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# **PANYAM CEMENTS & MINERAL INDUSTRIES LIMITED**

**57th  
ANNUAL REPORT  
2012 - 2013**

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**BOARD OF DIRECTORS**

S.P.Y. REDDY  
*Chairman*

S. SREEDHAR REDDY  
*Managing Director*

V. RAMNATH

A.V. NARASIMHA REDDY

DR. R. K. PRASAD SUNKARA

V. SURESH KUMAR

A. SREENIVASULU REDDY

A. SATHYA BHUSHANA RAO  
(Alternate Director to Dr.R.K.Prasad Sunkara)

**REGISTRAR & SHARE  
TRANSFER AGENTS**

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

Phone Nos : 040-23545913/14/15  
Fax No.: 040-23553214  
Email: xlfield@rediffmail.com

**CENTRAL ADMINISTRATIVE OFFICE :**

Plot No.188, Phase II,  
Kamalapuri Colony,  
Hyderabad 500 073.  
Telephone Nos.040-23555317  
Fax No.040-23555316  
E-mail: caohyd@panyamcements.com  
Website:panyamcements.com

**AUDITORS**

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

**COST AUDITOR**

Mrs. Aruna Prasad  
Cost Accountant  
Plot No. 802, 64<sup>th</sup> Street,  
10<sup>th</sup> 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  
Bommallasatram,  
Nandyal - 518 502  
Kurnool District, A.P.  
Telephone Nos.08514-222274  
Fax No.: 08514-243106  
E-mail: regoffice@panyamcements.com

**CEMENT WORKS:**

Cementnagar - 518 206  
Kurnool District, A.P.  
Telephone No.: 08516-274638  
Fax No.: 08516-274644  
E-mail: pcmil@panyamcements.com

## **PANYAM CEMENTS & MINERAL INDUSTRIES LIMITED**

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

### **NOTICE**

Notice is hereby given that the Fifty seventh Annual General Meeting of the Members of the Company will be held on Saturday, the 21<sup>st</sup> September, 2013 at 11.45 A.M., at the Registered Office of the company, C-1 Industrial Estate, Nandyal, Kurnool District, A.P. to transact the following business:

#### **Ordinary Business**

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March 2013, and the Statement of Profit and Loss for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a director in place of Dr.R.K.Prasad Sunkara, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a director in place of Sri S.P.Y.Reddy, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint auditors and fix their remuneration. The retiring Auditors M/s. Brahmaya & Co., Chartered Accountants, Adoni are eligible for reappointment.

**By Order of the Board of Directors**

For Panyam Cements & Mineral Industries Ltd

**Place: Nandyal**  
**Dt:- 12<sup>th</sup> August, 2013**

S.Sreedhar Reddy  
Managing Director

#### **Notes:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies, in order to be effective, must be received at the Registered Office of the company not less than 48 hours before the commencement of the meeting.
3. The Register of Members and the Share Transfer Books of the Company remain closed from 16.09.2013 to 21.09.2013 (both days inclusive).

#### **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:

Dr. R.K.Prasad Sunkara, aged about 67 years, is a Doctor by Profession having practice at USA. He is having a total experience of about 35 years in medical field. His guidance and services are immense for further growth of the company.

Sri S.P.Y.Reddy, aged about 63 years is an Engineering Graduate from Regional Engineering College, Warangal and worked in M/s. Baba Atomic Research Centre, Mumbai from 1973 to 1977. He is the Chairman of Nandi Group of Companies, including M/s.S.P.Y.Agro Industries Limited. He is having about 35 years of industrial experience in various fields. His guidance and services are immense for the further growth of the company.

**DIRECTORS' REPORT :**

To  
The Members

Your Directors have pleasure in presenting the 57<sup>th</sup> Annual Report and Audited Statements of Accounts of the Company for the year ended 31<sup>st</sup> March, 2013:

**FINANCIAL RESULTS :**

	(Rs.in lakhs)	
	Year ended 31 <sup>st</sup> March 2013	Year ended 31 <sup>st</sup> March 2012
<b>Income:</b>		
Gross Sales of Manufactured Products ..	13300.89	21857.06
Less:Excise Duty and Sales Tax ..	3074.87	4607.00
Net Sales of Manufactured Products ..	10226.02	17250.06
Other Income ..	553.13	507.10
Other Operating Revenue - State Incentives ..	0.00	367.06
Total Revenue ..	10779.15	18124.22
Profit before Interest and Depreciation ..	41.92	3897.64
Less: Interest and Finance charges ..	1260.51	1380.54
Less: Depreciation ..	808.67	839.88
Net Profit (+)/(Loss)(-) before Exceptional and Extra-Ordinary items and Tax	(-) 2027.26	1677.22
Add: Exceptional Items	4276.00	0.00
Net Profit before extra - ordinary items and tax	2248.74	1677.22
Extra-Ordinary items	0.00	0.00
Net Profit/(Loss) for the year before tax	2248.74	1677.22
Provision for- Income Tax for the year (MAT)	500.00	350.00
Deferred Tax Liability	0.00	413.94
Net Profit/(Loss) after tax	1748.74	913.28
Loss Brought Forward from previous year	(-) 3273.58	(-) 4186.86
Loss carried to Balance Sheet	(1524.84)	(3273.58)

**OPERATIONS:**

The performance of the Company during the year severely affected due to power cuts imposed by APCPDCL and non-operation of the plant continuously due to shortage of working capital. The company has produced during the year 2012-13, 2,88,421 M.Tonnes of cement as against 4,68,677 M.Tonnes produced during the previous year.

The gross sales for the year under report was Rs.13300.89 lakhs as against Rs. 21857.06 lakhs in the previous year. The net profit before tax for the year was Rs. 2248.74 lakhs as against net profit of Rs.1677.22 lakhs in the previous year. The increase in the net profit for the year was mainly on account of sale of property under Joint Development to the extent of possession given by the developer and sale deeds executed of Rs.4276.00 lakhs considered as Exceptional Item.

As reported in the last year Annual Report, the developer Greenage Griha Nirman Private Limited (formerly known as Bhimsankar Realtors Private Limited) has received Occupancy Certificate from Bangalore Development Authority in respect of four blocks i.e. Alpine, Birch, Juniper and Oak and the sale deeds were executed for 165 flats (as against 203 flats allotted to the company) during the financial year 2012-13. The remaining 38 flats will be registered during the current financial year 2013-14 after completion of 2<sup>nd</sup> phase of construction of apartments.

#### **MODERNISATION OF THE CEMENT UNIT:**

During the year 2012-13, the modernization works are under progress. We have placed an order with Alstom India Ltd., for supply of a new raw mill with a capacity of 150 M.Tonnes per hour and we have paid an advance of Rs.105.00 lakhs against the total Raw Mill cost of Rs.1500.00 lakhs. The erection works will be completed by end of December 2013. Further, the company has already spent an amount of Rs.1207.00 lakhs for formation of railway track inside the plant from Bugganipalli Railway Station and we have received approvals for formation of track from the Director Traffic Planning, Railway Board, New Delhi. The formation work will be completed by end of December, 2013. The modification work for Closed circuit Cement Raw Mills is 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.

#### **PUBLIC DEPOSITS:**

The Company has not accepted any public deposits under Section 58-A and 58AA of the Companies Act, 1956.

#### **CURRENT YEAR PROSPECTS:**

The management is taking extraneous efforts to improve the performance of the company during the current financial year. The cement market is picking up owing to higher demand from semi-urban and rural infrastructure, apart from railways, ports, airports, IT Sector, irrigation projects, shopping malls, multiplexes etc.

#### **AUDITOR'S REPORT:**

As regards non-provision of gratuity, superannuation and leave en-cashment liability on actuarial valuation, it is provided on 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 (ix) (b) of Annexure to Auditors' Report and interest dues to debenture holders and Banks and term loans dues to Banks as mentioned in para (xi) of the Annexure to the Report, the Company is clearing the statutory dues in a phased manner and interest dues to one of the debenture-holders are under negotiations with the party and term loan dues to Banks were cleared in current financial year 2013-14.

#### **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.

There are no employees drawing remuneration more than the sum prescribed pursuant to Section 217 (2-A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

#### **AUDITORS:**

M/s. Brahmayya & Co., Chartered Accountants, Adoni, the Company's statutory auditors retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

**DIRECTORS:**

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Dr.R.K.Prasad Sunkara and Sri S.P.Y.Reddy will retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re appointment.

During the year under report, Sri D.Krishna Mohan has resigned as a Director of the Company and the company will place on records its appreciation for the valuable services rendered by him as a Director of the Company.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to the requirements under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility statement, it is hereby confirmed:

- a) that in preparation of the accounts for the financial year ended 31<sup>st</sup> March, 2013, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the statement of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- c) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) that the Directors have prepared the accounts for the financial year ended 31<sup>st</sup> March, 2013 on a "going concern" basis.

**AUDIT COMMITTEE:**

The Audit Committee consists of Sri A.V. Narasimha Reddy, A.Sreenivasulu Reddy and A. Sathya Bhushana Rao. Sri A. Sreenivasulu Reddy is the Chairman of the Audit Committee. All are independent and non executive directors.

The Audit Committee met four times during last year and reviewed the Internal Audit Reports and quarterly results.

**CORPORATE GOVERNANCE :**

The company has taken adequate steps to ensure that all mandatory provisions of Corporate Governance in terms of clause 49 to the Listing Agreement with the Stock Exchange are complied.

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.

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

The information required under section 217(2)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 with respect to these matters are set out in the Annexure I and forms part of the report.

**COMPLIANCE WITH LISTING AGREEMENT:**

**Clause 43A:**

The Equity/Preference Shares of the Company are listed on the Bombay Stock Exchange Limited and the annual listing fee was paid to the said Stock Exchange.

Cash Flow statement is attached as Annexure II and forms part of this report.

**ACKNOWLEDGEMENTS:**

Your Directors are happy to acknowledge the financial assistance given to the Company by the Banks. 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

**Place: Nandyal**

**Dt:- 27<sup>th</sup> May, 2013**

**S.P.Y. REDDY**

Chairman

**ANNEXURE TO DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013:**

**ANNEXURE I**

**A. Conservation of Energy:**

- (a) Energy conservation measures taken:

High Efficiency fans are being installed to save energy.

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: Rs. Nil

Total Foreign Exchange earned Rs. Nil

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

Particulars	Unit	CEMENT DIVISION	
		31-03-2013	31-03-2012
<b>A. Power and Fuel Consumption:</b>			
1. Electricity:			
a) Purchased			
Units	000 KWH	40442	64596
Total Amount	Rs. Lakhs	2255.03	2396.38
Average Rate	Rs./KWH	5.58	3.71
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	77458	112506
Total Cost	Rs.Lakhs	4130.56	4798.07
Average Rate	Rs.per MT	3199.42	4264.72
3. Furnace Oil			
Quantity	Kilo.Lts	-	-
Total Cost	Rs.lakhs	-	-
Average Rate	Rupees	-	-
<b>B Consumption per unit of Production:</b>			
Electricity	KWH/tonnes of cement	140	138
Coal	Kgs/tonnes of cement	269	240

**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 - 31.03.2013

		LESS	ADD	NET
A.	<b>CASH FLOW FROM OPERATING ACTIVITIES :</b>			
	<b>NET PROFIT BEFORE TAX</b>			224873880
	ADJUSTMENT FOR :			
	Depreciation		80866725	
	Dividend Received	20250		
	Interest received/paid	47112010	123293907	
	Profit/Loss on sale of Assets / Investments in property under development	427621298		
		474753558	204160632	-270592926
	<b>Operating Profit before Working Capital Changes</b>			-45719046
	ADJUSTMENT FOR :			
Trade and other receivables		81664131		
Inventories		82896558		
Trade payables/Working Capital		37238054		
Working Capital Changes(Use)	0	201798743	201798743	
Cash generated from Operations			156079697	
Less: Interest paid	123293907	4340113		
Direct Taxes paid	35000000			
	158293907	4340113	-153953794	
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>			2125903	
Extra Ordinary exp/Income			0	
B.	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
	Purchase/sale of Assets	141685631	18020220	
	Purchase/sale of investments in property under development	121500000	223860400	
	Interest received		42771897	
	Dividend received		20250	
		263185631	284672767	21487136
<b>NET CASH FLOW USED IN INVESTING ACTIVITIES</b>			23613039	
C.	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
	Share Capital			
	Repayment of/ Proceeds from Loans	186670189	141788211	
	Secured/Unsecured borrowings (Net)			
		186670189	141788211	-44881978
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>			-21268939	
Net Increase/Decrease in cash and cash equivalents			35297097	
Cash and Cash equivalents as on 01.04.2012			14028158	
Cash and Cash equivalents as on 31.03.2013				

For Panyam Cements & Mineral Industries Ltd.

**S.SREEDHAR REDDY**  
Managing Director

**S.P.Y.REDDY**  
Chairman

**AUDITORS' REPORT**

The above Cash Flow Statement has been prepared on the basis of audited accounts approved by the Board of Directors and is in agreement with the Statement of Profit & Loss and Balance Sheet as at 31-03-2013

For **BRAHMAYYA & CO.,**  
Chartered Accountants  
Firm's Registration No.000514S

Place : Nandyal  
Date : 27-05-2013

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

**CORPORATE GOVERNANCE REPORT :**

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

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

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

**2. Board of Directors:**

The Companies Act, 1956 and the Listing Agreement with Stock Exchange govern the composition of the Board of Directors of the Company.

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

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

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

During the year 2012-13, the company convened eight Board Meetings on 30<sup>th</sup> May, 2012; 25<sup>th</sup> June, 2012; 25<sup>th</sup> July, 2012; 31<sup>st</sup> July, 2012; 11<sup>th</sup> August, 2012; 22<sup>nd</sup> September, 2012; 10<sup>th</sup> November 2012 and 11<sup>th</sup> February, 2013.

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

Sl. No.	Name of the Director	Catagory of Directorship	No. of Board Meetings Attended	Attendance at last AGM held on 22-09-2012	No.of other Directorships	No. of Membership Chairmanship in Board / Committess (Including our Company)
1.	Sri S.P.Y. Reddy	Promoter-Chairman	8	Yes	9	3
2.	Sri S.Sreedhar Reddy	Promoter - Managing Director	8	Yes	14	1
3	Sri V. Suresh Kumar	Promoter-Director	4	No	5	-
4.	Sri V. Ramnath	Independent Non-Executive Director	5	No	4	1
5	Sri A.V. Narasimha Reddy	Independent Non-Executive Director	4	Yes	3	3
6	Dr.R.K. Prasad Sunkara	NRI-Non-Executive Director	-	No	-	-
7	Sri A. Sathya Bhushana Rao (Alternate Director to Dr.R.K.Prasad Sunkara	Independent Non-Executive Director	5	No	1	2
8	Sri A. Sreenivasulu Reddy	Independent Non-Executive Director	8	Yes	10	3
9	Sri D. Krishna Mohan*	Independent Non-Executive Director	4	No	10	3

\* Resigned as a Director of the company with effect from 22<sup>nd</sup> September, 2012.

**3) Audit Committee:**

The Audit Committee met four times during the year i.e. , 30<sup>th</sup> May, 2012; 11<sup>th</sup> August, 2012; 10<sup>th</sup> November, 2012 and 11<sup>th</sup> February, 2013.

The role and terms of reference of Audit Committee cover the areas mentioned under clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956 besides other terms as may be referred to by the Board of Directors from time to time.

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

The attendance at the Audit Committee Meetings is given below:

Sl. No.	Name of the Member	No. of Meetings Held	No. of Meetings Attended
1.	Sri D.Krishna Mohan*	4	2
2.	Sri A.V.Narasimha Reddy	4	4
3.	Sri A.Sathya Bhushana Rao	4	2
4.	Sri A.Sreenivasulu Reddy	4	4

\* Sri D.Krishna Mohan has resigned as a Director of the company with effect from 22<sup>nd</sup> September, 2012

**4) Remuneration Committee and Policy:**

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

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

**Details of remuneration to Directors for the year ended 31<sup>st</sup> March, 2013:**

**i) Executive Directors:**

The Managing Director has drawn an amount of Rs.15.00 lakhs towards salary for the year ended 31<sup>st</sup> March, 2013

**ii) Non-Executive Directors:**

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

Remuneration by way of sitting fee for attending Board/Committee Meetings paid to Non-Executive Directors during the financial year are as follows:

Name of the Director	Sitting Fee paid (Rs.)
1) Sri A. Sathya Bhushana Rao ..	30,000
2) Sri V. Ramnath ..	30,000
3) Dr. R.K. Prasad Sunkara ..	5,000
Total	65,000

5) a) **Share Transfer Committee:**

During the year 2012-13, the Committee met 18 times. All shares received for transfer were registered in favour of the transferees and dispatched within a month's time, if the documents received were in order.

During the year 2012-2013, there were no requests pending for transfer.

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

Sl. No.	Name of the Member	No. of Meetings Held	No. of Meetings Attended
1	Sri S. Sreedhar Reddy	18	18
2	Sri D. Krishna Mohan*	18	02
3.	Sri A.V. Narsimha Reddy	18	18

Sri D.Krishna Mohan has resigned as a Director with effect from 22<sup>nd</sup> September, 2012

**B. Shareholders/Investors' Grievance Committee:**

The Shareholders/Investors' Grievance Committee consists of Sri D.Krishna Mohan, Sri A.V. Narasimha Reddy and Sri A. Sreenivasulu Reddy.

The Committee could not meet during the financial year 2012-13 since there were no complaints/ grievances from the shareholders.

6) **Annual General Meetings:**

The last three Annual General Meetings were held as under:

Year	Location	Date	Time
2010	Registered Office C-1, Industrial Estate, Nandyal, Kurnool Dist., A.P.	14.08.2010	11.30 A.M.
2011	Registered Office C-1, Industrial Estate, Nandyal, Kurnool Dist., A.P.	15.09.2011	11.30 A.M.
2012	Registered Office C-1, Industrial Estate, Nandyal, Kurnool Dist., A.P.	22.09.2012	11.30 A.M.

**Special Resolutions :**

During the year, there were no Extra-Ordinary General Meetings were held.

In respect of the resolutions passed in the above three respective Annual General Meetings, the necessary Form No.23 were filed with the Registrar of Companies

**7) Disclosures :**

The Company has complied with all the mandatory requirements of Corporate Governance norms as enumerated in Clause 49 of the Listing Agreement with the Stock Exchange

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

**8) Means of Communication:**

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

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

**9) General Information for Shareholders :**

- |      |  |   |
|------|--|---|
| i)   | Date, Time and Venue of the Annual General Meeting   | : 21 <sup>st</sup> September, 2013 at 11.45 A.M.<br>Registered Office of the Company situated at Nandyal, Kurnool District, A.P.  |
| ii)  | Financial calendar - 1 <sup>st</sup> April 2013 to 31 <sup>st</sup> March 2014<br>Financial Reporting Un-audited |   |
|      | For the quarter ending June 30, 2013   | Second week of August 2013  |
|      | For the quarter ending Sept.30, 2013   | Second week of November 2013  |
|      | For the quarter ending December 31, 2013   | Second week of February 2014  |
|      | For the quarter ending March 31 2013<br>(audited)  | Last week of May 2014   |
|      | Annual General Meeting for the year ending 31 <sup>st</sup> March, 2013  | 21 <sup>st</sup> September, 2013 at 11.45 a.m.  |
| iii) | Date of Book Closure   | 16.09.2013 to 21.09.2013<br>(both days inclusive)   |
| iv)  | Dividend payment date  | N.A.  |
| v)   | Listing on Stock Exchanges   | : The Company's shares are listed on:<br>Bombay Stock Exchange Limited<br>Floor 25, Phiroze Jeejeebhoy Towers<br>Dalal Street, Mumbai 400 001.<br>Listing fee was paid to the said<br>Stock Exchange. |

vi) Market Price Data :

Month	Stock Exchange Mumbai (BSE) Rs.		
	High (Rs.)	Low (Rs.)	
April 2012	...	75.00	64.45
May 2012	...	73.95	56.40
June 2012	...	60.15	46.50
July 2012	...	58.00	48.20
August 2012	...	55.00	47.10
September 2012	...	60.90	47.45
October 2012	...	67.00	58.10
November 2012	...	64.50	51.45
December 2012	...	64.00	48.00
January 2013	...	60.45	47.55
February 2013	...	64.20	55.00
March 2013	...	60.90	43.75

vii) Registrar and Share Transfer Agents

M/s. XL Softech Systems Limited  
3, Sagar Society Road No. 2,  
Banjara Hills Hyderabad - 500 034.  
Tel : 040-23545913; 914 & 915  
Fax : 040-23553214  
Email : xlfield@rediffmail.com  
Website : www.xlsoftech.com

7) a) Distribution of shareholding as on 31st March 2013 :

Nominal Value of Shares	No. of Shares Holders	Percentage of Share Holders	Shares Amount in Rs.	Percentage of Share Holders %
Upto - 5000	6801	94.16	6600450	4.12
5001 - 10000	203	2.81	1632930	1.02
10001 - 20000	95	1.32	1436220	0.90
20001 - 30000	36	0.50	922810	0.58
30001 - 40000	12	0.17	438610	0.41
40001 - 50000	12	0.17	562910	0.38
50001 - 100000	22	0.30	1585170	1.05
100001 & above	42	0.58	147002290	91.77
<b>TOTAL</b>	<b>7335</b>	<b>100.00</b>	<b>160181390</b>	<b>100.00</b>

**b) Pattern of shareholding as on 31<sup>st</sup> March 2013**

<u>Category</u>	<u>No. of Shares</u>	<u>% of shareholding</u>
<b>A Promoter's holding:</b>		
1 Promoters: Indian Promoters	6586872	41.12
Foreign Promoters	-	-
2 Persons acting in concert	<u>1761084</u>	<u>10.71</u>
Sub Total	<u><b>8302956</b></u>	<u><b>51.83</b></u>
<b>B Non-Promoters holding</b>		
3 Institutional Investors:		
A Mutual Funds and UTI	650	-
B Banks, Financial Institutions, Insurance companies(Central/ State Government Institutions/ Non-Govt.Institutions)	58660	0.37
C FII's	4269057	26.65
<b>Sub-Total</b>	<u><b>4328367</b></u>	<u><b>27.02</b></u>
4 Others		
A Private Corporate Bodies	219412	1.37
B Indian Public	3071276	19.17
C NRIs/OCBs	91906	0.57
D Any other (Please specify)	4222	0.04
<b>Sub Total</b>	<u><b>3386816</b></u>	<u><b>21.15</b></u>
<b>Grand Total</b>	<u><b>16018139</b></u>	<u><b>100.00</b></u>
Note: Total foreign shareholdings:	<u><b>4360963</b></u>	<u><b>27.23</b></u>

**11 Dematerialization of Shares and Liquidity:**

As on 31<sup>st</sup> March, 2013, 94.16% Equity Shares have been dematerialized.

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

During the year 2012-13, the company had received requests for de-materialization of 2,62,590 shares. The Company has acted upon all valid requests received for dematerialization during 2012-13.

As on 31<sup>st</sup> March, 2013 no requests were pending for demat confirmation

**12) Plant Locations:**

<b>Registered Office</b>	:	C-1 Industrial Estate, Bommalasatram Nandyal Kurnool District, A.P. - 518 502 Telephone No - 08514-222274 Fax No.08514-243350
<b>Cement Works</b>	:	Cement Nagar 518 206, Kurnool District, A.P. Tel : 08516-274638 Fax: 08516-274644
<b>Central Administrative Office:</b>		Plot No.188, Phase-II, Kamalapuri Colony, Hyderabad 500 073. Telephone Nos.: 040-23555317 Fax No. 040-23555316

**MANAGEMENT DISCUSSION AND ANALYSIS:**

**1. Industry structure and development:**

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

**2. Opportunity and threats:**

Our cement plant being strategically located with high quality limestone mines very near to the plant can cater to the neighboring States of Tamilnadu, Karnataka, Goa and Kerala where the realizations are better. The Company has also made arrangements to augment its working capital by getting approval of working capital from bank and is looking to reach optimum operational levels. Further, the company has enhanced its capacity by modernization of Kiln No.1 whereby the existing capacity of the kiln was enhanced from 550 M.Tonnes per day to 1800 M.Tonnes per day. The plant was commissioned on 10<sup>th</sup> August, 2011.

**3. Outlook:**

With the Government's focus on irrigation, housing and infrastructure projects like roads and ports, the outlook for the future is bright. Further infrastructure and rural housing are the major drivers for cement demand.

**4. Risks and concerns**

Any increase in transport, fuel and electricity costs without corresponding increase in selling prices may put pressure on the operating results.

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

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

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY :**

The company has a proper and adequate system of internal controls to ensure that all assets are safe guarded and protected against loss from unauthorized use of disposition and the transactions are authorized, recorded and reported correctly.

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



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

**HUMAN RESOURCES AND INDUSTRIAL RELATIONS :**

The industrial relations at all the plant and offices continue to be cordial during the year under review. The total number of employees at the end of the financial year 2012-13 on the rolls of the Company is 487 at Cement Division and Central Administrative Office.

**CAUTIONARY STATEMENT :**

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

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

I, S. Sreedhar Reddy, Managing Director of M/s.Panyam Cements & Mineral Industries Limited do hereby certify that:

- a) We have reviewed the financial statements and the Cash Flow Statement for the financial year ended March 31, 2013 and that to the best of our knowledge and belief:
  - i) These statements do not contain any material untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the period, which are fraudulent, illegal and violative of the Company's code of conduct.
- c) We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design and operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and Audit Committee that:
  - a) There have been no significant changes in internal control over financial reporting during the year;
  - b) There have been no significant changes in accounting policies during the year; and
  - c) There have been no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For Panyam Cements & Mineral Industries Ltd.

Place: Nandyal  
Dt. 27<sup>th</sup> May, 2013

**S. SREEDHAR REDDY**  
Managing Director

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE :**

To  
The Members of

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

We have examined the compliance of conditions of Corporate Governance by M/s.Panyam Cements & Mineral Industries Limited for the year ended 31<sup>st</sup> March, 2013, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange.

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

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

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

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

Place: Nandyal (Camp)  
Dt. 27<sup>th</sup> May, 2013

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

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

## INDEPENDENT AUDITORS' REPORT :

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

### 1) Report on Financial Statements

We have audited the accompanying financial statements of M/s.Panyam Cements & Mineral Industries Limited, Nandyal ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2013, the Statement of Profit and Loss and also the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### 2) Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and free from material misstatement, whether due to fraud or error.

### 3) Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessment, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### 4) Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2013;
- b) In the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows of the company for the year ended on that date.

### 5) Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

As required by Section 227(3) of the Act, we report that:

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- iii) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- iv) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
- v) On the basis of the written representations received from the Directors as on 31<sup>st</sup> March, 2013 taken on record by the Board of Directors, none of the Directors is disqualified as on 31<sup>st</sup> March, 2013 from being appointed as a director in terms of section 274(1)(g) of the Act.

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

Place: Nandyal (Camp)  
Dt. 27<sup>th</sup> May, 2013

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

**ANNEXURE TO AUDITOR'S REPORT**

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

Referred to in paragraph 3 of our report of even date;

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, all the assets have not been physically verified by the management during the year but there is a regular programme of verification, which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the year, the company has disposed off vehicles under fixed assets and land property of discontinued operations of Wire Division, Bangalore land given for development, which is under Current Assets as Investment in land property and the going concern status of the company is not affected.
- (ii) (a) The inventories have been physically verified by the management at regular intervals during the year. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company has maintained proper records of inventories. As explained to us, the discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) The company had taken interest free unsecured loans from Associate Companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.524.77 lakhs and the year end balance was Rs.524.77 lakhs. There are companies covered in the register maintained under section 301 of the Companies Act, 1956 to which the company has granted loans/advances. The maximum amount involved during the year was Rs.8812.15 lakhs and the year end balance of loans granted to such parties was Rs. 6230.45 lakhs.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest wherever applicable and other terms and conditions on which loans have been taken from or granted to companies or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
- (c) In respect of loans taken/ granted by the company, the interest and the principal amounts are repayable / receivable on demand, therefore, no irregularity in repayment or receipt of principal and interest amounts.
- (d) There is no overdue amount in respect of loans taken from or granted to companies or other parties listed in the register maintained under section 301 of the Companies Act, 1956, since these are repayable / receivable on demand.

- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any major weaknesses in internal controls.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted any public deposits specified under the provisions of Section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975. No order has been passed by the Company Law Board.
- (vii) In our opinion, the company has an internal audit conducted by outside professionals, which commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account and cost records relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956. We are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have not however, made a detailed examination of the cost records with a view to / determine whether they are accurate or complete.
- (ix) (a) According to the records of the company, the company is not regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees state insurance, investor education and protection fund, income-tax, sales tax, wealth tax, service tax customs duty, excise duty, cess and other material statutory dues applicable to it .
- (b) According to the information and explanations given to us, **the following undisputed amounts payable in respect of income tax, wealth tax, sales tax, service tax, customs duty and excise duty were in arrears, as at 31<sup>st</sup> March, 2013 for a period of more than six months from the date they became payable and the due dates for payment of arrears of royalty have been considered as per the deferment sanctioned by the Government of Andhra Pradesh as per G.O.Ms.No.307 dated 24<sup>th</sup> May, 2006 and installments granted for payment of sales tax dues for July and August, 2012.**

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

Sl. No.	Name of the Statute	Nature of the Dues	Amount Rs. Lakhs (Net of Payments)	Period to which the amount relates
1	CST Act	Central Sales Tax	3.08	2006-07
2	T.N.G.S.T	Tamilnadu Sales Tax	51.88	March 1999 to Feb 2000
3	Goa G.S.T. Act	Goa Sales Tax	13.87	Feb.1999 to Feb 2000
4	A.P.G.S.T. Act (Consignment Agents in Different States)	Consignment Sales Tax	16.82	1998-99 to 2003-04
5	CST Act	Central Sales Tax	11.50	2008-09
6	Profesion Tax Act	Profesion Tax Collections	1.13	October 2000 to August 2005
7	Income Tax Act, 1961	I.T.D.S from Interest	18.78	2004-05 to 2005-06 & Apr. to Aug. 2012
8	Income Tax Act, 1961	I.T.D.S from Professionals	1.22	2004-05 & Apr. to July 2012
9	Income Tax Act, 1961	I.T.D.S from Contractors	1.96	2000-01 & 2001-02
10.	Income Tax Act, 1961	I.T.D.S from Commission	3.83	Apr. to Aug. 2012
11	Income Tax Act, 1961	I.T.D.S from Contractors	13.91	2004 - 05 & Apr. to August 2012
12	Income Tax Act, 1961	T.C.S. on Royalty	16.75	July 2010 to August 2012
13	E.P.F Act	P.F. Recoveries and contributions	53.49	April 2005 to December 2005
14	The Central Excise Act-1944	Excise Duty & Cess	264.59	July & Aug 2012
15	The Finance Act-1994	Service Tax & Cess	46.12	Apr. to Aug 2012

(c) According to the information and explanations given to us, **the following are the statutory dues of sales tax, income tax, serive tax, customs duty & excise duty which have not been deposited on account of dispute.**

Sl. No.	Name of the Statute	Nature of the Dues	Amount Rs. Lakhs (Net of Payments)	Period to Which the amount relates	Forum where dispute is pending
1	TNGST Act	Tamilnadu Sales Tax	5.56	1994-95	Remanded to Assessing Officer by the Appellate Tribunal
2	Central Excise Act	CENVAT credits availed on D.G.Sets disallowed by the Dept.	232.36	Feb.97 to June 1999	Commissioner (Appeals)
3	.do.	CENVAT credit availed on refractory bricks	4.37	1994-95	A.P. High Court
4	.do.	CENVAT credit availed on service tax paid on outward freight	24.52	Dec. 06 to Aug. 07	Commissioner, Tirupati
5	.do.	-do-	28.54	Sep. 07 to Feb. 08	Commissioner, Tirupati
6	.do.	-do-	12.88	Apr. 2009 to Oct. 2009	Commissioner, Tirupati.
7	.do.	Differential Duty for Supplies made to Direct parties	40.63	Mar. 2007 to Feb. 2008	Appeal in CESTAT, Bengaluru
8	.do.	Duty on captive consumption	1.46	2007-08	Appeal in CESTAT, Bengaluru
9	.do.	-do-	0.87	2008-09	Appeal in CESTAT, Bengaluru
10	.do.	Differential Duty on D.G.Set	42.37	2007-08	Appeal in CESTAT, Bengaluru
11	.do.	-do-	10.24	2004-05	A.P.High Court
12	.do.	Cenvat on Capital Goods (TMT Bars)	42.11	2008-09 & 2009-10	Appeal in CESTAT Bengaluru
13	.do.	Irregular availment of CENVAT Credit	413.38	Jul. 2006 to Nov. 2007	Appeal in CESTAT Bengaluru
14	do.	CENVAT on Service Tax on outward GTA	35.18	Dec. 2009 to Dec. 2010	Addl. Commissioner, Tirupati
15	.do.	Differential Duty for Supplies made to Direct Parties	383.80	Apr. 2008 to Oct. 2011	Appeal in CESTAT Bengaluru
16	.do.	Differential Duty for Supplies made to Direct Parties	151.31	Nov. 2011 to Mar. 2012	Commissioner, Tirupati
17	E.P.F Act	P.F. Penal damages for Delay Payments	255.39	May. 1999 to Sep. 2001	Commissioner of Provident Fund, Kadapa
18	Income Tax Act, 1961	Capital Gains Tax on Land Development Agreements	2278.48	2007-08	Income Tax Appellate Tribunal, Hyderabad.
19	Income Tax Act, 1961	MAT on Book Profit of Sick Company	111.22	2008-09	Income Tax Appellate Tribunal, Hyderabad.
20	Income Tax Act, 1961	TDS not deducted and Interest on delayed payments	34.42	2010-11	Commissioner of Incometax (Appeals) Hyderabad.
21	AP VAT Act	Penalty for delay in Payment of Tax before Due dates	58.27	2011-12	Request for waiver before the Govt. of A.P.
22	AP VAT Act	Penalty for delay in Payment of Tax before Due dates	55.78	2012-13	Request for waiver before the Govt. of A.P.
23	Mines & Mineral Act	Penal Interest on Royalty dues	650.26	May. 2006 to Mar. 2013	Revision application for waiver before the Dept / Ministry of Mines
24	The Electricity Act, 2003	Fuel Surcharge Adjustment (FSA) Charges	30.08	2008-09	Supreme Court of India
			23.48	Apr. 2009 to Jun 2009	High Court of A.P. Hyderabad

- x) In our opinion, the accumulated losses of the company are not more than fifty percent of its net worth. The company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to Banks and debenture holders **except interest dues to J.M.Capital Management Private Limited of Rs.11.51 lakhs and delays in payment of interest and term loan installments to Banks and an amount of Rs. 432.46 lakhs outstanding towards March 2013 interest and installments of term loans at the year end on 31.03.2013 was paid in the subsequent year i.e 2013-14.**
- xii) In our opinion and according to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xv) In our opinion and according to the information and explanations given to us, the terms and conditions on which the company has given guarantees for loans taken by Cheran Cement Limited from financial institution (SIPCOT) and by M/s S.P.Y.Agro Industries Limited from State Bank of India, State Bank of Hyderabad; Bank of India, Syndicate Bank and Indian Overseas Bank, are not prima facie, prejudicial to the interest of the company.
- xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.
- xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
- xviii) According to the information and explanations given to us, during the year under report, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix) According to the information and explanations given to us, during the period covered by our audit report, the company has not issued any debentures and hence creation of securities does not arise.
- xx) According to the information and explanations given to us, during the year covered by our report, the company has not raised any money by public issue.
- xxi) In our opinion and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

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

Place: Nandyal (Camp)  
Dt. 27<sup>th</sup> May, 2013

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



<b>BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2013</b>				<b>Amount in Rupees</b>			
Sl. No.	Particulars	Note No.	As at 31.03.2013	As at 31.03.2013	As at 31.03.2012	As at 31.03.2012	
<b>I</b>	<b>EQUITY AND LIABILITIES</b>						
	<b>(1) Shareholders' funds</b>						
	(a) Share Capital	1	162141085.00		162141085.00		
	(b) Reserves and Surplus	2	178808907.48		3935027.71		
	(c) Money received against share warrants			34094992.48		166076112.71	
	<b>(2) Share application money pending allotment</b>						
	<b>(3) Non-current liabilities</b>						
	(a) Long-term borrowings	3	337310393.41		517100003.38		
	(b) Deferred tax liabilities (Net)	4	41393576.00		41393576.00		
	(c) Other Long term liabilities	5	443607157.98		790987736.65		
	(d) Long-term provisions			822311127.39		1349481316.03	
	<b>(4) Current liabilities</b>						
	(a) Short-term borrowings	6	315426895.30		303400352.40		
	(b) Trade payables	7	152129098.98		107675168.70		
	(c) Other current liabilities	8	627241357.08		646483776.28		
	(d) Short-term provisions	9	50000000.00		35000000.00		
	<b>TOTAL</b>			<b>1144797351.36</b>		<b>1092559297.38</b>	
				<b>2308058471.23</b>		<b>2608116726.12</b>	
<b>II</b>	<b>ASSETS</b>						
	<b>(1) Non-current Assets:</b>						
	(a) Fixed Assets	10					
	(i) Tangible Assets		779930479.58		870339171.55		
	(ii) Intangible Assets						
	(iii) Capital work-in-progress		288244448.04		155015530.77		
	(iv) Intangible assets under development			1068174927.62		1025354702.32	
	(b) Non-current investments	11		3816200.00		3816200.00	
	(c) Deferred tax assets(net)						
	(d) Long-term loans and advances	12		389602798.60		531391009.88	
	(e) Other non-current assets						
	<b>(2) Current Assets:</b>						
	(a) Current investments in land property		66051755.00		81312396.00		
	(b) Inventories	13	197288892.65		280185450.86		
	(c) Trade receivables	14	180059202.60		175152238.62		
	(d) Cash and Cash equivalents	15	14028157.63		35297096.60		
	(e) Short term loans and advances	16	385743096.13		473645644.84		
	(f) Other current assets	17	3293441.00	846464545.01	1961987.00	1047554813.92	
	<b>TOTAL</b>			<b>2308058471.23</b>		<b>2608116726.12</b>	
	Significant Accounting Polices and Notes to Accounts	25					

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

As Per our Report of even date attached  
**For Brahmayya & Co.,**  
Chartered Accountants  
F.R NO:000514S

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

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

**S. SREEDHAR REDDY**  
MANAGING DIRECTOR

**S.P.Y. REDDY**  
CHAIRMAN

Place: Nandyal  
Date: 27.05.2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 <sup>ST</sup> MARCH, 2013				Amount in Rupees	
Sl. No.	Particulars	Note No.		For the Year Ended 31.03.2013	For the Year Ended 31.03.2012
I	Revenue from Operations	18		10222602288.00	1761712163.00
II	Other Income	19		55313115.38	50710094.83
III	Total Revenue (I+II)			1077915403.38	1812422257.83
IV	<b>Expenses:</b>				
a)	Cost of materials consumed	20		147168023.26	226246427.40
b)	Purchases of Stock-in-Trade				
c)	Changes in inventories of finished goods work-in-progress and stock in Trade	21		-8405763.00	-27991747.00
d)	Employee benefits expenses	22		93292492.56	87430240.21
e)	Finance costs	23		126050618.25	138054398.91
f)	Depreciation and amortization expense	10		80866725.36	83988314.42
g)	Other expenses	24		841669186.18	1136972661.02
	<b>Total Expenses</b>			<b>1280641282.61</b>	<b>1644700294.96</b>
V	Profit before exceptional and extraordinary items and tax (III-IV)			-202725879.23	167721962.87
VI	Exceptional items			427599759.00	0.00
VII	Profit before extraordinary items and tax (V-VI)			224873879.77	167721962.87
VIII	Extraordinary Items				
IX	Profit before tax (VII-VIII)			<b>224873879.77</b>	<b>167721962.87</b>
X	Tax expense:				
	(1) Current tax			50000000.00	35000000.00
	(2) Deferred tax			0	41393576.00
XI	Profit for the period from continuing operations (IX-X)			<b>174873879.77</b>	<b>91328386.87</b>
XII	Profit/(loss) from discontinuing operations				
XIII	Tax expense of discontinuing operations				
XIV	Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)				
XV	<b>Profit for the period (XI+XIV)</b>			174873879.77	91328386.87
XVI	Earnings per equity share: face value Rs.10/- each				
	(1) Basic			10.90	5.68
	(2) Diluted			10.90	5.68
	Significant Accounting Policies and Notes to Accounts	25			
Notes "18" to "24" and Note No:25 Annexed form an integral part of Statement of Profit and Loss					
As Per our Report of even date attached <b>For Brahmayya &amp; Co.,</b> Chartered Accountants F.R NO:000514S			For and on behalf of the Board M/s. Panyam Cements & Mineral Industries Limited		
<b>B. DAIVADHEENAM REDDY</b> Partner M.NO:026450 Place: Nandyal Date: 27.05.2013		<b>S. SREEDHAR REDDY</b> MANAGING DIRECTOR		<b>S.P.Y. REDDY</b> CHAIRMAN	

<b>NOTES TO BALANCE SHEET</b>		<b>Amount in Rupees</b>			
Sl. No.	Particulars	As at 31.03.2013	As at 31.03.2013	As at 31.03.2012	As at 31.03.2012
	<b>NOTE No. 1 - SHARE CAPITAL</b>				
	<b>EQUITY SHARE CAPITAL</b>				
1.1	<b>AUTHORISED:</b>				
a)	1,85,00,000 Equity shares of Rs.10/- each	185000000.00		185000000.00	
	<b>ISSUED:</b>				
b)	1,39,32,770 Equity Shares of Rs.10/-each	139327700.00		139327700.00	
	20,90,909 Equity Shares of Rs.10/- each at a premium of Rs.45/- each	20909090.00		20909090.00	
	<b>SUBSCRIBED AND FULLY PAID</b>				
c)	1,60,18,139 Equity Shares of Rs.10/-each		160181390.00		160181390.00
	<b>SUBSCRIBED BUT NOT FULLY PAID</b>				
d)	5540 Equity shares of Rs.10/- each				
	<b>CALLS UNPAID</b>				
e)	<b>FOREFITTED SHARES</b>				
f)	Amount received on forfeiture of 5540 equity shares originally issued		29795.00		29795.00
	<b>TOTAL</b>		<b>160211185.00</b>		<b>160211185.00</b>
	<b>PREFERENCE SHARE CAPITAL</b>				
1.2	<b>AUTHORISED:</b>				
a)	5500 - 15% Redeemable 'A' Cumulative Preference Shares of Rs.100/- each	550000.00		550000.00	
	23500 - 15% Redeemable 'B' Cumulative Preference Shares of Rs.100/-each	2350000.00		2350000.00	
	21000 - 14% Redeemable 'C' Cumulative Preference Shares of Rs.100/-each	2100000.00		2100000.00	
	250000 - Preference Shares of Rs.100/-each	25000000.00		25000000.00	
		<b>30000000.00</b>		<b>30000000.00</b>	
	<b>ISSUED:</b>				
b)	20942- 14% Redeemable 'C' Cumulative Preference Shares of Rs.100/-each	2094200.00		2094200.00	
	<b>SUBSCRIBED AND FULLY PAID</b>				
c)	19299 - 14% Redeemable 'C' Cumulative Preference Shares of Rs.100/-each		1929900.00		1929900.00
	<b>TOTAL</b>		<b>1929900.00</b>		<b>1929900.00</b>
d)	<b>SUBSCRIBED BUT NOT FULLY PAID</b>				
	<b>TOTAL SHARE CAPITAL (1.1+1.2)</b>		<b>162141085.00</b>		<b>162141085.00</b>

**NOTES TO BALANCE SHEET**

Sl. No.	Particulars	As at 31.03.2013	As at 31.03.2013	As at 31.03.2012	As at 31.03.2012
	<b>RECONCILIATION OF NUMBER OF SHARES OUTSTANDING</b>				
<b>1.3</b>	<b>EQUITY SHARES</b>		<b>No. of Shares</b>		<b>No. of Shares</b>
a)	At the beginning of the year		16018139		16018139
	Add: Issued during the year				
	Less: Bought back during the year				
	At the end of the year		16018139		16018139
	<b>PREFERENCE SHARES</b>				
b)	At the beginning of the year		19299		19299
	Add: Issued during the year				
	Less: Redeemed during the year				
	At the end of the year		19299		19299
<b>1.4</b>	<b>LIST OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES</b>				
a)	<b>EQUITY SHARES</b>	%	<b>No. of Shares</b>	%	<b>No. of Shares</b>
	S.P.Y. Reddy	10.50	1681404	8.89	1423752
	S. Sreedhar Reddy	10.71	1716084	10.61	1700195
	V. Suresh	11.51	1843752	11.51	1843752
	S. Parvathi	5.76	921861	5.76	921861
	S. Sujala	6.91	1106274	5.76	921901
	V. Aravinda Rani	6.45	1033081	5.76	921851
	Copthal Mauritius Investment Limited	8.62	1380700	8.62	1380700
b)	<b>PREFERENCE SHARES</b>				
	Life Insurance Corporation of India	71.98	13891	71.98	13891
	Oriental Fire & General Insurance Co.Ltd.	27.92	5390	27.92	5390
1.5	The Company has no Subsidiaries/Associates and has no Holding Company				
1.6	Equity Shares issued, subscribed and fully paid up includes 9,17,740 equity shares of Rs.10/- each which were allotted as fully paid up for consideration other than cash pursuant to the Scheme of Amalgamation of the erstwhile Deccan Wires Limited with the Company during the year 1980-81				
1.7	Equity Shares issued, subscribed and fully paid up includes 20,90,909 equity shares of Rs.10/- each at a premium of Rs.45/- each were allotted on preferential allotment to promoters group on 01.03.2007				
1.8	C' Cumulative Preference Shares have fallen due for redemption on 25.07.1999 and the Company has requested the institutional shareholders for extension of repayment period				

<b>NOTES TO BALANCE SHEET</b>		<b>Amount in Rupees</b>			
Sl. No.	Particulars	As at 31.03.2013	As at 31.03.2013	As at 31.03.2012	As at 31.03.2012
	<b>NOTE NO - 2 RESERVES AND SURPLUS</b>				
(a)	Capital Reserve -opening balance		229717814.50		229717814.50
(b)	Capital Redemption Reserve-opening balance		7419300.00		7419300.00
(c)	Securities Premium Reserve-opening balance		94155905.00		94155905.00
(d)	Debentures Redemption Reserve -opening balance		0.00		0.00
(e)	Revaluation Reserve		0.00		0.00
(f)	Share Options Outstanding Account		0.00		0.00
	<b>Other Reserves</b>				
(g)	General Reserve-opening balance		0.00		0.00
(h)	Surplus-Balance in Statement of Profit and Loss-Opening balance	-327357991.79		-418686378.66	
	Add/(Less):Profit/(Loss) for the Year from Statement of Profit and Loss	<b>174873879.77</b>		<b>91328386.87</b>	
	Less: Appropriations	-152484112.02		-327357991.79	
	Transfer to General Reserve	<b>0.00</b>		0.00	
	<b>TOTAL</b>		-152484112.02		-327357991.79
			<b>178808907.48</b>		<b>3935027.71</b>
	<b>NOTE NO - 3 LONG TERM BORROWINGS SECURED:</b>				
3.1	<b>Term Loans from Banks</b>				
i)	<b>Indian Overseas Bank</b>				
	Term Loan I.Rs.15.00 Crores repayable in 16 Quarterly installments of Rs.93.75 lakhs from Aug,2009.	0.00		3364388.00	
	Term Loan II.Rs.10.50 Crores repayable in 28 Quarterly installments of Rs.37.50 lakhs from Dec,2010.	52469364.00		67469410.00	
	Term Loan III.Rs.1.50 Crores repayable in 24 Quarterly installments of Rs.6.25 lakhs from Dec,2012	11250000.00		13750000.00	
ii)	<b>State Bank of Hyderabad</b>				
	Term Loan I Rs.21.70 crores repayable in 22 quarterly installments of Rs.98.50 lakhs from Dec'2010	78910423.00		118260423.00	
	Term Loan II Rs.13.00 crores repayable in 24 quarterly installments of Rs.54.64 lakhs from October 2012	18233400.00		32372000.00	
iii)	<b>State Bank of India</b>				
	Term Loan Rs.20.00 Crores payable in 20 quarterly instalments of Rs.75.00 lakhs from April 2014 and 4 instalments of Rs 125.00 lakhs from April 2019.	83769889.00		0.00	
	<b>TOTAL</b>		244633076.00		235216221.00
3.2	<b>Hire Purchase Finance</b>				
	For purchase of Equipment and Vehicles under hypothecation		20493708.98		74626609.28
			265126784.98		309842830.28

NOTES TO BALANCE SHEET		Amount in Rupees			
Sl. No.	Particulars	As at 31.03.2013	As at 31.03.2013	As at 31.03.2012	As at 31.03.2012
3.4	<b>UNSECURED:</b> <b>Deferred Payment liabilities</b> Royalty payable as on 31.03.2005 of Rs.368 lakhs deferred for payment for 8 years in monthly installments from 24.05.2008 as per Order dated 24.05.2006	11862663.00		13362663.00	
3.5	<b>Term Loans From L&amp;T Finance Ltd.</b> Term Loan I of Rs.20 crores payable in 35 installments from 24.07.2010	0.00		13919346.85	
	Top up loan of Rs. 5 crores payable in 35 installments from 05.05.2011	0.00		19654218.25	
3.6	Interest free Security Deposit from Salarpuria Properties Pvt.Ltd. (Bhimshanakar Realtors Pvt.Ltd) Land Developer, refundable in proportion to delivery of constructed area.	0.00		100000000.00	
3.7	Loans and advances from related parties From promoters group contribution to approved Project Scheme.	52477074.00		52477074.00	
3.8	<b>Loans and Advances from Others</b>	7843871.00	72183608.43	7843871.00	207257173.10
	<b>TOTAL</b>		<b>337310393.41</b>		<b>517100003.38</b>
3.9	There were no long term Debentures, Deposits and Finance Lease obligations.				
3.10	The following are overdue installments of term loans and interest dues as on 31.03.2013 and 31.03.2012 which are included under Other Current Liabilities				
a)	<b>Term loans from Banks</b> -Instalements of Rs.322.30 lakhs ( Previous Year Rs.136.50 lakhs) and Interest for the month of March Rs.1,10,15,906/-(previous year Rs.49,98,136/-)				
b)	<b>Hire Purchase Finance</b> -One installment of loans Rs.76,33,028/-(Previous Year Rs.31,83,205/-) and Interest dues of Rs.7,09,038/- (Previous year Rs.7,13,264/-)				
3.11	<b>SECURITY:</b>				
a)	<b>Term Loans from Banks:</b> Secured by first pari pasu charge on all the fixed assets and second charge on all Current Assets of the Company and also personal gurantee of Sri.S.P.Y.Reddy,Chairman, Sri.S.Sreedhar Reddy, Managing Director and Sri. V.Ramanath,Director and Eknath Ganesh, and V.Venkata Rao, Share holders)				
b)	<b>Hire Purchase Finance:</b> Secured by hypothecation of equipment and vehicles purchased and personal gurantee of two Directors of Company				
c)	<b>Term Loans from L&amp;T Finance Ltd.:</b> Secured by pledge of 75,98,919 equity shares of the company held by the promoters group and personal gurantee of S.P.Y.Reddy,Chairman and S.Sreedhar Reddy, Mananging Director of the Company.				

<b>NOTES TO BALANCE SHEET</b>		<b>Amount in Rupees</b>			
Sl. No.	Particulars	As at 31.03.2013	As at 31.03.2013	As at 31.03.2012	As at 31.03.2012
	<b>NOTE NO: 4 DEFERRED TAX LIABILITY (NET)</b>				
a)	Deferred tax liability as on 31.03.2013/31.03.2012 in respect of timing difference arising on account of difference between straight line and written down Value methods and rates of depreciation		70633002.00		70627254.00
b)	Less: Deferred tax asset as on 31.03.2013/31.03.2012 in respect of unabsorbed depreciation/losses and expenses allowable U/s 43B of IT Act.		32280828.00		29233678.00
c)	Net Deferred tax liability as on 31.03.2013/31.03.2012		38352174.00		41393576.00
d)	Less: Opening Deferred tax liability as on 01.04.2012/01.04.2011		41393576.00		0.00
	Net Deferred tax liability for the year		41393576.00		41393576.00
	Note: Deferred Tax Asset as on 31.03.2013 of Rs.30,41,402/- was not considered as asset on consideration of prudence.				
	<b>NOTE NO: 5 OTHER LONG TERM LIABILITIES</b>				
5.1	Advances against Joint Development of Property in Bangalore (Residential Flats construction work under progress)		372299688.00		702499688.00
5.2	Trade Deposits from Dealers (payable after 12 months from reporting date)		24800358.37		24020358.37
5.3	Caution Deposits from contractors (payable after 12 months from reporting date)		1146722.36		1146722.36
5.4	Deferred payment of interest on royalty (payable after 12 months from reporting date)		21680267.44		21680267.44
5.5	Advances against staff quarters (pending for final settlement)		8066714.69		8283504.19
5.6	Other liabilities (pending disputes for settlement and legal cases)		15613407.12		33357196.29
	<b>TOTAL</b>		<b>443607157.98</b>		<b>790987736.65</b>

<b>NOTES TO BALANCE SHEET</b>		<b>Amount in Rupees</b>			
Sl. No.	Particulars	As at 31.03.2013	As at 31.03.2013	As at 31.03.2012	As at 31.03.2012
	<b>NOTE NO: 6</b> <b>SHORT TERM BORROWINGS</b> <b>SECURED</b> <b>Other loans and advances</b>				
<b>6.1</b>	<b>From Banks</b>				
a)	Working capital Demand Loans		0.00		0.00
b)	Cash Credits		315426895.30		303400352.40
	<b>TOTAL</b>		<b>315426895.30</b>		<b>303400352.40</b>
<b>6.2</b>	There were no loans repayable on demand and short term deposits/loans and advances from related parties				
<b>6.3</b>	There was no default as on 31.03.2013 and 31.03.2012 in repayment of loans and interest payments on working capital cash credit loans.				
<b>6.4</b>	<b>SECURITY</b> <b>Cash Credits working capital loans from banks:</b> Secured by hypothecation of inventory of raw materials, finished goods, stocks in-process and book debts and first pari pasu charge on the current assets and second charge on fixed assets of the company and also by the personal gurantee of the above Directors and shareholders given for Term Loans.				
	<b>NOTE NO: 7</b> <b>TRADE PAYABLES</b> <b>UNSECURED CREDITORS</b>				
7.1	For Capital goods				
7.2	For Supplies of raw materials/stores and spares etc		152129098.98		107675168.70
7.3	For Services				
	<b>TOTAL</b>		<b>152129098.98</b>		<b>107675168.70</b>
	DUES TO MICRO, SMALL & MEDIUM ENTERPRISES AS REQUIRED UNDER THE MICRO, SMALL & MEDIUM ENTERPRISES AND DEVELOPMENT ACT, 2006 (Refer Notes to Accounts No: 25)				
	<b>NOTE NO: 8</b> <b>OTHER CURRENT LIABILITIES</b>				
<b>8.1</b>	Current maturities of long term debt				
	<b>SECURED :</b>				
a)	Non Convertible Debentures (redeemed during the year 2005-06) Interest accrued and due to JM Capital Management Pvt.Ltd		1151110.00		1151110.00
b)	<b>Term Loans from - Indian Overseas Bank and State Bank of Hyderabad, State Bank of India</b> Installments payable within 12 months after the reporting date		114349219.00		147728000.00
	Interest accrued and due on Term Loans.		11015906.00		4998136.00



<b>NOTES TO BALANCE SHEET</b>		<b>Amount in Rupees</b>			
Sl. No.	Particulars	As at 31.03.2013	As at 31.03.2013	As at 31.03.2012	As at 31.03.2012
c)	<b>Hire Purchase Finance</b>				
	Installments payable within 12 months after the reporting date		50397714.59		69775594.63
	Interest accrued and due on Hire Purchase Loans.		709038.86		713264.23
d)	Defered payment credit				
	Installment due under Bills rediscounting Scheme with Bank of Baroda		0.00		44100.00
	Intrest accrued and due on the above installment		0.00		7969.00
	<b>UNSECURED:</b>				
8.2	Deferred Payment of Royalty arrears payable within 12 months after the reporting date	4600000.00		4600000.00	
	L & T Finance Corpotate Loan Instalments payable within 12 months after the reporting date	45840206.29		93585303.55	
	Interest accrued and due on above loan.	1182360.89		0.00	
8.3	<b>OTHERS</b>				
a)	Caution Deposits from Dealers/Employees payable on demand	2134376.42		1818352.42	
b)	Statutory Dues towards Royalty,Excise duty,Service tax, VAT, TDS etc	191901437.69		149907474.21	
c)	Employees Salaries,Bonus and P F/ ESI recoveries and contributions to Superannuation Fund	23828152.96		17906862.38	
d)	Advances from customers	81749866.03		76282839.98	
e)	Power Charges and Other expenses payable	74377802.35		53337213.88	
f)	Other Advances from Transporters/Creditors	24004166.00	449618368.63	24627556.00	422065602.42
	<b>TOTAL</b>		<b>627241357.08</b>		<b>646483776.28</b>
8.4	There were no current maturities of Finance Lease Obligations, unpaid Dividends,unpaid matured Debentures or deposits and interest accrued thereon, Income received in advance and Application money received for allotment of securities.				
	<b>NOTE NO: 9</b>				
	<b>SHORT TERM PROVISIONS</b>				
9.1	Provision for employee benefits. Gratuity and Leave encashment obligation/contribution		0.00		0.00
9.2	Others				
a)	Provision for Income Tax		50000000.00		35000000.00
	<b>TOTAL</b>		<b>50000000.00</b>		<b>35000000.00</b>

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

Amount in Rupees

S.No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 31st March 2012	Additions during the Year	Deductions during the Year	As at 31st March 2013	Upto 31st March 2012	For The Year 2013	Deductions during the year	Upto 31st March 2013	As at 31st March 2013	As at 31st March 2012
1	Freehold Land	417535.58			417535.58	0.00	0.00		0.00	417535.58	417535.58
2	Buildings - Factory	53992099.68			53992099.68	20751685.82	3317016.45		24068702.27	29923397.41	33240413.86
3	Building Residential	13217745.34			13217745.34	10816289.06	120072.81		10936361.87	2281383.47	2401456.28
4	Roads, Culverts and Bridges	2730051.97			2730051.97	709121.58	101046.52		810168.10	1919883.87	2020930.39
5	Wells and Water Works	5450779.60			5450779.60	3858968.36	79590.58		3938558.94	1512220.66	1591811.24
6	Plant and Machinery	1021784893.28	6937605.39		1028722498.67	321182470.00	41832334.66		363014804.66	665707694.01	700602423.28
7	Electrical Installation	6452728.57			6452728.57	6395444.91	8750.92		6404395.83	48332.74	57083.66
8	Telephone Installations	552852.21			552852.21	393395.38	22180.45		415575.83	137276.38	159456.83
9	Railway Siding and Weigh Bridge	1389296.85			1389296.85	895279.03	68717.88		963996.91	425299.94	494017.82
10	Ropeway	9471239.56			9471239.56	9436430.90	10306.68		9446737.58	24501.98	34808.66
11	Quarry Equipment	161190497.03			161190497.03	113438289.20	14324220.26		127762509.46	33427987.57	47752207.83
12	Workshop Equipment	657815.38			657815.38	648878.69	252.78		649131.47	8683.91	8936.69
13	Laboratory Equipment	729523.31			729523.31	412195.77	44140.26		456336.03	273187.28	317327.54
14	Mining Lease and Mineral Prospec.	218225.74			218225.74	215265.79	411.73		215677.52	2548.22	2959.95
15	Furniture, Fixture, Fitures and Otheris	24568944.75	16820.00		24585764.75	18744011.36	1621055.55		20365066.91	4220697.84	5824933.39
16	Library	48948.39			48948.39	48423.37	25.02		4848.39	500.00	525.02
17	Vehicles	133235056.83	1502289.00	38266071.00	96471274.83	57822713.30	19316602.81		56871926.11	39599348.72	75412343.53
	<b>TOTAL</b>	<b>1436108234.07</b>	<b>8456714.39</b>	<b>38266071.00</b>	<b>1406298877.46</b>	<b>565769062.52</b>	<b>80866725.36</b>		<b>626368397.88</b>	<b>779930479.58</b>	<b>870339171.55</b>

<b>NOTES TO BALANCE SHEET</b>		<b>Amount in Rupees</b>			
S. No.	Particulars	As at 31.03.2013	As at 31.03.2013	As at 31.03.2012	As at 31.03.2012
<b>11</b>	<b>NOTE NO: 11 NON CURRENT INVESTMENTS NON-TRADE INVESTMENTS</b>				
11.a	In Government Securities:				
b)	In Equity Shares (Quoted and valued at cost)				
i)	10000 Units of Rs.10/- each fully paidup of BOB Mutual Fund	100000.00		100000.00	
ii)	7800 Equity Shares of Vijaya Bank at Rs.10/- each and 300 Shares at Rs.24/- per share of face value of Rs.10/- each	85200.00		85200.00	
iii)	900 Equity Shares of Gujarat State Finance Corporation of Rs.10/- each at a premium of Rs. 6.16 per share (Market value not available)	18000.00		18000.00	
iv)	1000 Redeemable 13% Preference Shares of Rs.10/- each in Ceat Finance	10000.00		10000.00	
v)	Principal Focussed Advantage Fund, Mumbai 10000 units of Rs.10/- each (Market value not available)	100000.00		100000.00	
			313200.00		313200.00
<b>11.2</b>	<b>TRADE INVESTMENTS</b>				
i)	In Equity Shares (unquoted and valued at cost) Panyam Cements Co-Operative Stores Limited, Cementnagar	2500.00		2500.00	
ii)	Sri. Somappa Co-Operative House Building Society Limited, Kurnool	500.00		500.00	
iii)	350000 Equity Shares of Rs.10/- each in Cheran Cement Limited	3500000.00		3500000.00	
			3503000.00		3503000.00
	<b>TOTAL</b>		<b>3816200.00</b>		<b>3816200.00</b>
	Aggregate Amount of:				
	Quoted Investments		313200		313200
	Market value of Quoted Investments		379890		473040
	Unquoted Investments		3503000		3503000
	Provision for diminution in value of investments		Nil		Nil
	There were no investments in Subsidiaries, Associates, Joint Ventures and controlled special purpose Entities and in Preference Shares, Bonds, Debentures, Mutual Funds and in Partnership Firms				

<b>NOTES TO BALANCE SHEET</b>		<b>Amount in Rupees</b>			
Sl. No.	Particulars	As at 31.03.2013	As at 31.03.2013	As at 31.03.2012	As at 31.03.2012
	<b>NOTE NO: 12 LONG TERM LOANS AND ADVANCES:</b>				
12.1.	<b>Unsecured and considered good</b>				
(a)	Capital Advances		16808239.08		16617643.50
(b)	Security Deposits with Power Distribution Corporation Ltd		45273984.42		37552588.42
(c)	Inter Corporate Loans and advances to related parties		327520575.10		477220777.96
	<b>TOTAL</b>		<b>389602798.60</b>		<b>531391009.88</b>
	<b>NOTE NO: 13 INVENTORIES:</b>				
13.1	Raw Materials		6699524.07		10441291.18
13.2	Work-in-progress		79991452.00		56783140.00
13.3	Finished Goods		1509029.00		16311578.00
13.4	Stores and spares,Chemicals and consumables		50468891.55		86619263.64
13.5	Coal and packing materials		11714941.31		51584158.38
13.6	Coal in transit		46905054.72		58446019.66
	<b>TOTAL</b>		<b>197288892.65</b>		<b>280185450.86</b>
	<b>METHOD OF VALUATION OF STOCKS:</b>				
	Refer Accounting Policies under Note No:25				
	<b>NOTE NO : 14 TRADE RECEIVABLES</b>				
14.1	Trade Receivables outstanding for a period exceeding six months from the date due for payment				
a)	Unsecured and considered good		146257347.14		119152193.80
b)	Considered Doubtful	22717578.93		23722520.45	
	Less :Provision for doubtful debts	10000000.00		10000000.00	
			12717578.93		13722520.45
			158974926.07		132874714.25
14.2	Other Trade Receivables :				
a)	Unsecured and considered good		21084276.53		42277524.37
	<b>TOTAL</b>		<b>180059202.60</b>		<b>175152238.62</b>

<b>NOTES TO BALANCE SHEET</b>		<b>Amount in Rupees</b>			
Sl. No.	Particulars	As at 31.03.2013	As at 31.03.2013	As at 31.03.2012	As at 31.03.2012
<b>NOTE NO: 15 CASH AND CASH EQUIVALENTS</b>					
15.1	Cash on hand		5631153.00		6166864.50
15.2	Balances with banks in current accounts		2007630.72		916064.30
15.3	Balance with Banks in Margin Money / Fixed Deposits for LC/BG		6389373.91		28214167.80
15.4	Deposit accounts with more than 12 Months Maturity		0.00		0.00
	<b>TOTAL</b>		<b>14028157.63</b>		<b>35297096.60</b>
<b>NOTE NO: 16 SHORT TERM LOANS AND ADVANCES UNSECURED AND CONSIDERED GOOD</b>					
16.1	Inter Corporate loans and advances to related parties	295524475.31		403994587.00	
16.2	Others				
a)	Advance to Suppliers	16357030.12		4871192.86	
b)	Advance to Employees	599523.00		130371.79	
c)	Advance to Contractors & Transporters	814245.42		813508.42	
d)	Prepaid Insurance and other Expenses	2031471.00		1939516.00	
e)	Tender/Security/Telephone Deposits	7278780.66		4802993.66	
f)	Advance Excise Duties/CENVAT/VAT/Service tax	17744476.71		14426435.33	
g)	Advance Income tax and TDS	34331577.46		37850360.33	
h)	Other Advances	11061516.45		4816679.45	
			385743096.13		473645644.84
	<b>TOTAL</b>		<b>385743096.13</b>		<b>473645644.84</b>
<b>NOTE NO: 17 OTHER CURRENT ASSETS</b>					
17.1	Interest Receivable		3293441.00		1961987.00
17.2	State Incentives Receivable				
	<b>TOTAL</b>		<b>3293441.00</b>		<b>1961987.00</b>

NOTES TO STATEMENT OF PROFIT & LOSS		Amount in Rupees		
Sl. No.	Particulars	For the Year Ended 31.03.2013	For the Year Ended 31.03.2012	
<b>NOTE NO: 18 - REVENUE FROM OPERATIONS</b>				
18.1	Sale of Manufactured Products	1330089311.00	2185705587.00	
	Less: Excise duty and sales tax collections	307487023.00	460699454.00	
	Net Sales of Manufactured Products (Refer Note No: 25 for details of Productwise sales)	1022602288.00	1725006133.00	
18.2	Other Operating revenues			
a)	Sales Tax and Power Incentives of earlier years	-	36706030.00	
	<b>TOTAL</b>	<b>1022602288.00</b>	<b>1761712163.00</b>	
<b>NOTE NO: 19 - OTHER INCOME</b>				
19.1	Interest on Bank and other deposits	4340113.41	4501907.96	
19.2	Interest on Inter corporate loans and advances to related parties	42771896.45	37181052.00	
19.3	Dividend Income	20250.00	20250.00	
19.4	Scrap Sales	1586071.00	2146895.87	
19.5	Rent Receipts	456482.00	548705.00	
19.6	Creditors written back and bad debts collections	86000.00	595969.00	
19.7	Profit on Sale of Assets	21539.00	577779.00	
19.8	Other Receipts	6009150.00	308006.00	
19.9	Income relating to prior period	21613.52	4829530.00	
	<b>TOTAL</b>	<b>55313115.38</b>	<b>50710094.83</b>	
<b>NOTE NO: 20 COST OF MATERIALS CONSUMED</b>				
20.1	Consumption of raw materials (Refer Notes to Account No: 25)	99481582.26	158493815.40	
20.2	Consumption of packing materials	47686441.00	67752612.00	
	<b>TOTAL</b>	<b>147168023.26</b>	<b>226246427.40</b>	
<b>NOTE NO : 21 - CHANGES IN INVENTORIES OF FINISHED GOODS WORK-IN-PROGRESS AND STOCK IN TRADE</b>				
21.1	<b>CLOSING STOCKS</b>			
a)	Finished goods	1509029.00	16311578.00	
b)	Stock-in-process	79991452.00	56783140.00	
	<b>TOTAL</b>	<b>81500481.00</b>	<b>73094718.00</b>	
21.2	<b>OPENING STOCKS</b>			
a)	Finished Goods	16311578.00	7475223.00	
b)	Stock-in-process	56783140.00	37627748.00	
	<b>TOTAL</b>	<b>73094718.00</b>	<b>45102971.00</b>	
	<b>NET INCREASE/(DECREASE) IN STOCKS (NET TOTAL)</b>	<b>-8405763.00</b>	<b>-27991747.00</b>	
<b>NOTE NO:22-EMPLOYEE BENEFITS EXPENSES</b>				
22.1	Salaries, Wages, Bonus and Allowances	65494436.93	62118186.74	
22.2	Contribution to ESI & Provident Fund	3066129.00	2693358.00	
22.3	Contribution to Gratuity & Superannuation Schemes	187426.00	73533.00	
22.4	Staff Welfare expenses	24544500.63	22545162.47	
	<b>TOTAL</b>	<b>93292492.56</b>	<b>87430240.21</b>	

<b>NOTES TO STATEMENT OF PROFIT &amp; LOSS</b>		<b>Amount in Rupees</b>			
Sl. No.	Particulars	For the Year Ended 31.03.2013	For the Year Ended 31.03.2013	For the Year Ended 31.03.2012	For the Year Ended 31.03.2012
	<b>NOTE NO: 23 FINANCE COSTS</b>				
23.1	<b>Interest Expenses</b>				
a)	On Term Loans	40369465.00		30724877.61	
b)	On Working capital, cash credits and adhoc loan	46783741.00		49949289.00	
c)	On Hire Purchase Loans	6692361.58		10628792.35	
d)	Interest on Corporate Unsecured Loans	12771888.53		25181052.00	
e)	On Others	16676451.00		20766387.95	
			123293907.11		137250398.91
23.2	Other borrowing costs				
a)	Loan processing charges		2756711.14		804000.00
			<b>126050618.25</b>		<b>138054398.91</b>
	<b>NOTE NO: 24 - OTHER EXPENSES</b>				
	Consumption of stores and spares		50404024.80		61137881.95
	Power and Fuel		545444597.00		719445588.66
	Rent including Lease Rents		213650.00		118400.00
	Insurance		685022.00		993459.00
	<b>Repairs &amp; Maintenance</b>				
a)	Buildings	162279.66		7470993.00	
b)	Plant & Machinery	23529263.95		37873720.58	
c)	Others	6864662.00	30556205.61	2277592.50	47622306.08
	Rates & Taxes and service tax		5896497.00		6428431.00
	Excise duty on captive consumption/Stocks		-2479636.00		3904366.00
	Travelling and conveyance		2526628.00		2252512.50
	Printing and stationery		340014.31		290462.85
	Postage Telegrams and Telephones		575138.62		756433.93
	Directors sitting fee		65000.00		70000.00
	Remuneration to Managing Director		1500000.00		1516646.00
	Directors Travelling		65993.00		319000.00
	<b>Remuneration to Auditors</b>				
	Audit and Tax Audit Fee		400000.00		400000.00
	Audit-Expenses		37287.00		54994.00
	Cost Audit Fee		30000.00		30000.00
	Cost Audit expenses		7900.00		6173.00
	Advertisement		1518267.00		2243863.00
	Legal & Professional Fee and Expenses		6737987.00		1795146.00
	Bank Charges		1972923.60		3936774.59
	Other Expenses		2624511.93		2493422.79
	Vehicle Maintenance		1350877.53		1410133.45
	Loss on Sale of Fixed Assets				506489.00
	Donations		409672.75		1156000.00
	Expenses/Income relating to Earlier Years		1069858.00		831463.00
	<b>SELLING EXPENSES</b>				
	Freight outward and forwarding expenses	52625095.57		119387668.56	
	Discounts /price difference and Commission on consignment sales	132762872.96		156409369.66	
	Other Selling expenses	4328798.50	189716767.03	1455676.00	277252714.22
	<b>TOTAL</b>		<b>841669186.18</b>		<b>1136972661.02</b>

**NOTE NO : 25**

**Significant Accounting Policies and Notes to Accounts for the year ended 31<sup>st</sup> March, 2013**

**25.1 SIGNIFICANT ACCOUNTING POLICIES:**

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

The financial statements are prepared under the historical cost convention as a going concern and in accordance with Accounting principles generally accepted in India and comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 and relevant provisions of The Companies Act, 1956. The Company follows the mercantile method of accounting.

**B. Inventories:**

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

**C. Depreciation:**

Depreciation is provided on straight line method in respect of some plant and machinery situated at Cement Division and all other assets have been depreciated on Written down Value method. Depreciation has been calculated at the rates specified in Schedule XIV to the Companies Act, 1956.

**D. Retirement Benefits to Employees:**

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

**E. Revenue Recognition:**

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



**F. Investments:**

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

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

Fixed Assets are stated at cost (net of CENVAT credit and including related financial costs till commencement of commercial production) less accumulated depreciation. Capital work-in progress includes indirect cost and pre-operative expenses related or attributable to the capital works and trial run expenses incurred up to commencement of commercial production are added to the cost of fixed assets. Advance paid towards the acquisition of Fixed Assets outstanding at the Balance Sheet Date are disclosed as "Capital Advances " under long term loans and advances as per revised Schedule VI to the Companies Act, 1956.

**H. Borrowing Costs:**

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

**I. Segment Reporting:**

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

**J. Lease:**

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

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

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

**L. Impairment of Assets:**

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

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

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

**25.2 Contingent Liabilities not provided in respect of :**

Sl.No.	PARTICULARS	RUPEES IN LAKHS	
		2012-13	2011-12
a)	As a signatory to the Memorandum of Cement Allocation and Co-ordinating Organization	1.00	1.00
b)	Guarantees given by the Bankers / Letters of Credit (Net of margin money paid)	220.37	314.61
c)	Corporate guarantee given to SIPCOT for the financial assistance availed by M/s.Cheran Cement Limited (estimated liability)	3124.85	2351.62
d)	Corporate guarantee given to SBI, SBH, Bank of India, Syndicate Bank and Indian Overseas Bank for financial assistance availed by S.P.Y. Agro Industries Limited	5877.27	6952.54
e)	Arrears of dividend on "C" Cumulative Preference shares held by institutions, being not redeemed and requested for extension of time	37.80	35.10
f)	Estimated amount of contracts remaining to be executed on capital account (Net of advances)	605.78	705.50
<b>g)</b>	<b>Claims against the Company not acknowledged as debts being disputed and pending in appeals and not provided for as the Company is hopeful of success in appeals:</b>		
	<b>i) CENTRAL EXCISE :</b>		
a)	CENVAT credits availed and utilized were subsequently disallowed by the Department and demand raised for differential duty and for irregular availment of CENVAT credit (July 2006 to November 2007).	848.27	909.88
b)	Differential Duty on supplies made to direct parties	575.74	40.63
	The Company has contested in appeals and are pending with the Commssioner of Appeals or CEGAT/or A.P High Court (paid under protest Rs.12.56 lakhs)		
	<b>ii) ELECTRICITY MATTERS:</b>		
a)	Claim of APSEB for 10% voltage surcharge for the period from September 1983 to November 1984 contested. High Court granted stay and directed APSEB to dispose off the pending representations made by the company.	30.64	30.64

Sl.No.	PARTICULARS	RUPEES IN LAKHS	
		2012-13	2011-12
	b) Fuel Surcharge Adjustment (FSA) charges for the years 2008-09, 2009-10 and for the first quarter of 2010-11 payable to APCPDCL contested by the industrial units including the company before the Hon'ble High Court of A.P. and the High Court granted stay for the year 2009-10 and first quarter 2010-11 and the favourable order of the High Court for the year 2008-09 was referred to Supreme Court and the same is pending.	53.56	Nil
	<b>iii) INCOME TAX MATTERS</b>		
	a) Demand raised by the Assessing Officer (Addl.CIT, Kurnool) for the Assessment year 2008-09 for payment of capital gains tax on Bengaluru/ Wire Division land under Joint Development Agreement and for assessment year 2009-10 MAT liability on book profit under section 115JB of IT Act, which are contested by the company before the Income tax Appellate Tribunal, Hyderabad and the appeals are pending (Paid under protest Rs.211.30 lakhs) and previous year Rs. 144.70 Lakhs.	2601.00 (211.30)	2601.00 (144.70)
	b) Demand raised by the Assessing Officer (Deputy CIT, Hyderabad) for the Assessment Year 2011-12 for payment of TDS and Interest on delayed payments, contested in appeals before the Commissioner of Incometax (Appeals), Hyderabad.	32.42	Nil
	<b>iv) COMMERCIAL TAX MATTERS</b>		
	a) Demand raised by the Commercial Tax Department, Tamilnadu in respect of levy of penalty for the assessment year 1994-95 contested in appeal before Appellate Authority and the matter was remanded to assessing authority.	5.56	5.56
	b) Penalties levied by the Commercial Tax Officer, Kurnool for non payment of tax dues before the due date. The Company has requested the Government for waiver of the penalties.	114.05	58.27
	v) Penal Interest / Damages on P.F Dues The Department has levied penal interest and damages for delay in P.F payments for the period from May 1989 to September 2001 and the company requested for waiver. (Paid during the year Rs.22.20 lakhs and previous year Rs.122.10 lakhs)	255.39	277.59

Sl.No.	PARTICULARS	RUPEES IN LAKHS	
		2012-13	2011-12
	vi) During the year Department of Mines and Geology has raised demand for penal interest up to 31.03.2013 of Rs. 867.07 lakhs on royalty dues for delay in payments and the Company has filed Revision Application for waiver of interest before the Department and Ministry of Mines, New Delhi. (Part of the interest of Rs. 216.80 lakhs was provided in earlier years)	650.26	343.72
	vii) Suits filed against the Company and the Developers of Bengaluru Property, in the Court of City Civil Judge, Bengaluru by two prospective buyers (Kare Electronics and Developments Private Limited and Pranava Electronics Private Limited) for specific performance of agreements to sell the property of Bengaluru land under development agreements and for refund of advances paid under the agreements to sell with interest, damages and value of undivided right, title, interest in the land entitlement as per the agreements to sell, which were contested by the company and the case was dismissed by the City Civil Court and High Court of Karnataka, Bengaluru and the matter was pending before the Honourable Supreme Court of India. During the year 2012-13, the disputes were settled by compromise between both the parties and the five suits of the parties were disposed off in terms of compromise petitions by the Court of City Civil and Session Judge Bangalore and hence there is no liability on the company.	NIL	66625.12
	viii) <b>OTHER MATTERS</b>  Suits filed by the parties against the company and pending in Appeals/Courts	126.34	126.34
25.3.	Under The Micro, Small and Medium Enterprises Development Act, 2006 and in accordance with the notification issued by the Ministry of Corporate Affairs, certain disclosures are required to be made relating to Micro and Small Enterprises as defined in the said Act. The company is in the process of compiling the relevant information from its suppliers about their coverage under the said Act and hence required disclosures could not be made.		
25.4	<b>Disclosure of discontinued operations of Wire / Engineering Division:</b>  The operations of the Wire/ Engineering Division at Bengaluru were permanently discontinued from October 2005 and the		

Sl.No.	PARTICULARS	RUPEES IN LAKHS	
		2012-13	2011-12
	<p>division was closed on 31.01.2006. The company has entered into agreements for joint development of land with the developers. As per the requirements of Revised Schedule VI which is effective from 1<sup>st</sup> April, 2011, the book value Rs. 660.52 lakhs of land property under joint development agreements, was shown separately under "Current Assets" as current investment in land property and the amounts received from joint developers and advances received from intending buyers were shown separately under "Non-Current Liabilities" as other long term liability. There were no revenue income/expenses incurred during the previous year. During the year 2012-13 the company has sold the property under Joint Development Aggrements to the extent of possession given by the Developers and Sale Deads were executed and the profit on sale of property of Rs.4276.00 lakhs was considered as exceptional item.</p>		
25.5	<p>Belated charges/overdue interest on delay in payment of statutory dues liabilities have not been provided in the absence of demand for the same.</p>		
25.6	<p>The balances of sundry debtors, sundry creditors, other liabilities, advance to suppliers for raw materials and spares, other advances including claims and deposits have been shown as appearing in the books of account and are subject to reconciliation and confirmation.</p>		
25.7	<p>Lease payments: The Company has not taken any assets under non cancelable operating lease agreements and hence no future lease payments.</p>		
25.8	<p>Segment Reporting The business activity and geographical operations of the company is in one segment of cement product and hence segment reporting is not applicable.</p>		

**25.9 Related party transactions:**

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

Sl.No.	Nature of Transaction	Rs. in lakhs			
		Year		Balance as at	
		2012-13	2011-12	31-03-13	31-03-12
1.	Sales/advances and receivable (Cheran Cement Limited)	-	-	264.23	264.23
2.	Remuneration to Managing Director	15.00	15.16	Nil	0.34
3.	Sitting Fee to other Directors	0.65	0.70	Nil	Nil
4.	Corporate Guarantee given to SIPCOT for financial assistance availed by Cheran Cement Limited (estimated liability)	773.23	667.88	3124.85	2351.62
5.	Corporate Guarantee given to SBI, SBH, Bank of India, Syndicate Bank and Indian Overseas Bank for Financial assistance availed by S.P.Y. Agro Industries Limited	(1075.27)	(790.23)	5877.27	6952.54
6.	Unsecured loans from Promoters/Associates	Nil	88.92	524.77	524.77
7.	Purchases and services availed from and due to Associate Companies	117.09	33.72	10.96	23.72
8.	Sales and services provided to and due from Associate Companies	132.11	226.85	840.21	709.78
9.	Advances/Inter-corporate Deposits given to Associate Companies	(-)2581.71	441.54	6230.45	8812.16

**25.10 EARNING PER SHARE**

Basic and diluted earnings/(Loss) per share (face value of Rs.10/-each) calculated in compliance with the provisions of Accounting Standard 20 for the year ended 31.03.2013 comes to Rs. 10.90 (Previous year Rs.5.68).

The denominator for basic/diluted EPS is 16018139 Equity Shares of Rs.10/- each numerator is profit after tax of Rs. 1748.74 lakhs for the year as per Statement of Profit and Loss (Previous year net Profit Rs. 913.28 lakhs) and as reduced by the preference dividend for the year of Rs. 2.70 lakhs on "C" Cumulative Redeemable Preference Shares, which is not provided.

Therefore basic/diluted earning per share = Net Profit of Rs. 174603879 ÷ 16018139 shares = Rs. 10.90

**25.11** Figures have been rounded off to the nearest decimals of lakhs for disclosures under Notes to Accounts

**25.12** Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure as required under Revised Schedule VI.

**25.13 Revenue from operations or sale of goods**

**Rs. in lakhs**

S. No.	Description of Products	Qty. in Mts.	For the year ended 31.03.2013	Qty. in Mts.	For the year ended 31.03.2012
<b>A</b>	<b>Manufactured Goods</b>				
1	Clinker	Nil	Nil	11798	366.32
2	Cement	292298	13300.89	466303	21490.74
	<b>Total</b>		<b>13300.89</b>		<b>21857.06</b>
<b>B</b>	<b>Traded Goods</b>		Nil		Nil

**25.14 Cost of Raw Material Consumed**

**Rs. in lakhs**

S. No.	Description	2012-13		2011-12	
		Qty. in Tonnes	Value	Qty. in Tonnes	Value
1	Limestone (Cement Grande) *	390070	269.78	633797	454.13
2	Laterite	419	4.82	15113	174.07
3	Gypsum	12928	207.37	21800	340.94
4	Iron Ore	5466	46.60	14031	162.16
5	Clinker	11960	327.83	0	0
6	Fly ash & Other	16780	138.42	35588	453.63
	<b>Total</b>		<b>994.82</b>		<b>1584.93</b>
7	Purchase of Traded Goods	-	Nil	-	Nil

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

**25.15 Value of imports calculated on CIF Basis**

**Rs. in lakhs**

		2012-13	2011-12
a)	Raw Materials	Nil	Nil
b)	Components and spare parts	Nil	Nil
c)	Capital goods	Nil	Nil
	<b>Total</b>	<b>Nil</b>	<b>Nil</b>

**25.16 Earnings in foreign Exchange**

**Rs. in lakhs**

		2012-13	2011-12
	FOB Value of Exports	Nil	Nil

**25.17 Expenditure in Foreign Exchange**

**Rs. in lakhs**

		2012-13	2011-12
i)	Raw Materials	Nil	Nil
ii)	Travelling Expenses	Nil	1.75
iii)	Others	Nil	Nil
	<b>Total</b>	<b>Nil</b>	<b>1.75</b>

**25.18** Value of imported and indigenous raw materials components, spare parts and other materials consumed:

		2012-13		2011-12	
		Value	%	Value	%
<b>i)</b>	<b>Raw Materials</b>				
	Imported	Nil	Nil	Nil	Nil
	Indigenous	994.82	100.00	1584.93	100.00
	Total	994.82	100.00	1584.93	100.00
<b>ii)</b>	<b>Stores and spare parts</b>				
	Imported	Nil	Nil	Nil	Nil
	Indigenous	504.04	100.00	611.38	100.00
	Total	504.04	100.00	611.38	100.00

As Per our report of even date attached

**For BRAHMAYYA & CO.,**  
Chartered Accountants  
Firm's Regn/ No. 000514S

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

Place : Nandyal (Camp)

Date: 27<sup>th</sup> May, 2013

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

**S.SREEDHAR REDDY**  
Managing Director

**S.P.Y. REDDY**  
Chairman



M.No.....

No. of Shares :.....

**FORM OF PROXY**

**PANYAM CEMENTS & MINERAL INDUSTRIES LIMITED**

Registered Office: Nandyal Kurnool District A.P.

I/We.....of.....

.....in the district of.....being

a member/ members of the above-named Company hereby appoint.....

.....of.....

in the district of.....or failing him.....

.....of.....

in the district of.....as my/our proxy to

attend and vote for me/us on my/our behalf at the Fifty Seventh Annual General Meeting of the Company

to be held on Saturday, the 21<sup>st</sup> September, 2013 at 11.45 A.M. and at any adjournment thereof.

Signed this.....day .....2013

Signed.....

Affix  
30 paise  
Revenue  
stamp

N.B. : 1) This instrument should be in writing and should be deposited not less than 48 hours before the time of meeting.

2) Any member entitled to attend and vote at the meeting is entitled to appoint a proxy and the proxy need not be a member.

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**PANYAM CEMENTS &  
MINERAL INDUSTRIES LIMITED**

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