

PRINTED MATTER
BOOK - POST



**PANYAM
CEMENTS & MINERAL
INDUSTRIES LIMITED**



If undelivered please return to :

**PANYAM CEMENTS &
MINERAL INDUSTRIES LIMITED**

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

2015 - 16

INDEX TO THE REPORT

S.No.	PARTICULARS	Page No.
1.	Corporate Information	1
2.	Notice of Annual General Meeting	2-8
3.	Directors' Report	9-15
4.	Cash Flow	16
5.	Corporate Governance Report	
	a Secretarial Audit Report	17-18
	b Extract of Annual Return (MGT-9)	19-25
	c Corporate Governance Report	26-32
6.	Management Discussion and Analysis Report	33-34
7.	Auditors' Certificate on Corporate Governance	35
8.	Independent Auditors' Report	36-41
9.	Financial Statements	
	a Balance Sheet	42
	b Statement of Profit and Loss	43
	c Notes part of the Financial Statements	44-63
10.	Proxy Form	64



PANYAM CEMENTS & MINERAL INDUSTRIES LIMITED

CORPORATE INFORMATION

BOARD OF DIRECTORS

S. SREEDHAR REDDY
Managing Director

V. SURESHKUMAR

V. ARVINDA RANI

V. RAMNATH

P. JAYARAMA REDDY

Dr. R.K. PRASAD SUNKARA

S. PANDURANGA RAO

REGISTRAR & SHARE TRANSFER AGENTS

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

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

CENTRAL ADMINISTRATIVE OFFICE :

Plot No.188, Phase II,
Kamalapuri Colony,
Hyderabad - 500 073. TS.
Phone: 040-23555317
Fax: 040-23555316
E-mail: caohyd@panyamcements.com
Website: panyamcements.com
ISIN : INE167E01029
CIN : L26940AP1955PLC000546

AUDITORS

Brahmayya & Co.
Chartered Accountants
Adoni 518 301.

COST AUDITOR

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

BANKERS

State Bank of India
Main Branch
Nandyal.

State Bank of Hyderabad
Overseas Branch
Somajiguda,
Hyderabad.

Indian Overseas Bank
Adarshnagar,
Hyderabad.

REGISTERED OFFICE

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

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

CEMENT WORKS:

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

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



60th ANNUAL REPORT 2015-16

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:



PANYAM CEMENTS & MINERAL INDUSTRIES LIMITED

“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:- 10th August, 2016

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

S. SREEDHAR REDDY
Managing Director



60th ANNUAL REPORT 2015-16

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 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
- 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
- (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 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:

	For Members holding shares in Demat Form and Physical Form
PAN*	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none">● 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.● 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.
DOB#	<p>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.</p> <p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p>
Dividend Bank Details #	<ul style="list-style-type: none">● 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.
 - 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 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 under help section or write an email to 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.



PANYAM CEMENTS & MINERAL INDUSTRIES LIMITED

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:- 10th August, 2016

S. SREEDHAR REDDY
Managing Director

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



60th ANNUAL REPORT 2015-16

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">• Kasura Technologies Pvt.Ltd.• Nandi Grain Derivatives P.Ltd.• Sujala Infrastructure Pvt.Ltd.• Nandi Trade Impex Private Limited• Integrated Thermoplastics Pvt.Ltd.• Nandi Water Containers P.Ltd.• Anantapur Pipes Pvt.Ltd.	<ul style="list-style-type: none">• Velco Technologies Ltd.• Cheran Cement Ltd.• Bon Sante Baking Ltd .• Tegra Digital Private Ltd .	Nil
Memberships/ Chairmanships of committees of other companies (includes only Audit Committee and Shareholders/ Investors Grievance Committee)	Nil	Nil	
Number of shares held in the Company	1843752	502050	NIL



PANYAM CEMENTS & MINERAL INDUSTRIES LIMITED

DIRECTORS' REPORT :

To
The Members

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

FINANCIAL RESULTS :

	(Rs.in lakhs)	
	Year ended 31 st March 2016	Year ended 31 st March 2015
Income:		
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 Aggrement.	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.



60th ANNUAL REPORT 2015-16

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 31st 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 25th 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 25th 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 3rd 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 31st 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 13th August, 2014 by the Board in its meeting held on 13th 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 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:-

- 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.
- 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.
- 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;
- That the annual financial statements have been on a going concern basis.
- That proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- 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 seeking 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:- 27th May, - 2016



ANNEXURE TO DIRECTORS' REPORT FOR THE YEAR ENDED 31ST 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
A. Power and Fuel Consumption:			
1. Electricity:			
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	-	-
2. Cost (Mineral Coal C - E / Imported Grade)			
Quantity	Tonnes	90007	59926
Total Cost	Rs.Lakhs	4083.47	2330.61
Average Rate	Rs.per MT	4536.85	3889.15
3. Furnace Oil			
Quantity	KILO. LTS	-	-
Total Cost	Rs.lakhs	-	-
Average Rate	Rupees	-	-
B Consumption per unit of Production:			
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

		LESS	ADD	NET
A.	CASH FLOW FROM OPERATING ACTIVITIES : NET PROFIT / (LOSS) BEFORE TAX			119037964
	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
	ADJUSTMENT FOR :			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
	NET CASH FLOW FROM OPERATING ACTIVITIES			295590648
	Extra Ordinary Expenses / Income			0
B	CASH FLOW FROM INVESTING ACTIVITIES			
	Purchase/Sale of Assets	9894916	270000	
	Purchase/Sale of investments in property under development		91790	
	Interest received		70000000	
	Dividend received		12350	
		9894916	70374140	60479224
	NET CASH FLOW USED IN INVESTING ACTIVITIES			356069872
C	CASH FLOW FROM FINANCING ACTIVITIES			
	Share Capital / Warrants		17832827	
	Repayment of/ Proceeds from Loans & Advances	169915844		
	Secured/Unsecured borrowings (Net)	166479765		
		336395609	17832827	-318562782
	NET CASH FLOW FROM FINANCING ACTIVITIES			
	Net Increase/Decrease in cash and cash equivalents			37507090
	Cash and Cash equivalents as on 01.04.2015			27989794
	Cash and Cash equivalents as on 31.03.2016			65496883

As Per our Report of even date attached

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

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

B. DAIVADHEENAM REDDY
Partner
M.NO:026450

V. SURESHKUMAR
Director

S. SREEDHAR REDDY
Managing Director

Place: Nandyal
Date: 27th May, 2016

S. NAGESWARA REDDY
Chief Financial Officer