

# Andhra Cements Limited



80<sup>th</sup>

**Annual Report 2018-19**

## Board of Directors

|                             |                |
|-----------------------------|----------------|
| <b>K.N. Bhandari,</b>       | Chairman       |
| <b>Pankaj Gaur</b>          |                |
| <b>Naveen Kumar Singh</b>   | Director & CEO |
| <b>S. D. M. Nagpal</b>      |                |
| <b>R. K. Pandey</b>         |                |
| <b>Ravindra Kumar Singh</b> |                |
| <b>V. K. Jain</b>           |                |
| <b>R. B. Singh</b>          |                |
| <b>Manju Sharma</b>         |                |

## CFO

A.K. Agrawal

## Company Secretary

G. Tirupati Rao  
General Manager (Legal) & Company Secretary

## Statutory Auditors

M/s Chaturvedi & Partners  
Chartered Accountants, New Delhi

## Secretarial Auditors

M/s Savita Jyoti Associates  
Practicing Company Secretaries, Hyderabad

## Cost Auditors

M/s J.K. Kabra & Co  
Cost Accountants, Delhi

## Registrar & Share Transfer Agent

CIL Securities Ltd,  
214, Raghav Ratna Towers,  
Chirag Ali Lane, Abids,  
Hyderabad - 500001  
Ph: +91-40-23202465 | Fax: +91-40-23203028  
Website: [www.cilsecurities.com](http://www.cilsecurities.com)  
E-mail: [rta@cilsecurities.com](mailto:rta@cilsecurities.com)

## Regional Marketing Office & Share Department

Ashoka Hitec Chambers  
3<sup>rd</sup> Floor, Road No. 2, Banjara Hills,  
Hyderabad , 500 034 (TS)

## Registered Office

Andhra Cements Limited  
Durga Cement Works  
Sri Durgapuram,  
Dachepalli - 522414  
Guntur (Dist), (AP)  
CIN: L26942AP1936PLC002379  
Ph: +91-8649-257413 | Fax: +91-8649-257449  
Website: [www.andhracements.com](http://www.andhracements.com)  
E-mail: [investorcell@andhracements.com](mailto:investorcell@andhracements.com)

## Corporate office

Jaypee Group Corporate Office  
Sector-128, Noida-201304 (UP)  
Ph: +91-120-4609000 | Fax: +91-120-4609464

## Bankers/Lenders

Housing Development Finance Corp. Ltd.  
Edelweiss Asset Reconstruction Co. Ltd.  
Karur Vysya Bank Limited  
Andhra Bank  
State Bank of India

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## DIRECTORS' REPORT

To,

The Members

The Directors of your Company are pleased to present the Eightieth Annual Report together with the Audited Accounts of the Company for the Year ended 31<sup>st</sup> March, 2019.

### FINANCIAL HIGHLIGHTS

Summary of the financial results of the Company for the year under report are as under:

|  | Current Year<br>2018-19 | Previous Year<br>2017-18 |
|--|-------------------------|--------------------------|
| (₹ in lakhs)                           |                         |                          |
| Net Sales                              | 32124                   | 48422                    |
| Other Income                           | 180                     | 463                      |
| PBIDT                                  | 1509                    | 5951                     |
| Finance Cost                           | 10844                   | 12739                    |
| Depreciation                           | 4747                    | 4476                     |
| Profit/(Loss) before exceptional Items | (14082)                 | (11264)                  |
| Exceptional Item                       | (3974)                  | 4071                     |
| Profit/(Loss) before Tax               | (18056)                 | (7193)                   |
| Deferred Tax                           | 43                      | 84                       |
| Net Profit / (Loss)                    | (18013)                 | (7109)                   |
| Other Comprehensive Income             | 2                       | (4)                      |
| Total Comprehensive Income             | (18011)                 | (7113)                   |

| Sl. No. | Particulars                     | 31.03.2019 | 31.03.2018 | Formula adopted   |
|---------|---------------------------------|------------|------------|---|
| 1       | Debtors Turnover Ratio (Days)   | 26.44      | 20.47      | 365 Days/(Net Revenue/ Average Trade Receivables)   |
| 2       | Inventory Turnover Ratio (Days) | 24.38      | 21.33      | 365 Days/ Net Reveue/Average Inventories)   |
| 3       | Interest Coverage Ratio         | (0.67)     | 0.44       | (Profit before Tax +Interest)/(Interest + Interest Capitalised)   |
| 4       | Current Ratio                   | 0.14       | 0.38       | Current Assets/(Total Current Liabilities-Security Deposits payable on demand-Current maturities of Long Term Debt) |
| 5       | Debt-equity Ratio               | -*         | -*         | Total Debt/Total Equity   |
| 6       | Operating Profit Margin Ratio   | (0.08)     | 0.21       | EBITDA/Net Revenue  |
| 7       | Net Profit Margin Ratio         | (0.56)     | (0.15)     | Net Profit/Net Revenue  |
| 8       | Return on Networth              | -**        | -**        | Total Comprehensive Income/Average Networth   |

\* Since Equity is negative, ratio cannot be calculated.

\*\* Since Networth is negative, ratio cannot be calculated.

- EBITDA denotes Profit before Interest+Tax+Depreciation.
- Increase in Debtor Turnover Ratio is on account of reduction in sales.
- Reduction in Interest Coverage Ratio is due to reduction in Sales and Profit.
- Current Ratio is reduced as current liability has increased due to reduction in Sales and Profit.

### COST

During the year under review, the diesel prices have increased by about 17%. Due to this, the cost of raw materials as well as cost of distribution of cement has increased. The relaxation by the Government of India rationalizing the axle load norms for the heavy vehicles, has provided some relief in managing the distribution cost.

### SHARE CAPITAL

The paid up equity share capital as at 31<sup>st</sup> March, 2019 is ₹ 293.52 Crores. During the period under review, your Company has not issued any shares with differential rights, sweat equity shares and equity shares under employees stock option scheme. Your Company has also not bought back its own shares during the period under review.

### DIVIDEND

No Dividend is recommended in view of the loss during the year and non-availability of any carry forward surplus.

### OPERATIONS

During the year under review, Company's plant viz, Durga Cement Works (DCW) was in operation and produced Clinker and Cement and the plant viz, Visakha Cement Works (VCW) was operated till July, 2018, and later the production was stopped due to operational viability reasons. The Company has commissioned its 30 MW Captive Power Plant (CPP) situated at Durga Cement Works.

### KEY FINANCIAL RATIOS

Pursuant to Reg. 34(3) and 53(1) and Schedule V (B) of SEBI (LODR) Regulations, 2015, the Key Financial Ratios for the year 2018-19 are given below:

The price of pet coke and coal has increased significantly impacting the margins. The company has taken steps to manage the increasing cost by using low cost fuels.

The Company has been continuously taking various measures in the areas of production, productivity, quality and cost reduction, to mitigate the increase in the cost of raw materials, power and transport.

## FINANCIAL STATEMENTS

As per the provisions of the Companies Act, 2013 and Regulation 34 of LODR, Companies are required to prepare financial statements to be laid before the Annual General Meeting of the Company. Accordingly, the financial statements along with the Auditors' Report thereon, form part of this Annual Report.

As per section 136(1) of the Companies Act, 2013 the Financial Statements are available at the Company's website i.e [www.andhracments.com](http://www.andhracments.com).

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under report the following changes took place in the Board of the Company:

1. Shri Pankaj Gaur and Shri Vijai Kumar Jain, Directors would retire by rotation at the ensuing Annual General Meeting and, being eligible, they offer themselves for re-appointment. Shri Naveen Kumar Singh, Director was appointed as CEO of the Company, due to this appointment as CEO his status was changed as Whole-time Director. Ratification is being sought at the ensuing Annual General Meeting. Shri K.N. Bhandari, Shri S.D.M. Nagpal, Shri R.K. Pandey, Shri R.K. Singh Independent Directors of the Company attained the age of 75 years. As per Reg. 17(1A) of SEBI (LODR) continuation beyond the age of 75 year requires Special Resolution and setout the same in the Notice.
2. During the year under report, the Board Meet 4 times, the details whereof are given in Report on Corporate Governance. The meetings of Board of Directors were held on 30.05.2018, 11.08.2018, 14.11.2018 and 11.02.2019.
3. All Independent Directors have given declaration that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) and 25(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
4. Pursuant to the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the Committees constituted by it. The manner in which the formal annual evaluation has been carried out has been explained in the Report on Corporate Governance.
5. The Board has on the recommendation of the Nomination & Remuneration Committee adopted a policy for selection and appointment of Directors, Senior Management and their remuneration. Brief features of the said Policy are:
  - a) Nomination and Remuneration Committee shall formulate the criteria for determining

qualifications, positive attributes and independence of Director;

- b) Nomination and Remuneration Committee shall identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management Position;
  - c) While selecting Independent Directors, the Nomination and Remuneration Committee shall identify persons of integrity who possess relevant expertise and experience required for the position;
  - d) Non-executive/Independent Director may receive remuneration by way of sitting fees for attending meetings of Board or Committee thereof, as amount as may be approved by the Board of Directors within the limits prescribed under the Companies Act, 2013 and the rules made thereunder, provided that the amount of such fees shall not exceed Rs. One lakh per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time. The sitting fee for Independent Directors and Women Directors shall not be less than the sitting fee payable to other Directors;
  - e) An Independent Director shall not be entitled to any stock option of the Company;
  - f) Other employees of the Company shall be paid remuneration as per the Company's HR policies. The breakup of the pay scale and quantum of perquisites including employer's contribution to PF, pension scheme, medical expenses, etc. shall be as per the Company's HR Policy.
- The Company shall reimburse actual expenditure incurred by the Directors in the performance of their duties as per the rules and policies of the Company.
- Remuneration of other employees shall be reviewed/decided on an annual basis or earlier if deemed necessary, based on performance appraisal of individual employees taking into account several factors such as job profile, qualifications, seniority, experience, commitment including time commitment, performance and their roles and duties in the organization.
- g) The age, term of appointment and retirement of Managing Director/Whole-time Director shall be determined in accordance with the provisions of Companies Act, 2013 read with Rules made thereunder;
  - h) Managing Director/Whole-time Director and Key Managerial Personnel shall be paid

the remuneration within the overall limit prescribed under the Companies Act, 2013 and the Rules made thereunder as recommended by the Nomination and Remuneration Committee subject to the approval of the Board;

- i) The Company shall provide suitable training to Independent Directors to familiarize them with the Company, their roles, rights, responsibilities in the Company, nature of the Industry in which the company operates, business model of the Company etc;

The Company has received necessary declarations from all the Independent Directors under Section 149(7) of the Companies Act, 2013 that they meet the criteria of independence as provided in Section 149 (6) of the Companies Act, 2013. Independent Directors have complied with the Code for Independent Directors prescribed in Schedule IV of the Companies Act, 2013. As required under Regulation 25(7) of LODR, the Company has programmes for familiarization for the Independent Directors.

Board Evaluation: Pursuant to Section 134(3) (p) of the Companies Act, 2013 and Regulation 25(4) of LODR, Independent Directors have evaluated the quality, quantity and timeliness of the flow of information between the management and the board, performance of the Board as a whole and its Members and other required matters. Pursuant to Regulation 17(10) of LODR Board of Directors have evaluated the performance of Independent Directors and observed the same to be satisfactory and their deliberations beneficial in Board/Committee Meetings.

The Company had formulated a code of conduct for the Directors and Senior Management personnel and the same has been complied.

All Related Party Transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. 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 transaction.

The policy on materiality of Related Party Transactions and dealing with Related Party Transactions as approved by the Board may be accessed on the Company's website at [www.andhracemens.com](http://www.andhracemens.com).

The details of Related Party Transactions as required under IND AS-24 are provided in the accompanying financial statements forming part of this Annual Report. Form AOC- 2 pursuant to Section 134 (3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 is set out as "Annexure-A" to this Report.

## SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant and material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

## AUDITORS

### 1. Statutory Auditors

As the members are aware in accordance with the provisions of Section 139 of the Companies Act, 2013 and the Rules made there under, M/s. Chaturvedi & Partners, Chartered Accountants (Firm Registration No. 307068E), were appointed as Statutory Auditors of the Company in the 75<sup>th</sup> Annual General Meeting (AGM) for a period of Five consecutive years till the conclusion of 80<sup>th</sup> AGM of the Company to be held in the year 2019. The appointment of present Statutory Auditors term will be completed at the conclusion of the 80<sup>th</sup> AGM. Hence, New Statutory Auditor is to be appointed. The M/s Dass Gupta & Associates, Chartered Accountants, being eligible, offer themselves for appointment as Statutory Auditors for the Financial Year 2019-20. The Company has obtained a written consent and a certificate from the Statutory Auditors to the effect that their appointment, if ratified, would be in accordance with the conditions as prescribed and they fulfill the criteria laid down in Section 141 of the Companies Act, 2013.

Based on the recommendations of the Audit Committee, the Board has recommended the ratification of appointment of M/s. Dass Gupta & Associates, Chartered Accountants as Statutory Auditors of the Company for the Financial Year 2019-20 and to hold office till the conclusion of the 85<sup>th</sup> Annual General Meeting to be held in the year 2024, subject to ratification of their appointment in every AGM.

### 2. Cost Auditors

For the Financial Year 2019-20, the Board of Directors of the Company have on the recommendation of Audit Committee, appointed M/s. J.K. Kabra & Associates, Cost Accountants (Firm Regn No. 00009) Cost Auditors of the Company for auditing the Cost Records relating to the product 'Cement'. In this regard, they have submitted a certificate certifying their independence and their arms length relationship with the Company. The Resolution for ratification of their remuneration has been included in the Notice for ensuing Annual General Meeting.

### 3. Secretarial Auditor

Secretarial Audit Report for the financial year ended on 31<sup>st</sup> March, 2019, issued by M/s. Savita Jyoti Associates, Company Secretaries, in form MR-3 forms part of this report and marked as "Annexure-B".

The said report does not contain any qualification or observation requiring explanation or comments from Board under section 134(3)(f)(ii) of the Companies Act, 2013.

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, on recommendations of the Audit Committee, the Board has appointed M/s. Savita Jyoti Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the financial year ended 31<sup>st</sup> March, 2020.

#### AUDITORS REPORT

The Directors of the Company wish to state that the Statutory Auditors of the Company has given modified opinion on the Financial Statements of the Company for the year ended 31<sup>st</sup> March, 2019. The qualification in the Financial Statement and management response to the aforesaid qualification is given under:

| Auditors Qualification  | Management's Reply  |
|---|---|
| We refer to Note 35 to the financial statements in respect of preparation of financial statements of the Company on going concern basis for the reasons stated therein. During the financial year ended March 31, 2019, the Company has incurred losses of ₹ 18,011.42 lakhs, resulting into accumulated losses of ₹ 70,156.70 lakhs and erosion of net worth as at March 31, 2019. The Company has obligation towards fund based borrowings aggregating to ₹ 101,064.49 lakhs as on March 31, 2019 including working capital loans and interest accrued thereon. The Company's current liabilities have exceeded current assets as on March 31, 2019. These matters require the Company to | The management has approached the financial institutions/banks for restructuring of the debts which is under consideration by major lenders. Further, the Cement market has started improving and company is hopeful to achieve the profitable operations and is on the view that the company will continue as a going concern. |

| Auditors Qualification  | Management's Reply |
|---|--------------------|
| generate additional cash flow to fund the operations as well as payments to lenders, creditors, statutory dues and other obligations. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the company's ability to continue as going concern and therefore the company may be unable to realize its assets and discharge its liabilities in the normal course of business. Accordingly, we are unable to comment on the consequential impact, if any on the accompanying financial statements. |                    |

Note: The Auditors have also drawn attention to some items under Emphasis of matter in their report. However, they have not modified their opinion in respect of the said matters.

#### EXTRACT OF ANNUAL RETURN

In accordance with Section 92(3) of the Companies Act, 2013 an extract of the Annual Return in Form MGT-9 for the year ended 31<sup>st</sup> March, 2019 is attached as "Annexure-C" which forms part of this Report.

In accordance with Clause 22 of Secretarial Standard on Report of the Board of Directors (SS4), a copy of Annual Return for the year ended 31<sup>st</sup> March, 2019 has been placed on the website of the Company.

#### PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year under review, there were no Loans, Guarantees and Investments made/given as per the provisions of Section 186 of the Companies Act, 2013.

#### RISK MANAGEMENT

The Company has formulated a Risk Management Policy. The Risk Management Policy, which inter-alia:

- define framework for identification, assessment, monitoring, mitigation and reporting of risks.
- ensures that all the current and future material risk exposures of the Company are identified, assessed, quantified, appropriately mitigated, minimized and managed i.e to ensure adequate systems for risk management.

The Risk Management policy of the Company is available at the Company's website.

### **CORPORATE SOCIAL RESPONSIBILITY**

In view of absence of required profit/net worth/turnover, the provisions of the Companies Act, 2013 relating to Corporate Social Responsibility are not applicable to the Company.

### **MATERIAL CHANGES AND COMMITMENTS**

In terms of Section 134(3) (i) of the Companies Act, 2013, except as disclosed elsewhere in this report, no material changes and commitments which could affect the Company's financial position have occurred between the end of the year and date of this report.

### **CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

A Report on Corporate Governance as stipulated by Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, forms part of this Annual Report along with the required Certificate from the Practicing Company Secretary confirming compliance with conditions of Corporate Governance.

As required under Regulation 34(2)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Management Discussion & Analysis Report on operations and financial position of the Company has been provided in a separate section which forms part of this Annual Report.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013, the Directors, based on the representation received from the operating management, certification by CEO and CFO to the Board of Directors and after due enquiry, confirm that in respect of the Audited Annual Accounts for the year ended 31<sup>st</sup> March, 2019 that:

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed and that there were no material departures;
- b) the Directors had, in consultation with the Statutory Auditors, 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 for the year ended 31<sup>st</sup> March, 2019 and the loss of the Company for that period;
- c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors had prepared the annual accounts on a going concern basis;

- e) the Directors had laid proper internal financial controls to be followed and that such internal financial controls were adequate and were operating effectively; and
- f) Directors had devised proper systems to ensure compliance with the provisions of all applicable laws that such systems were adequate and operating effectively.

### **WHISTLE BLOWER POLICY AND VIGIL MECHANISM**

The Company has in terms of the provisions of Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meeting of Board and its Powers) Rules, 2014 and Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, formulated Whistle Blower Policy and Vigil Mechanism for Directors and employees under which protected disclosures can be made by a whistle blower. ([www.andhracemments.com](http://www.andhracemments.com))

### **INTERNAL FINANCIAL CONTROL**

The Internal Financial Controls with reference to financial statements as designed and implemented by the Company are adequate. During the year under review, no material or serious observation has been received from the Internal Auditors of the Company for insufficiency or inadequacy of such controls.

The information about internal financial controls is set out in the Management Discussion & Analysis Report which forms part of this Report.

### **DEPOSITS**

The Company has not accepted or renewed any amount falling within the purview of provisions of Section 73 of the Companies Act 2013 ("the Act") read with the Companies (Acceptance of Deposit) Rules, 2014 during the year under review. Hence, the details relating to deposits as also requirement for furnishing of details of deposits which are not in compliance with Chapter V of the Act is not applicable.

However, In accordance with the Modified Rehabilitation Scheme (MS-08), the Company is settling the claims lodged by fixed deposit holders. As per the provisions of Section 125 of the Companies Act, 2013 the company is in the process to transfer the Unclaimed Amount to the 'Investor Education and Protection Fund'.

### **REDEMPTION OF PREFERENCE SHARES**

The payments against these shares are being made as and when claimed by the holders. It has not been possible to locate the addresses of the shareholders, despite notices being published in daily newspapers. No claims were received during the year. There is no liability for dividend on these shares.

### **PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES**

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment



and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said Rules forms part of this Annual Report and is provided as "Annexure- D" in this report.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided as "Annexure- D" to this Report.

## **PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Second Amendment Rules, 2015 (as per the notification dated 4<sup>th</sup> September, 2015), is annexed herewith as "Annexure-E".

## **DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMAN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Woman at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year under review, no complaints were received by the Company.

## **FUTURE OUTLOOK**

GDP growth for the year 2019-20 was originally projected at 7.4%, which is now revised to 7.2%. However, there are several uncertainties which can have an impact in the projected GDP. The outlook of oil prices continue to be hazy both on upside and downside. It is expected that the demand for cement would grow at around 8% for the financial year 2019-20. Our plants are fully equipped and supported with grinding units at strategic locations. Our company will be

able to take full advantage of the economic momentum in the coming years.

## **THREATS**

The Sanctions imposed on countries from where India is imposing maximum crude would adversely affect the fuel price, which would have negative impact on our manufacturing and transportation cost. The Mines and Minerals (Development & Regulation) Amendment Act, 2015, (MMDR) has made the Limestone as a notified mineral. Pursuant to the amendment act, grant of mining lease for all notified minerals shall be through public auction process by the respective State Governments. Since, several State Governments do not have the required geological data of availability of the reserves and they are not able to proceed with the auction. This is delaying the process of getting fresh mining leases allotted.

## **OPPORTUNITIES**

The Company's products have always been perceived to possess superior quality standards in the market and the company has been enjoying a high level customer satisfaction index. Hence, products will be sold at higher profitability and revenue. The Company is planning to introduce products catering to specific customers to meet their customized applications and requirements.

## **ACKNOWLEDGEMENT**

The Board places on record its sincere appreciation and gratitude to various Departments and Undertakings of the Central Government, and State Governments, Financial Institutions, Banks and other authorities for their continued co-operation and support to the Company. The Board sincerely acknowledges the faith and confidence reposed by the Shareholders in the Company.

For and on behalf of the Board

**K.N. BHANDARI**  
Chairman  
[DIN: 00026078]

Place: New Delhi  
Date: 29<sup>th</sup> May, 2019



**FORM NO. AOC -2**

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

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 transaction under third proviso thereto.

**1. Details of contracts or arrangements or transactions not at Arm's length basis.**

There were no contracts or arrangements or transactions entered by the Company during the Financial Year 2018-19 which were not at Arm's length basis.

**2. Details of material contracts or arrangements or transactions at Arm's length basis.**

| SL. No. | Particulars   | Details |
|---------|---|---------|
| a)      | Name (s) of the related party & nature of relationship                                      | -       |
| b)      | Nature of contracts/arrangements/transactions   | -       |
| c)      | Duration of the contracts/arrangements/transactions   | -       |
| d)      | Salient terms of the contracts or arrangements or transactions including the values, if any | -       |
| e)      | Dates of approval by the Board  | -       |
| f)      | Amount paid as advances, if any   | -       |

**FORM NO. MR-3  
SECRETARIAL AUDIT REPORT**

FOR THE YEAR ENDED 31ST MARCH, 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Members,  
**Andhra Cements Limited**  
CIN: L26942AP1936PLC002379  
Durga Cement Works, Durgapuram,  
Dachepalli – 522 414, Guntur (Dist), AP

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s Andhra Cements Limited (hereinafter called the 'Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing my opinion thereon.

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 my/our opinion, the company has, during the audit period from April 1, 2018 to March 31, 2019 ('audit period') 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 year ended 31<sup>st</sup> March, 2019 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 Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (Not applicable during the Audit period)

- (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; (Not applicable during the Audit period)
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (Not applicable during the Audit period)
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable during the Audit period)
  - (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 during the Audit period) and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable during the Audit period)

We have relied on certifications/representations made by the officers of the Company and mechanism formed by the Company for compliance under the Applicable Act, Laws and Regulations to the Company. Major laws applicable to the company are as follows:

1. Mines and Minerals (Development and Regulation) Act, 1957
2. Factories Act, 1984;
3. Contract Labour Act, 1970;
4. Employees' Provident Funds & Miscellaneous Provisions Act, 1952;
5. Industrial Dispute Act, 1947;
6. Environment (Prevention of pollution control) Act, 1986;
7. Cement (Quality Control) Order, 2003;
8. Limestone and Dolomite Mines Labour Welfare Fund Act, 1972;
9. Mineral Conservation and Development Rules, 1988;
10. Metalliferous Mine Regulations, 2012; and
11. Explosives Act, 2008.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 & Listing Agreements entered with the National Stock Exchange of India Limited and the BSE Limited.

We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the laws applicable to the Company.

We further report that, the Board of Directors of the Company is 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.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All the decisions at the Board Meeting and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

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.

For Savita Jyoti Associates

**Savita Jyoti**  
Practicing Company Secretary  
FCS No.3738; C P No.:1796

Place: Hyderabad

Date : 22<sup>nd</sup> May, 2019