

Ref: ACL:SEC:2016

February 1, 2016

The Manager
Listing Department
National Stock Exchange of India Ltd
"Exchange Plaza" C/1, G-Block
Bandra-Kurla Complex,
Bandra (E), Mumbai-400051

Bombay Stock Exchange Ltd
25 Floor, New Trading Ring
Rotunda Building P J Towers,
Dalal Street, Fort
Mumbai - 400 001

Fax No.: 022-26598237/38,
02226598347/48

Fax No.: 022-22723121/2037
/2039/2041

Dear Sirs,

Re: EGM Notice - Reg

We are pleased to inform you that the Extraordinary General Meeting of the Members of the Company will be held 25th February, 2016, inter alia to consider and approve the erosion of more than 50% of the Company's Peak net worth in terms of Section 23 of the SICA, 1985.

Scan copy of the EGM Notice, which was sent to the Members is attached for your kind information and records.

Thanking you,

Yours faithfully,

For ANDHRA CEMENTS LTD



(G. TIRUPATI RAO)

Company Secretary & GM-Legal



Encl: as above



ANDHRA CEMENTS LIMITED

Regd. Office: Durga Cement Works, Sri Durgapuram, Dachepalli – 522414, Guntur Dist, (AP)

Tel: +91-8649-257413, Fax: +91-8649-257449, Email id: investorcell@andhracemments.com

CIN: L26942AP1936PLC002379, Website: www.andhracemments.com

NOTICE

NOTICE is hereby given that an Extraordinary General Meeting of the Equity Shareholders of ANDHRA CEMENTS LIMITED ("Company") will be held on Thursday, the 25th February, 2016 at 12.30 P.M. at the Registered Office of the Company at Durga Cement Works, Sri Durgapuram, Dachepalli – 522414, Guntur District, (A.P) to transact the following business:

Special Business:

Considering erosion of net worth of the Company as per Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985

To consider and, if thought fit, to pass with or without modification(s), the following Resolution, as an **Ordinary Resolution**:

"RESOLVED THAT the Report of the Board of Directors of the Company to the Shareholders on erosion of more than fifty percent of the Company's peak net worth during the immediately preceding four financial years by its accumulated losses as on 30th June, 2015 and the causes for such erosion, as required under Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985, ("SICA") be and is hereby considered and approved."

"RESOLVED FURTHER THAT in accordance with the requirement of Section 23 of the SICA, the Company do report to the Board of Industrial and Financial Reconstruction ("BIFR") of the fact that the accumulated losses of the Company as on 30th June, 2015 have resulted in erosion of more than fifty percent of its peak net worth during the immediately preceding four financial years."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to report the aforesaid erosion to the BIFR and to do all such acts, deeds, matters and things as it may deem necessary, desirable or expedient in relation thereto."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred by this resolution to any Director(s) or to any Officer(s) of the Company."

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

G. TIRUPATI RAO

GM (Legal) & Company Secretary
(Membership No. FCS- 2818)

Place: Noida

Date: 30th January, 2016

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. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE SCHEDULED TIME OF THE MEETING. A BLANK PROXY FORM IS ENCLOSED.**

A person can not act as the Proxy on behalf of the member, not exceeding fifty and holding in the aggregate, not more than 10% of the total Share Capital of the Company, carrying voting rights. However, a member holding more than 10% of the total Share Capital of the Company, carrying voting rights, may appoint a single person as Proxy and such person shall not act as the Proxy for any other person or Shareholder.

2. Corporate Member(s) intending to send their Authorized Representative(s) are requested to send a duly certified copy of the Board Resolution authorizing such representative(s) to attend and vote at the Extraordinary General Meeting.

3. Statement pursuant to Section 102(1) of the Companies Act, 2013 in respect of Special Business, as set out above is annexed hereto and forms part of this Notice.
4. Copies of the documents referred to in this notice and explanatory statement are open for inspection at the Registered Office of the Company on all working days, except Sundays and other holidays, between 11.00 A.M. and 1.00 P.M., upto the date of the Extraordinary General Meeting.
5. Members who are still holding Shares in Physical Form are requested to notify the change, if any, in their addresses or Bank details to the Company's Registrar and Transfer Agent (RTA) and always quote their Folio Numbers in all correspondences with the Company and RTA. In respect of holding Shares in Electronic Form, members are requested to notify any change in addresses or Bank details to their respective Depository Participants.
6. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as substituted by the Companies (Management and Administration) Amendment Rules, 2015 (Amended Rules 2015) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide the members facility to exercise their right to vote for the resolution proposed to be considered at Extraordinary General Meeting (EGM) by remote e-voting and the business may be transacted through e-voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the EGM ("remote e-voting") will be provided by **National Securities Depository Limited (NSDL)**.

The members as on the cut-off date viz, 18th February, 2016 shall only be eligible to vote on the Resolution mentioned in the Notice of Extraordinary General Meeting.

7. The facility for voting through polling shall be made available at the EGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the Extraordinary General Meeting through ballot paper.
8. The members who have cast their vote by remote e-voting prior the EGM may also attend the EGM but shall not be entitled to cast their vote again.
9. The remote e-voting facility will be available during the following period.

Commencement of remote e-voting : 9.00 AM on 22nd February, 2016

End of remote e-voting : 5.00 PM on 24th February, 2016

During the period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 18th February, 2016 may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

10. **Procedures and instructions for remote e-voting**

- A. In case a Member receives an email from NSDL (for members whose email IDs are registered with the Company/ Depository Participant(s):
 - i) Open email and open PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
 - ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>.
 - iii) Click on Shareholder – Login
 - iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
 - v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digit/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - vi) Home page of remote e-voting opens. Click on remote e-voting: Active voting Cycles.
 - vii) Select "EVEN" of "Andhra Cements Limited".

- viii) Now you are ready for remote e-voting as Cast Vote page opens.
- ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- x) Upon confirmation, the message "Vote cast successfully" will be displayed.
- xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
- xii) Institutional Shareholders (i.e other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutiniser through email to csfirm@gmail.com with a copy marked to evoting@nsdl.co.in.

B. In case a Member receives physical copy of the Notice of EGM (for members whose email IDs are not registered with the Company/Depository Participant(s) or requesting physical copy):

- i) Initial password is provided at the bottom of the Attendance Slip for the EGM:

EVEN (Remote e-voting Event Number)	USER ID	PASSWORD/PIN

- ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

C. In case any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of www.evoting.nsdl.com or call on toll free no: 1800-222-990.

D. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/ PIN for casting your vote.

E. You can also update your mobile number and e-mail ID in the user profile details of the folio which may be used for sending future communication(s).

F. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date i.e 18th February, 2016.

G. Any person acquires shares of the Company and becomes a member after dispatch of the notice and holding shares as on the cut-off date i.e 18th February, 2016 may obtain the login ID and password by sending a request at evoting@nsdl.co.in or Contact Mr. Rajiv Ranjan of NSDL at toll free no. 1800-222-990.

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no. 1800-222-990.

H. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the EGM through ballot paper.

I. Mr. Mahadev Tirunagari, Company Secretary in wholetime Practice (FCS – 6681, CP No. 7350) has been appointed as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in an fair and transparent manner.

J. The Chairman shall, at the EGM, at the end of discussion on the resolution on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" for all those members who are present at the EGM but have not cast their votes by, availing the remote e-voting.

K. The Scrutinizer shall after the conclusion of voting at the EGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, within 48 hours of the conclusion of the EGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him.

- L. The Results declared along with the report of the Scrutinizer shall be displayed on the notice board of the Company at its Registered Office and shall be placed on the website of the Company www.andhracements.com and on the website of NSDL (www.nsdl.co.in) immediately after the declaration of results by the Chairman or a person authorized by him. The results shall also simultaneously be communicated Stock Exchanges where the shares of the Company are listed.
15. Members or their respective proxies are requested to:
- (a) Bring Notice of the EGM sent to the members as Notice of EGM shall not be distributed at the Extraordinary General Meeting;
 - (b) Quote their Folio no./ Client-ID & DP-ID in all correspondence;
16. Copies of the Notice of the Extraordinary General Meeting together with the Report are being sent by Electronic mode to all the Members whose e-mail addresses are registered with the Company/Depository Participant(s) and for Members who have not registered their e-mail addresses, physical copies of the Notice and Report are being sent by the permitted mode, to those Members who hold shares as at **closing hours of business on Friday 22nd January, 2016**. Upon request, printed copy of Notice will be supplied to those shareholders to whom Notice has been sent through Electronic Mode. The Notice is also available in the website of the Company www.andhracements.com and on the website of NSDL www.nsdl.co.in.

STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

Considering the erosion of net worth of the Company as per Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985.

In term of Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 ("SICA"), if the accumulated losses of an industrial company, as at the end of any financial year have resulted in erosion of fifty percent or more of its peak net worth during the immediately preceding four financial years, such company is required to report the fact of such erosion to the Board for Industrial and Financial Reconstruction ("BIFR") and hold a general meeting of the shareholders of such company for considering such erosion, both within 60 days from the date of finalization of the audited accounts, which is the date on which such accounts are adopted at the annual general meeting of the company. Further, the board of directors of such company is required to forward to every member of the company a report as to such erosion and the causes for such erosion, at least twenty one days before the date on which the above mentioned general meeting of the shareholders is held.

As per the audited annual accounts of the company for the financial period (15 months) ended 30th June, 2015, which were approved by the shareholders of the Company at the 76th Annual General Meeting held on 28th December, 2015, the accumulated losses of the Company as at 30th June, 2015 have eroded more than fifty percent of its peak net worth during the four financial years preceding the financial year ended 30th June, 2015.

A report of the Board of Directors on such erosion and the causes of such erosion is enclosed and forms an integral part of this notice.

Accordingly, this extraordinary general meeting is being convened to consider and approve the enclosed report of the Board of Directors on such erosion and its causes, and the measures being taken as per the relevant provisions of SICA, and also to approve the reporting of such erosion to BIFR in terms of Section 23 of SICA.

None of the Directors or Key Managerial Personnel of the Company or their respective relatives are connected and/or interested, financially or otherwise, in the proposed Resolution.

Your Directors recommend the above resolution for your approval.

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

G. TIRUPATI RAO
GM (Legal) & Company Secretary
(Membership No. FCS- 2818)

Place: Noida
Date: 30th January, 2016

(Annexure to the Explanatory Statement)

REPORT OF THE BOARD OF DIRECTORS TO THE MEMBERS OF ANDHRA CEMENTS LIMITED UNDER SECTION 23(1)(b) OF SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985 (SICA)

To the Members of Andhra Cements Limited

Andhra Cements Limited (the "Company" / "ACL") is a public company engaged in the business of manufacture and sale of Cement. The equity shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited. The Company, earlier registered with BIFR, was working under an approved Rehabilitation Scheme sanctioned in 2008. ACL was de-registered from BIFR in January 2010 as its net worth became positive.

ACL was taken over by Jaypee Group in February 2012. It took up a modernization cum up gradation project of its Cement Plants at Dachapalli and Visakhapatnam to increase its cement manufacturing capacity from 1.2 MTPA to 2.6 MTPA. The project has since been completed and the facilities are in place for production of 2.6 MTPA of cement. Besides, the Captive Power Project of 30 MW set up by the Company is undergoing trial.

However, due to depressed market of cement in South India for the last 3 years, ACL operated at sub optimal levels and incurred continuous losses.

As per the Audited Annual Accounts of the Company for the period (15 months) ended 30th June, 2015 (which were approved and adopted at the Seventy Sixth Annual General Meeting of the Members of the Company held on 28th December, 2015), the accumulated losses of the Company as on 30th June, 2015 exceeded fifty percent of the peak net worth of the Company during the immediately preceding four financial years.

In terms of the provision of the Section 23(1) (a) (ii) read with Section 23(1)(b) of the Sick Industrial Companies (Special Provisions) Act, 1985 ("SICA"), the Company is required, within 60 days of the said Annual General Meeting, to report the fact of such erosion to BIFR and also to hold a general meeting of its Shareholders for considering the Report of Board of Directors on such erosion and the causes for the same.

The details of net worth and accumulated losses of the Company for the immediately preceding four financial years (i.e, the financial years 2010-11, 2011-12, 2012-13, 2013-14) vis-à-vis the last Financial Year (2014-15) are given hereunder:

(Rs. in Lakhs)

	PARTICULARS	30.06.2011	31.03.2012	31.03.2013	31.03.2014	30.06.2015
1	Paid-up Capital of the Company	14602.44	29352.44	29352.44	29352.44	29352.44
2	Free Reserves	6104.04	9054.04	9054.04	9054.04	9054.04
3	NET WORTH	20706.48	38406.48	38406.48	38406.48	38406.48
4	Peak Net worth		38406.48			
5	50% of Peak Net worth		19203.24			
6	Accumulated Losses	(8482.36)	(7935.65)	(9334.11)	(17155.48)	(27272.71)
7	Erosion (%of Peak Net worth)			24.30%	44.67%	71.01%

Thus, the accumulated losses of the Company (Rs.27272.71 lakhs) as on 30.06.2015 have eroded more than 50% of the Peak Net Worth in the immediately preceding four financial years (Rs.38406.48 lakhs) thereby attracting the provisions of Section 23 of SICA.

CAUSES FOR EROSION

The present Promoters, i.e. Jaypee Group, had injected fresh funds in the Company and have completed the modernization, upgradation and expansion of the Plants besides putting up of a Captive Power Plant. The Management is doing their best to improve the operational performance of the Company. However, the major causes leading to the aforesaid erosion in network are as under :

- (a) Poor market off take of cement resulting in the lower capacity utilization leading to operational losses;
- (b) Additional capital expenditure on rehabilitation, modernization and expansion of the Plant leading to higher depreciation and interest cost without corresponding increase in margins due to lower capacity utilization and sales realization;
- (c) Write back of a sum of Rs.44.53 crores against interest in year 2014-15 which was earlier capitalized due to suspension of project activities during relevant period;

MANAGEMENT'S OBSERVATIONS AND STEPS TAKEN TO IMPROVE FINANCIAL PERFORMANCE

The Company believes that the causes leading to the aforesaid erosion of net worth are exceptional and beyond the control of the Management. However, the following steps are being taken to improve the financial performance of the Company in the coming years :

- (a) Debt re-structuring which has already been approved by the lenders;
- (b) Development of new markets to absorb idle capacity;
- (c) Rationalization of various cost centres;
- (d) Setting up of Captive Thermal Power Plant which is expected to reduce the power cost;
- (e) The capacity utilization is also expected to improve in view of the expected additional demand due to formation of new capital of Andhra Pradesh at Amaravati.

The Board of Directors of the Company believes that the Company will be able to recover and recoup the above stated erosion in the Net Worth in the years to come.

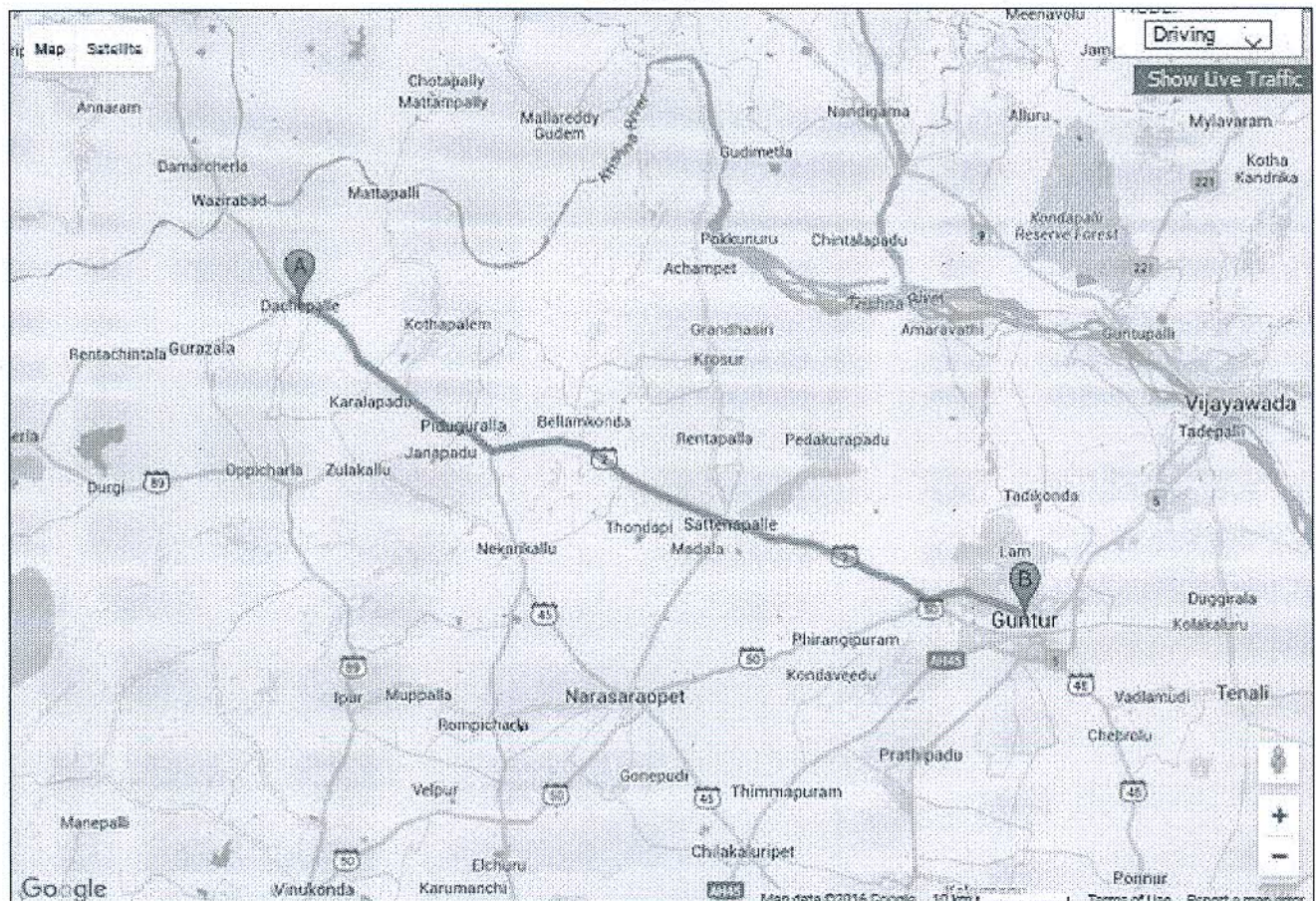
By Order of the Board
For **ANDHRA CEMENTS LTD**

G. TIRUPATI RAO
GM (Legal) & Company Secretary
(Membership No. FCS- 2818)

Place: Noida

Date: 30th January, 2016

ROUTE MAP



**ANDHRA CEMENTS LIMITED**

CIN : L26942AP1936PLC002379

Registered Office : Durga Cement Works, Sri Durgapuram, Dachepalli-522414, Guntur (Dist) (AP)

ADMISSION SLIP

DP ID		FOLIO NO. / CLIENT ID		No. of shares	
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Name(s) and address of the member in full : _____

I/We hereby record my/our presence at the Extraordinary General Meeting of the Company to be held on Thursday, 25th February, 2016 at 12.30 P.M. at the Regd. Office of the Company at Durga Cement Works, Sri Durgapuram, Dachepalli-522414, Guntur (Dist) (AP).

☐ Member ☐ Proxy

Signature of Member / Proxy _____

**ANDHRA CEMENTS LIMITED**

CIN : L26942AP1936PLC002379

Registered Office : Durga Cement Works, Sri Durgapuram, Dachepalli-522414, Guntur (Dist) (AP)

PROXY FORM*[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]*

CIN	CIN : L26942AP1936PLC002379
Name of the Company	ANDHRA CEMENTS LIMITED
Registered Office	Durga Cement Works, Sri Durgapuram, Dachepalli-522414, Guntur (Dist) (AP)
Name of the member(s)	
Registered Address	
E-Mail ID	
DPID and Client ID /Folio No	

I/We, being the member(s) of _____ shares of the above named Company, hereby appoint

- 1) Name : _____ Address : _____
having e-mail Id _____ Signature _____ or failing him
- 2) Name : _____ Address : _____
having e-mail Id _____ Signature _____ or failing him
- 3) Name : _____ Address : _____
having e-mail Id _____ Signature _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Extraordinary General Meeting of the Company to be held on Thursday, 25th February, 2016 at 12.30 P.M. at the Regd. Office of the Company at Durga Cement Works, Sri Durgapuram, Dachepalli-522414, Guntur (Dist) (AP) and at any adjournment thereof in respect of such resolutions as are indicated below:

Special Business	
1	To consider and approve the report of Board of Directors on erosion of net worth of the Company as per Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985.

Signed this _____ day of _____ 2016

Affix
Revenue
Stamp

Signature of Member _____

Signature of Proxy holder(s) _____

Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. A proxy need not be a member of the Company.