D.M. Nagpal	Shri R. K. Pandey
Date of Birth	01.03.1942	02.02.1942	20.01.1940
Date of Appointment	21.08.2007	15.11.2011	15.11.2011
Qualifications	BA, LLB	MA, AICWA	M.Com, LL.B, FCS, DBA
Expertise in specific functional area (experience in approx. years)	Finance and Insurance Management. (51 Years)	Finance, Accounts and Systems (49 Years)	Finance, Legal & Corp. Advisory Services, (51 Years)
Directorships held in other public & private companies	<ul style="list-style-type: none"> Hindalco Inds. Ltd. Suraj Diamonds & Jewellery Ltd Agriculture Insurance Co. Ltd Saurashtra Cements Ltd Srishti Infrastructure Development Corp. Ltd Credence Logistics Ltd Magna Fin. Corp. Ltd Magna HDI General Insurance Co. Ltd NRC Ltd Jaybhara Textiles & Real Estate Ltd. Midas Asset Reconstruction Co. Pvt Ltd. 	<ul style="list-style-type: none"> NTPC-SAIL Power Company Pvt Ltd. Bhilai Jaypee Cement Ltd. Kanpur Fertilizers & Cement Ltd. Jaypee Uttar Bharat Vikas Pvt Ltd. 	<ul style="list-style-type: none"> PTC Inds. Ltd. Precise Laboratories Pvt Ltd. Kandheni Ispat Ltd. British Health Products (India) Ltd Hanung Toys & Textiles Ltd. Shree Rajasthan Syntax Ltd. Morgan Ventures Ltd. Jindal Polyfilms Ltd Melcom Capital Markets Ltd Rioch India Ltd Webcare Drugs & Pharmaceuticals Ltd Sanghi Inds. Ltd Kanpur Fertilizers & Cement Ltd Jaypee Uttar Bharat Vikas Pvt Ltd. Uninet Infra Technologies Pvt Ltd Seren Impex Pvt Ltd Jaypee Development Corporation Ltd
Chairmanship/ Membership of Board Committees of other companies	Chairmanship - 1 Membership - 2	Chairmanship - 3 Membership - 2	Chairmanship - 1 Membership - 1
Number of shares held	Nil	Nil	Nil

Directors' Report

To

The Members,

Your Directors have pleasure in presenting the 74th Annual Report and the Audited Accounts of your Company for the year ended 31st March 2013.

FINANCIAL RESULTS

(Rs in Lakhs)

	Current Year 2012-13 (12 Months)	Previous Period 2011 – 12 (9 Months)
Gross Sales	-	3.40
Net Sales	-	2.78
Other Income	530.13	228.19
PBIDT	(2645.76)	(2476.37)
Finance Cost	620.63	887.16
Depreciation	136.23	67.51
Profit/(Loss) before exceptional items	(3402.62)	(3431.04)
Exceptional Items (Income)	-	5508.87
Profit/(Loss) before Tax	(3402.62)	2077.83
Deferred Tax	(1334.16)	1111.12
Net Profit / (Loss)	(2068.46)	966.71

DIVIDEND

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

SHARE CAPITAL

During the year under report, there was no change in the Paid-up Equity Share Capital of the Company.

Thus, as on March 31, 2013 the Paid-up Capital of the Company stood at Rs. 293,52,04,920/- divided in to 293520492 Equity Shares of Rs. 10/- each.

OPERATIONS

During the year under review, Durga Cement Works (DCW) plant of the Company was recommenced its trial run operations on 6th October 2012 by lighting up the Kiln. Due to the power holiday imposed by the State Government the plant operations were not continued in full swing.

The production activities at Visakha Cement Works (VCW) plant could not be commenced during the period under review. However, trial run would be expected to commence from the month of May 2013.

OUTLOOK

After the taking over of management by the new Promoters and infusion of funds by them, the work on revival of the Plants started in its right earnest. The commercial production of the Cement is expected to be commenced during the current financial year. Thus, the future outlook for the Company is bright.

DIRECTORATE

During the period under report M/s IDFC Ltd has withdrawn nomination of Shri Vinayak Mavinkurve as their nominee w.e.f 15.10.2012 and he ceased to be Director of the Company.

Your Directors wish to place on record their appreciation for the contribution made by Shri Vinayak Mavinkurve during his tenure on the Board.

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

AUDITORS**Statutory Auditors:**

M/s. Chaturvedi & Partners, Chartered Accountants, Auditors of the Company shall retire at the conclusion of the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

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

Since the production activities were suspended during the period and there being limitation & constraints and non-availability of employees & their support, confirmation/verification, reconciliation of various assets and liabilities could not be carried out. These shall be carried out upon resumption of normal production. Adjustments with respect to advances, debtors, claims, interest and other charges/expenses etc. shall be accounted for after negotiation/settlement/finalisation of the related matters. Interest on borrowing has been capitalised and necessary allocation/adjustment shall be carried out on completion of the project and certain bills, claims relating to project supplies/services shall also be accounted for on complete documentation, negotiation, etc. In view of the proposed recommencement of production and emerging certainty with respect to the profitability, there would be sufficient taxable income to claim the deferred tax credit, as explained in the Note Nos. 36, 38 and 39.

Cost Auditors:

Since the production at both the plants of the Company stood suspended during the year under review, Cost Auditor had not been appointed to conduct the Cost Audit for the financial year ended 31st March, 2013.

INSURANCE

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

LISTING

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

CORPORATE GOVERNANCE

A report on Corporate Governance and Management Discussion & Analysis Report, in terms of Clause 49 of the Listing Agreement are annexed and form part of this Annual Report. A certificate from a Practicing Company Secretary confirming compliance with the conditions of Corporate Governance is also annexed.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, the Directors, based on the representation received from the Operating Management, certification by the CFO to the Board of Directors and after due enquiry, confirm in respect of the audited annual accounts for the year ended 31st March, 2013:

- a. that in the preparation of the accounts in respect of the period under report, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the reporting period and of the Loss for the period ended 31st March 2013;
- c. that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities, and
- d. that the accounts have been prepared on a going concern basis.

REDEMPTION OF PREFERENCE SHARES

A sum of Rs.1.92 lacs towards redemption of Preference Shares remains unclaimed. It has not been possible to locate the addresses of the shareholders, despite notices being published in daily newspapers. These are being paid as and when claimed. There is no liability for dividend on these shares.

REPAYMENT OF FIXED DEPOSITS

In accordance with the Modified Rehabilitation Scheme (MS-08), the Company is settling the claims lodged by fixed deposit holders. During the period Fixed Deposit claims amounting to Rs. 0.28 lacs were settled.

REDEMPTION OF DEBENTURES

In terms of MS-08, Debentures amounting to Rs. 1.51 lacs were redeemed during the period. An amount of Rs.193.80 lacs being balance of principal remain unclaimed and deposited with bank, under lien in favour of Debenture Trustees (Canara Bank).

INVESTOR EDUCATION AND PROTECTION FUND

Repayment of the matured fixed deposits and debentures are covered by the BIFR Sanctioned Scheme (MS-08).