

September 23, 2017

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National Stock Exchange of India Ltd.  
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Bandra-Kurla Complex  
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(022)66418125 / 26  
(022)26598237/8238

**Sub: Annual Report for the financial year 2016-17**

Dear Sir,

Pursuant to regulation 34 (1) of SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015, please find attach the Annual Report for the financial year 2016-17.

This is for your information and record.

Thanking you,

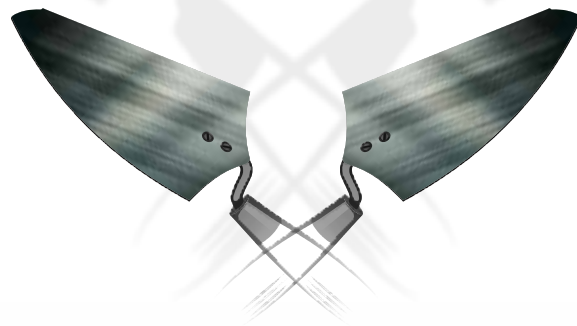
Yours sincerely,

For Orient Cement Limited



**Deepanjali Gulati**  
(Company Secretary)

Encl: a/a



Wings of Courage

Orient Cement Limited  
Annual Report 2016-17

## Corporate Information

### BOARD OF DIRECTORS

**Mr. Chandrakant Birla**  
(Chairman)

**Mr. Desh Deepak Khetrpal**  
(Managing Director & CEO)

**Mrs. Amita Birla**

**Mr. Rajeev Jhavar**

**Mr. Vinod Kumar Dhall**

**Mr. Rabindranath Jhunjhunwala**

**Mr. Janat Shah**

**Mr. Swapan Dasgupta**

**Mr. I.Y.R. Krishna Rao**  
(Appointed as an Additional Director in  
the category of Independent Director  
w.e.f. 5<sup>th</sup> May, 2017)

### KEY MANAGERIAL PERSONS

**Mr. Desh Deepak Khetrpal**  
(Managing Director & CEO)

**Mr. Sushil Gupta**  
(Chief Financial Officer)

**Ms. Deepanjali Gulati**  
(Company Secretary)

### STATUTORY AUDITORS

M/s. S.R. Batliboi & Co., LLP  
Chartered Accountants,  
22, Camac Street, Block C,  
3<sup>rd</sup> Floor, Kolkata - 700016

### REGISTERED OFFICE

Unit-VIII, Plot No. 7, Bhoinagar,  
Bhubaneswar - 751 012 (Odisha)

### MANUFACTURING PLANTS

**Devapur**  
P.O. Devapur Cement Works  
Dist. Adilabad - 504 218 (Telangana)

**Jalgaon**  
Nashirabad, Dist. Jalgaon (MS)

**Chittapur**  
Village Itaga, Malkhaid Road,  
Taluka Chittapur, Dist. Kalburagi,  
Karnataka - 585 292

### REGISTRAR & TRANSFER AGENT

MCS Share Transfer Agent Limited,  
F-65, Okhla Industrial Area,  
Phase-I, New Delhi - 110 020

### BANKERS

State Bank of India  
HDFC Bank Limited  
Indian Bank  
ICICI Bank Limited  
EXIM Bank of India  
Punjab National Bank

### 6<sup>th</sup> ANNUAL GENERAL MEETING

Date : 23<sup>rd</sup> day of September, 2017  
Day : Saturday, Time : 2:00 P.M.  
Place : Unit-VIII, Plot No. 7, Bhoinagar,  
Bhubaneswar - 751 012 (Odisha)

### BOOK CLOSURE FOR AGM

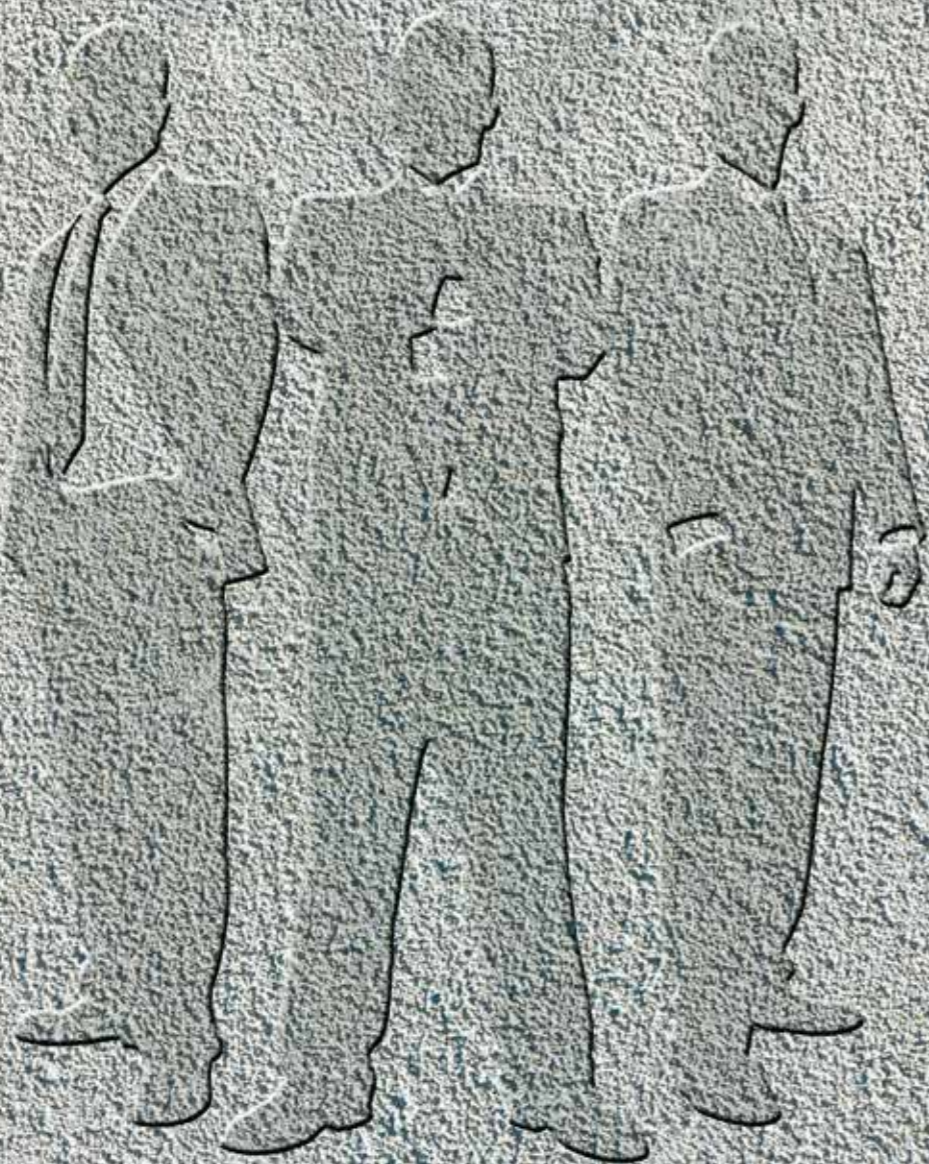
Monday, 18<sup>th</sup> day of September, 2017 to  
Saturday, 23<sup>rd</sup> day of September, 2017  
(Both days inclusive)

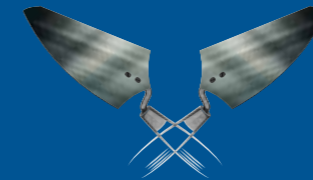
### CORPORATE IDENTIFICATION NO.

L26940OR2011PLC013933

### WEBSITE

[www.orientcement.com](http://www.orientcement.com)





The sum is always greater than the parts. The combined efforts of a more than 4000-strong\* workforce at Orient Cement, making it a force to reckon with, are a fine testament to this. Every member of the Orient Cement family is also a true spokesperson of the company who speaks the language of ambition, commitment and passion. This Annual Report for the year 2016-17 captures the efforts of these employees that have helped the Company stride ahead, even in the face of adverse challenges. It is an ode to the spirit of Orient Cement and its family.

\*Includes indirect (contract workmen) employees

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## VISION

Grow to be a relevant national player, driven by execution excellence and be the 'employer of choice' and 'neighbour of choice'.

## VALUES

- Foresight amidst pessimism
- Persistence during adversity
- Focus within choices
- Empowerment coupled with controls

Orient Cement Limited. 

One of India's most exciting cement companies.

Pursuing growth ambitions along with cost leadership.

Graduating from a regional presence into a pan-India personality.

### Background

Formed in 2012 following the demerger from Orient Paper & Industries Ltd., Orient Cement has emerged as one of the fastest growing and leading cement manufacturers in India.

### Manufacturing facilities

The Company has three cement manufacturing plants in Devapur (Telangana), Chittapur (Karnataka) and Jalgaon (Maharashtra). The Company operates an aggregate cement manufacturing capacity of 8 MTPA with a clinker manufacturing capacity of close to 6 MTPA.

### Acquisition

Orient Cement recently announced an intention to acquire a 74% stake in Bhilai Jaypee Cement Limited having an integrated capacity of 2.2 MTPA and a separate grinding unit in Nigrie with a capacity of 2.0 MTPA. This is expected to enhance the Company's cement manufacturing capacity to 12.2 MTPA along with an entry into the central and eastern markets of India.

### Certifications

The company is a responsible cement manufacturer accredited with ISO 9001:2008, ISO 14001:2004 and OHSAS

18001:2007 standards. The company regularly modernises its manufacturing infrastructure and equipment with the objective of enhancing operating efficiencies, maintaining product quality and conserving energy and emissions. As a result of its efforts, the Company won the Total Plant Maintenance (TPM) Excellence award from JIPM, Japan, the second company in India to earn this distinction.

### Markets

The Company sells its cement predominantly in the states of Maharashtra, Telangana, Karnataka, Andhra Pradesh, and Madhya Pradesh. It also sells cement in the states of Chattisgarh, Gujarat, Goa and Tamil Nadu.

### Brands

The company produces two cement varieties (Ordinary Portland and Pozzolana Portland Cement) marketed under the Birla A1 Premium flagship brand. The company's brand is synonymous with excellent quality, high product resilience and robust load-bearing capability.

**1995**

- Won a National Award for Energy Efficiency

**1996**

- Won the Raasi Cement Silver Rolling trophy
- Won a National Award for Energy Efficiency in the Indian cement industry

**1997**

- Won the International Greenland Society national award
- Awarded a certificate of Merit by the National Productivity Council of India

**2001**

- Won an award for TPM excellence – First Category.
- Won a National Award for Energy Efficiency
- Won a National Award for energy efficiency in the Indian cement industry.

**2003**

- Won an Award for Excellence in Consistent TPM commitment – First Category.
- Won an Award for Total Productive Maintenance.
- Won a World Environment Day Award for cleaner production technologies.

**2005**

- Awarded a Certificate from the Andhra Pradesh Pollution Control Board for clean emissions.

**2006**

- Won an Award for Reclamation & Rehabilitation at the Mines Environment & Mineral Conservation Week.

**2007**

- Won the Mayday Best Management Award
- Won the Greentech Safety Award (Silver) for safety management
- Won the 1st prize in A2 group at the MEMC Week, Silver Jubilee Year.

**2008**

- Won the first prize in Overall Performance – Large Mechanised Mines
- Won the first prize in Water Quality Management – Large Mechanised Mines
- Won the second prize in Logistics & Transportation from Mines Safety & Productivity Council, Hyderabad
- Certified for ISO 14001:2004 from Det Norske Veritas, for Manufacture of Cement
- Certified for OHSAS 18001:2007 from Det Norske Veritas, for Manufacture of Cement
- Won the Gold Award for Best Organisation, Indira Gandhi Memorial National Award.

**2009**

- Won second prize in Mine Working, Mines Safety Week by Mancheril Cement Company
- Awarded NABL Certificate Mechanical Testing, ISO/IEC 17025:2005
- Awarded NABL Certificate Quality Control Laboratory & Chemical Testing, ISO/IEC 17025:2005

**2010**

- Won second prize in Water Quality Management – Large Mechanised Mines
- Certified for ISO 9001:2008 from Det Norske Veritas for cement manufacture and supply.

**2011**

- Won first prize in Management of Subgrade Materials – Large Mechanised Mines.

**2012**

- Won the Golden Peacock Occupational Health & Safety Award, Andhra Pradesh
- Won the Golden Peacock Occupational Health and Safety Award
- Won the Greentech Safety Silver Award for Safety & Health Management in the cement sector.

**2013**

- Won the Greentech Environment Gold award.
- Won the Product of the Year Award, Home Magazine.
- Won the Best Managed Companies Award, Asiamoney.
- India's Top Challengers Award, Construction World
- Won the Top 100 A&D Brand, Economic Times Architecture & Design Summit.

**2016**

- Won Gold Award (Cement) at SEEM National Energy Management Awards
- Won Energy Efficient Unit (Devapur) at CII National Energy Management Awards
- Announced intention to acquire 74% stake in Bhilai Jaypee Cement Limited as well as the separate Nigrie grinding unit from the Jaypee group.

**2017**

- Became a member of the Cement Sustainability Initiative, under the aegis of the World Business Council for Sustainable Development (WBCSD)
- Won Best Management Award from Telangana Government

Passion over the years

# How we have performed in the last few years

### Revenue (₹ cr)

29% growth over the last year

FY14	1638
FY15	1757
FY16	1684
FY17	2167

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**Definition**  
Sales growth without deducting excise duties.

**Why we measure**  
This measure reflects our ability to understand market trends and service customer requirements with our products, through responsive manufacturing and competent supply chain management.

**Performance**  
Our aggregate sales increased 29 per cent to Rs 2167 cr in FY 17, which compared favourably with the 1% per cent de-growth of the country's cement sector.

**Value impact**  
Creates a robust growth engine on which to build profits

### EBIDTA (₹ cr)

Stable when compared with the previous year

FY14	224
FY15	313
FY16	193
FY17	190

---

**Definition**  
Earning before the deduction of fixed expenses (interest, depreciation, extraordinary items and tax).

**Why we measure**  
It is an index that showcases the company's ability to optimize business operating costs despite inflationary pressures, which can be easily compared with the retrospective average and sectoral peers.

**Performance**  
The company's EBIDTA grew until FY15 and then declined as it was impacted

by adverse movement of prices in the specific regions that it operates as well costs related to the optimization of new capacity. The company is engaged in a number of initiatives to enhance EBIDTA from this point onwards.

**Value impact**  
Measure of the cash produced by the operating business, before interest or depreciation, that is internally available to fund further capital expenditure and investments in the business going forward, before requiring external funding.

### ROCE (%)

Declined

FY14	19.61
FY15	31.21
FY16	7.60
FY17	3.09

---

**Definition**  
It is a financial ratio that measures a company's profitability and the efficiency with which its capital is employed in the business.

**Why we measure**  
ROCE is a useful metric for comparing profitability across companies based on the amount of capital they use - especially in capital-intensive sectors.

**Performance**  
The company reported a 451 bps decline in ROCE in FY 17 as it increased its investments in new capacity while bearing the brunt of twin effects lower cement prices in its operating regions as well as the costs of stabilization linked to new capacity, expected to improve going forward.

**Value impact**  
Enhanced ROCE can potentially drive valuations and perception.

### Gearing (x)

Increased moderately

FY14	0.34
FY15	1.09
FY16	1.19
FY17	1.31

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**Definition**  
This is derived through the ratio of debt to net worth (less revaluation reserves).

**Why we measure**  
This is one of the defining measures of a company's financial health, indicating the ability of the company to remunerate shareholders over debt providers (the lower the gearing the better). In turn, it indicates the ability of the company to sustain growth in profits, margins and shareholder value.

**Performance**  
The company increased borrowings to continue to invest in projects related to its recent capacity creation; correspondingly, gearing weakened marginally from 1.19 in FY16 to 1.31 in FY17.

**Value impact**  
Enhanced shareholder value by keeping the equity side constant.

### Net Profit (₹ cr)

Declined

FY14	101
FY15	195
FY16	62
FY17	-32

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**Definition**  
Profit reported during the year after deducting all expenses and provisions.

**Why we measure**  
It highlights the strength in the business model in generating ultimate value for its shareholders.

**Performance**  
The company's net profit grew until FY15 and then declined particularly as

it was impacted by the depreciation and interest cost linked to the new capacity expansion. The number is expected to improve as the newly commissioned capacities become fully operational.

**Value impact**  
Direct correlation to value attributable to shareholders and available to support further investment in growth.

### EBITDA margin (%)

Declined

FY14	13.67
FY15	17.80
FY16	11.47
FY17	8.79

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**Definition**  
EBITDA margin is a profitability ratio used to measure a company's pricing strategy and operating efficiency. Higher the operating margin, better for the company.

**Why we measure**  
The EBITDA margin gives an idea of how much a company earns (before accounting for interest and taxes) on each rupee of sales.

**Performance**  
The company reported a 268 bps decline in EBITDA margin in FY 17 in line with the absolute EBITDA movement due to reasons outlined above.

**Value impact**  
Demonstrates the efficiency of a company's core operations relative to revenue generated in the market.

### Debt cost (%)

Declined

FY14	11.52
FY15	9.90
FY16	10.02
FY17	10.09

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**Definition**  
This is derived through the calculation of the average cost of the consolidated debt on the company's books.

**Why we measure**  
This indicates our ability in convincing bankers and other debt providers of the robustness of our business model, translating into a progressively lower debt cost (potentially leading to higher margins).

**Performance**  
The company's debt cost declined from 11.52 per cent in FY14 to around 10 per cent in the last couple of years and has been relatively stable.

**Value impact**  
Strengthened ability to service debt, enhanced credit rating for successive declines in debt cost.

### Interest cover (x)

Declined

FY14	10.17
FY15	4.71
FY16	1.68
FY17	1.49

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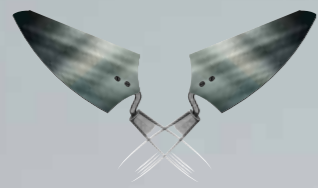
**Definition**  
This is derived through the division of EBITDA by interest outflow.

**Why we measure**  
Interest cover indicates the company's comfort in servicing interest, the highest the better.

**Performance**  
The company's interest cover has been stable this year; reduced levels on account of

the enhanced borrowing and lower EBITDA for reasons outlined earlier.

**Value impact**  
Higher number indicates strengthened ability to service debt reflecting either improved cash flows or reduced interest costs or both.



## Orient Cement. Where the currency is passion



Most companies are driven by a few individuals with the largest financial ownership.

*Orient Cement is driven by a large number of individuals with extensive emotional ownership.*

For most companies, a day at work is just an occupation to earn a living.

*At Orient Cement, every workday is an opportunity to discover oneself.*

For most people, a day at work is spent in addressing the routine.

*At Orient Cement, every workday is an opportunity to transform one's workspace, company and life - for the better.*

In most companies, change is slow, gradual and incremental.

*At Orient Cement, we have empowered our people to make the biggest change in the shortest time.*



A 32 year old company with a start-up mindset.

Growing conviction that the good can be easily made better.

A growing obsession with finding and eliminating waste.

Where the most disruptive word is 'Why?'

A belief that God lies in the small details.

An excitement of bringing youthfulness to one of the oldest industrial sectors.

Where 'culture' is not some fossilised way of working but a passion-driven way of making change happen.

Where sales managers discuss 'Big Data' and their cutting-edge technologies

Where people speak up at meetings.

Where authority and responsibility are provided irrespective of age.

Where hierarchy has been replaced by meritocracy.

Where 'kuch naya sochay' is probably the most frequently-used line.

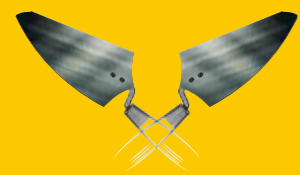
Where employees have begun to refer to factories as 'campuses'.

Where the average age is declining.

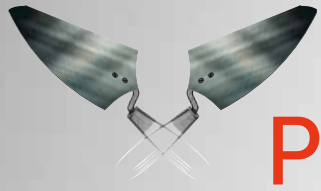
Where there are more women in the workforce than ever before.

Where no cost is sacred.

Where 'Does this represent the very best standard?' is being increasingly used in every meeting.



**Orient Cement.**  
**Large company body.**  
**Small company soul.**



## Passion at work



'NO ONE'S ASKED ME FOR AN AUTOGRAPH BUT THEN YOU NEVER KNOW WHAT MIGHT HAPPEN TOMORROW...'



**ATUL DIXIT**  
MECHANICAL TEAM, JALGAON

**A**t Orient Cement, the more anyone says 'this can't be done', the more that proposition is questioned.

One day, the management dared me to a challenge: optimize grinding operations at Jalgaon.

The first reaction was a yawn. Because whatever one assumed should have been done in improving processes would have been done decades ago I thought.

But we learnt in college that when you can't understand something, just put every number on a sheet of paper. Stare at the numbers. Then you will see a pattern. And suddenly a solution will emerge.

That is what I did when examining various optimization opportunities. I got my first opportunity when I noticed that the plant transported fly ash through the pneumatic route to the cement mill. Pneumatic route? Hey, I had studied physics in school: wouldn't this be higher in cost that, say, low capacity blowers?

So I wrote a paper and presented this to the management: the numbers, logic, argument and cost.

I prepared for the verdict: 'Good try. But we don't think this will work.'

Instead, what I heard was: 'When can you show us the prototype?'

The long and short of this is that following implementation, the cost of fly ash conveyance declined. Moderated maintenance frequency. Accelerated fly ash unloading and vehicle turnaround time. And this model is ready for implementation across two more Orient Cement factories.

There is a certain high when you walk the shop floor at Orient Cement and colleagues whisper 'Achcha, yahi hai woh banda...'

No one's asked me for an autograph but then you never know what might happen tomorrow.

## 'THE MOVING MOMENT WAS WHEN MY COMPANY SENT ME A MESSAGE THAT IT WAS MISSING ME ON THE BATTLE-FRONT'



**SAGAR TYAGI**  
TECHNICAL SERVICES TEAM, CHATTISGARH

**My job:** market our Orient Cement brand across eight depots in 16 districts across 600 sq. kms.

**My routine:** visit dealers and distributors to enhance brand awareness.

**My destiny:** an accident in August 2015 following which I was hospitalized, had metal rods inserted in my legs and was provided a walking stick.

**My fear:** my company would draw out the hisaab-kitaab and say ke bhai, we think you might be suited to a desk job in another company.

**My moving moment:** my company sending a message that they were missing me on the battle-front.

**My response:** I over-achieved all my targets after I rejoined. I made a video that explained the Pressure Sustaining Technology to an unskilled person, which won the first prize and Rs. 11,000 (this was used to buy blankets for the underprivileged ).

**My learning:** any company that can provide a relatively new employee with eight months of paid leave is more than a company - it is a family.



## 'WHAT I HEARD WAS MUSIC TO MY EARS: 'KAB SHURU KAROGE?''



**ROSHAN REDNAM**  
TECHNICAL SERVICES TEAM, COASTAL ANDHRA AND WARANGAL

**A**t Orient Cement, my job is to engage with primary customers: masons, contractors, builders, engineers and architects.

For years, the usual mode of engagement was conducting a lecture-shecture and giving each attendee a gift.

At our company, this idea received a standard response: 'Boring!'

And that is how one came across the idea of conducting a cube casting competition. This would engage the workers into something intellectual. This engagement would be extended so it would provide them with an exposure to our product. And most importantly, it would expose them to us across days and days, which was a nice opportunity to build friendships and relationships.

But it is one thing to propose this; it is another to get it accepted.

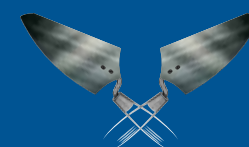
When I went to the Orient Cement management, I prepared for the usual: 'Please think of something practical' or 'This doesn't work in our business.'

What I heard was music to my ears: 'Kab shuru karoge?'

And that is how a three-month competition started. Building a cube with recycled aggregates from demolished buildings.

The activity proved to be a resounding success. Testing was conducted by NIT.

The feedback: 'Orient Cement is the first company to have treated us like creative professionals.'



## 'NORMAL IS BORING'



**KAMLESH TEMBHURNE**  
MINING TEAM, DEVAPUR

**T**here are three words to describe life at Orient Cement: normal is boring.

Three instances stand out.

The GM Finance had an idea of utilising sub-grade limestone. Normally, some engineer would have told him 'Why don't you leave this to the experts.' On the contrary, they encouraged him. The result is that the company increased subgrade limestone consumption in the raw material mix to a point where this is the new normal.

Similarly, someone came up with the idea of converting a depleted mine into a natural water reservoir.

The usual response would have been 'Impossible!' The result is that Maisamma Sagar (capacity 5.5 mn cubic meters) is now a pleasing reality.

And then we had this water evaporation challenge. Someone suggested a technology called EVALOC. All it took was two hours to demonstrate how it worked. The result is we now save 30% reservoir evaporation.

And all because we didn't say 'How crazy!' but said 'How interesting!' And that made all the difference.



## 'MAGIC HAPPENS WHEN PEOPLE WORK TOGETHER...'



**E. RAJESHKUMAR**  
ELECTRICAL & INSTRUMENTATION TEAM, DEVAPUR

**I** was involved in ensuring compliance with the MoEF norms at the Devapur plant – without a plant shutdown, production loss or large investments.

Our team responded with an interesting plan: implement hybrid ESPs which combined the best of filtration and electrostatic precipitators, thereby increasing SPM filtration efficiency.

We thought no one would give this a second thought; the management said 'go ahead' instead.

We implemented ESPs across all three lines with safety and electrical precautions – and without halting production.

The magic was that our electrical, instrumentation and measurement teams worked together – with complete management support.

What we learnt was that when people work together amazing things can happen.



## 'WE ARE STILL WAITING FOR THE SOLUTION TO FAIL...'



**TENSINGH RATHOD**  
MECHANICAL TEAM, CHITTAPUR

One day a thought occurred while observing our double-discharge conveyor: How inefficient!

There just had to be a way to improve it.

After some study, planning and re-planning, I created a model to improve efficiency and reduce power consumption.

For a lark, I took it to the management. I had a gut feeling: someone would turn around and say 'But we can't trust something created in a garage!'

What the management said was 'Contact the OEM that manufactured our conveyor. Get them to verify the upgrade.'

I actually said: 'Er, I don't understand. Can you repeat what you just said?'

I prepared a report. I discussed with the OEM. I got a clearance for the modification (can you believe?).

We implemented on just one circuit, prepared for failure.

We are still waiting: no problem for five months! Imagine what this will save for the company when fully implemented! And imagine if implemented across all plants!

The credit for this? Not me. But the supervisor who didn't dismiss me from sight when he first saw what I had to show him.



## 'ORIENT CEMENT HELPED TRANSFORM MY MINDSET FOR LIFE!'



**DHIRAJ KUMAR SANKHLA**  
BRANDING TEAM, HYDERABAD

When I joined Orient Cement in 2015, I wondered what the company would be like. Bureaucratic or nimble? "Kal aana" or "Aaj karo"?

I had a theory – when you wish to appraise the working culture of a company, test it across an unusual suggestion. If the system balks, you have your answer.

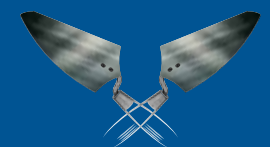
So I soon attempted to test the company out. I presented the management with a "zaraa hatke" idea on branding. Within minutes I got a reply on email: 'When can you present this to the seniors?' Here I was thinking I'd test the company on the basis of its response time; I soon realized that the ball was right back in my court and the company was testing me out instead!!

One of the biggest transformation initiatives at Orient Cement has been

in its overhauled decision making cycle: the proposal and approval procedure of a couple of months has been slashed to a couple of days. Most proposals would earlier be sent by longstanding employees; now virtually anyone within can send improvement suggestions.

The result of this refreshing Orient Cement spirit is reflected in my professional and personal spaces: I won the Best Performer award for branding; I was included in the internal 'CEO Circle' programme for career progression; I was motivated enough by the "do it now" culture to moderate my weight from 96 kgs to 72 kgs; and I've completed a 160 km cycling tour to Warangal now!

Orient Cement has not just transformed its operating culture; it helped transform my mindset for life!



## 'THE POWER OF AN IDEA WHOSE TIME HAS COME'



**NANDINI BHATTACHARJEE**  
HUMAN RESOURCES TEAM, HYDERABAD

There was a time when there used to be a distance between the senior management and employees, pervasive across cement industry.

Them and us.

We, at Orient Cement, created an internal networking platform called JAM modeled around social media. To remove that wall between the two.

One expected to hear 'This is cement industry. It would not work here'.

But something else happened. Employees began to share stories of their lives. 'Names' became 'people'.

'CEO' became 'human'. 'Seniors' became 'friends'.

Suddenly Orient Cement was not 'there'; it was 'here' – always with us through a smartphone.

And just as suddenly, Orient Cement has become more than a 'company'; it has become a 'platform.'

Imagine the strength of a social network within a company that exchanges ideas, collaborates on projects and communicates cross-functionally – without meeting each other!

This is the power of an idea whose time has come.





A new Orient Cement culture is  
transforming our personality.



*From commodity to value-addition.*

*From the narrow to the holistic.*

*From discipline to passion.*

*From products to solutions.*

*From transactions to relationships.*

*From the short-term to the long-term*

*From vendorship to partnership.*

*From transient to sustainable.*

*From the average to the benchmark.*

We have been a regional cement company for more than 30 years.

*We are growing fast into a national company fast.*

We grew revenues moderately till 2016.

*We are growing revenues faster (29%, 2016-17) as we get larger.*

We were a manufacturing-driven company earlier.

*We are a holistically-focused passion-driven company today.*

We were a senior management-driven company.

*We are a grassroots-driven company today.*

We were a company that believed that our wealth lay in plants.

*We live the philosophy that our true wealth lies in our people.*



This new Orient Cement culture is reflecting in the speed of our personality transformation.







## Chairman's overview

Orient Cement is reinventing itself in a number of ways.

The most exciting development that I need to communicate to our shareholders is one of a dramatic transformation.



**In this microcosm lies a picture of the transformed company: give Orient Cement a challenging problem and the employees will respond as a single team to outperform and over-achieve.**

Primarily, the transformation is in the organizational mindset. We are hungrier for growth, fast-moving in responsiveness, accepting of new technologies, recruiter of young talent and a willing trier of new ideas.

The sum of these transformations is that even as we were considered to be a regional company till recently, the transformed Orient Cement aspires to be a serious pan-India player.

I am pleased to report that even as we had drawn out a target to transform our consolidated cement manufacturing capacity from 5 mn tonnes per annum a few years ago to 15 mn tonnes per annum by 2020, we are expecting to reach a capacity of 12 mn tonnes per annum almost three years ahead of our target.

In this microcosm lies a picture of the transformed company: give Orient Cement a challenging problem and the employees will respond as a single team to outperform and over-achieve.

This DNA provides me with the confidence that the company will rise to its true potential and enhance value for all its stakeholders across the foreseeable future.

Chandrakant Birla, *Chairman*

At Orient Cement, we are chasing an overarching objective: to emerge as a relevant national player.



When we enunciated this vision in 2013, we were a 5MT company. We indicated that even as we had grown from scratch to 5MT in the space of 30 years, we would treble that capacity in a fraction of that time. I am pleased to state that we are progressing well towards our stated objective and are poised to achieve 70 per cent of that challenging target three years before 2020 and widen our regional foot print into a pan-India personality. And we are working frantically to achieve our goal for 2020.

That this acquisition-led capacity accretion is coming close on the heels of our organic capacity expansion from 5MT to 8MT indicates that the reinvented Orient Cement is opportunity-ready and prepared for whatever it takes to become a serious national player.

We have achieved and intend to achieve our targets through the interplay of three priorities articulated clearly in our vision: excellence in execution, being an employer of choice and being a neighbor of choice.

**Excellence in execution.**

For long, 'excellence in execution' within our sector implied various changes

only at the manufacturing end. In the reinvented Orient Cement, execution excellence implies doing everything better - we are in effect raising the bar across our company.

At Orient Cement, we strengthened our execution across all functions and the result is that our company is today a virtual hub of various concurrent projects (a number of them driven by professionals under 30 years in age, if I may add) that address real marketplace challenges through the potent fusion of problem definition & understanding, youth, technology and lateral thinking.

**Employer of choice.**

We believe that the energy for our growth comes from the people who run this company. Unlike most other companies, there is a refreshing reality at play at Orient Cement - that it is not run by senior management alone but by virtually every individual who works with us within her or his circle of influence. The reinvented Orient Cement is not the conventional command-driven company; but an empowered organisation where even as strategic directions are identified by the seniors, the change is

driven from all pockets, tiers and locations.

We believe we have embarked on an exciting fusion of cement sector seriousness with start-up passion. The result is that process and product improvements have extended from being the preserve of the few to the playground of many. This is translating into not just a new pair of eyes through which we see the challenges and opportunities in our sector but also enabling us to attract talent and successfully compete as an employer beyond our sector.

**Neighbor of choice.**

We believe in a sense of responsibility to all stakeholders as well as our future generations and strive to balance environment integrity on the one hand with economic competitiveness on the other. In fact, in many cases - like in our use of subgrade limestone during this year - what is good for the earth is also good for our business.

At Orient Cement, we have extended our environment commitment beyond compliance with the prevailing statutory norms to taking on additional and

voluntary responsibility to conserve resources and energy, creating additional green cover and being sensitive to community interests wherever we operate. Our membership to the Cement Sustainability Initiative, under the aegis of the World Business Council for Sustainable Development (WBCSD) is yet another step in this endeavor.

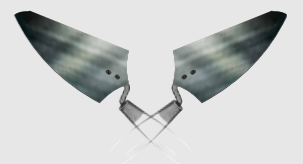
**Overview.**

There is a new smell at Orient Cement. This new smell is marked by resilience, discomfort with the status quo and a desire to make a positive difference. The markets may present diverse challenges; Orient Cement will endeavour to transform them into opportunities.

Someone at our company said it neatly the other day: 'We only get one life. This is our chance to make it memorable.'

Precisely.

**Deepak Khetrupal**  
Managing Director



We believe that the most successful companies of the future will be those that balance environment integrity on the one hand with economic competitiveness on the other.

# How we do business



## The context of our business

**Under-penetration:** India is marked by an under-penetrated cement consumption: per capita offtake of 190 kgs compares weakly with the corresponding global average of 350 kgs, indicating attractive room for sustainable growth

**National growth:** India is a fast growing economy; the country outlined an unprecedented investment of almost Rs. 4 lakh cr in its infrastructure, which is expected to catalyse pan-India cement offtake

**Brand:** India's cement offtake is being increasingly driven by strong pan-India brands, enhancing the role of trust, visibility and product accessibility

**Specific attributes:** India's consumption of cement is graduating from generic to customised varieties around specific applications, enhancing the role of product adaptation

## Culture

**People focus:** The Company proactively engages in people development within the organisation. By conducting sales training, operational training and technical training, the Company ensures employee development & growth. Initiatives like 'Medhas' promote knowledge sharing between the Company's plants, optimising operations. Management training programmes engage talent in practical learning and growth.

**Environment focus:** The Company's commitment to environmental management has won accolades over the years. The Company strives to lower its environmental impact through process optimisations, alternative fuel sources and increased PPC production. Greenbelts around our units help abate pollution as well as increase the biodiversity index, control rainwater runoff and prevent soil erosion.

**Governance focus:** The Company has a well-structured corporate governance framework which ensures fairness, accountability and transparency at the same time promoting growth and development. A merit based culture within the organisation encourages goal driven performance at the same time encouraging innovation and collaboration within the various divisions.

**Sustainability focus:** The Company is committed to scale growth sustainably. By consciously improving resource management, conservation efforts and emissions control, the Company strives to keep its operations clean, efficient and environment-friendly. Orient Cement joined the Cement Sustainability Initiative (CSI), with the goals of climate protection, raw material & waste management, health & safety, emissions management, enhancing biodiversity and recycling.

## Micro-model

**Operational optimization:** The Company looks for new and improved ways to optimise its operations, from procurement, production, packing and logistics. Through improvements in processes and procedures, Orient Cement aims to scale capacity, achieve high utilisation levels while maintaining efficiency. Optimisation efforts are aligned to the Company's Vision 2020.

**Cost management:** By ensuring prudent cost management at every possible stage, the Company achieves low costs of production. An effective raw material strategy including alternative fuel sources, contracts for fly ash security, and better utilisation of finite resources.

**Talent management:** The Company has dedicated talent management practices to train and nurture talent.

Cross communication and knowledge sharing is encouraged via various initiatives and a dedicated programme to identify dynamic employees to train for future leadership roles. Hiring from top colleges has also resulted in a balanced competency mix. Management training programmes offer the freedom to engage in diverse roles.

## Macro-model

**Capacity expansion:** The Company is adding capacity in line with its vision of achieving 15MTPA capacity by the year 2020. Through a balance of commissioning and optimisation, the Company has grown from 5MTPA to 8 MTPA through its latest addition in Chittapur. The Company has leveraged its assets effectively to achieve impressive capacity utilisation.

**Acquisitions:** At Orient, capacity is also augmented through acquisition. The Company has recently signed the definitive agreements to acquire units strategically located in Madhya Pradesh and Chattisgarh, adding capacity and bringing newer markets within reach.

**Brand equity:** Strong brand equity has helped the Company sustain growth in the market. The Birla A1 Premium brand is synonymous with structural strength and integrity with high brand recall in all of its key markets.

# How a reinvented Orient Cement is transforming realities

Employees speak of a dynamic organisational culture

"At the reinvented Orient Cement, we transformed the conventional logistics plan with a new plant-to-depot model using rail and road routes and extended this to a plant-to-market model"

"We improved palletisation through an ingenious solution in place of the manual process"

"We are using RFID and GPS to significantly reduce truck turnaround time."

"Nobody ever seems satisfied with the status quo here!"

"I was given charge of a painstakingly comprehensive Sales Force Automation; we achieved 100% implementation in only a year."

"We are working on key account management to automate B2B orders."

"We are drawing up a digital roadmap within the company and already implementing several initiatives"

"This cement company is absolute fun!"

"I am engaged in machine integration, among the first instances of this kind in India, making it possible to track equipment performance, real time. The company actually let a NextGen employee experiment!"

"We conducted an employee engagement survey for the first time in 2016 to understand

employee needs. Once the grey areas were identified, we partnered consultants to create action plans."

"Until a few years back, there were just 4 women employees in Orient Cement; there are 49 today."

"As a NextGen inductee, I was asked to manage a two-member project. The extent of responsibility delegation is amazing: what one expected to do in years one was asked to work on in months."

"This organisation is fluid; hierarchy is never felt; the peer-to-peer relationship is remarkable."

## Our Board of Directors

### Mr. Chandrakant Birla

(Chairman)

Date of Birth: 9<sup>th</sup> January, 1955

Date of appointment: 23<sup>rd</sup> July, 2011

DIN: 00118473

Qualification: Bachelor of Arts

Occupation: Industrialist

Expertise in specific functional areas: Industrialist having rich business experience in managing diversified industrial enterprises

### Mr. Desh Deepak Khetrpal

(Managing Director & CEO)

Date of Birth: 5<sup>th</sup> July, 1955

Date of appointment: 2<sup>nd</sup> April, 2012

DIN: 02362633

Qualification: Honors degree in Business & Economics and Master's degree in Business Administration in Marketing and Finance from the Delhi University

Occupation: Service

Expertise in specific functional areas: Professional business leader with a track record of leading and transforming large and diversified organisations, across various Industries including services, industrials, consumer and retail businesses.

### Mrs. Amita Birla

(Non-Executive Director)

Date of Birth: 7<sup>th</sup> December, 1956

Date of appointment: 27<sup>th</sup> March, 2015

DIN: 00837718

Qualification: GCE-A Level

Occupation: Industrialist

Expertise in specific functional areas: Expertise in Management and Operation of diverse nature of business

### Mr. Rajeev Jhawar

(Independent Director)

Date of Birth: 11<sup>th</sup> November, 1964

Date of appointment: 9<sup>th</sup> August, 2014

DIN: 00086164

Qualification: Commerce Graduate and Management Development Course from London Business School

Occupation: Industrialist

Expertise in specific functional areas: Industrialist having rich business experience in managing diversified industrial enterprises.

### Mr. Vinod Kumar Dhall

(Independent Director)

Date of Birth: 20<sup>th</sup> February, 1944

Date of appointment: 9<sup>th</sup> August, 2014

DIN: 02591373

Qualification: Law degree from the University of Delhi

and Master's degree in Mathematics from the University of Allahabad

Occupation: IAS (Retired)

Proprietor in Dhall Law Chambers

Collaboration in Talwar Thakore & Associates

Expertise in specific functional areas: Competition Law, Corporate Affairs, Industry and Commerce, Economic Regulation and Finance.

### Mr. Rabindranath Jhunjhunwala

(Independent Director)

Date of Birth: 16<sup>th</sup> March, 1973

Date of appointment: 9<sup>th</sup> August, 2014

DIN: 0050729

Qualification: B.A., LL.B (Hons) from National Law School of India University, Bangalore

Occupation: Partner in Khaitan & Co.

Expertise in specific functional areas: Corporate Laws-domestic and cross border mergers & acquisitions, private equity investment, foreign investments advisor (both inbound and outbound).

### Mr. Janat Shah

(Independent Director)

Date of Birth: 22<sup>nd</sup> September, 1958

Date of appointment: 30<sup>th</sup> April, 2014

DIN: 01625535

Qualification: Fellow of IIMA (equivalent to PhD) in Operations Management, B. Tech (Mechanical) from IIT Mumbai

Occupation: Service

Expertise in specific functional areas: Operations Strategy and Supply Chain Management.

### Mr. Swapan Dasgupta

(Independent Director)

Date of Birth: 3<sup>rd</sup> October, 1955

Date of appointment: 4<sup>th</sup> August, 2015

DIN: 07113693

Qualification: PhD from the School of Oriental & African Studies (London) and a former Fellow of Nuffield College, Oxford

Occupation: Writer, broadcaster and public policy analyst and Member of Parliament

Expertise in specific functional areas: Writing and public policy analysing.

### Mr. I.Y.R. Krishna Rao

(Appointed as an Additional Director in the category of Independent Director on 5<sup>th</sup> May, 2017)

Date of Birth: 22<sup>nd</sup> January, 1956

DIN: 00481367

Qualification: M.A. (Economics)

Occupation: Retired IAS - Chief Secretary, Andhra Pradesh

## Orient Cement Limited

CIN:L26940OR2011PLC013933

Registered Office: Unit VIII, Plot No. 7, Bhoinagar, Bhubaneswar, Odisha-751 012

Tel: 0674-2396930 | Fax No. 0674-2396364

Corporate Office: Birla Tower, 3<sup>rd</sup> Floor, 25, Barakhamba Road, New Delhi-110 001

Tel: 011-42092100, 011-42092190

investors@orientcement.com | www.orientcement.com

## Notice

**NOTICE** is hereby given that the 6<sup>th</sup> Annual General Meeting (AGM) of the Members of Orient Cement Limited (CIN:L26940OR2011PLC013933) will be held on Saturday, 23<sup>rd</sup> day of September, 2017 at 2:00 P.M at Unit -VIII, Plot No. 7, Bhoinagar, Bhubaneswar-751012, (Odisha) to transact the following businesses:-

### Ordinary Business

- To receive, consider and adopt the financial statements of the Company for the financial year ended 31<sup>st</sup> March, 2017, including the audited Balance Sheet as at 31<sup>st</sup> March, 2017, the Statement of Profit & Loss and Cash Flow Statement for the financial year ended on that date and the Reports of the Board of Directors and Auditors thereon.
- To declare a final dividend of Rupee 0.50 per equity share of face value of Rupee 1 each for the financial year ended 31<sup>st</sup> March, 2017.
- To appoint a director in place of Mr. Chandrakant Birla (DIN 00118473), who retires by rotation and being eligible, seeks re-appointment.
- To ratify the appointment of Statutory Auditors as required under section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and to authorize the Board of Directors to fix their remuneration.

### Special Business

#### Item No. 5 Appointment of Mr. I.Y.R. Krishna Rao (DIN 00481367) as an Independent Director

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

**"RESOLVED THAT**, pursuant to the provisions of sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013, and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. I.Y.R. Krishna Rao (DIN 00481367), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 5<sup>th</sup> May, 2017 and who holds the office up to the date of Annual General Meeting, in terms of section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under section 160 of the Companies Act, 2013, signifying his intention to propose Mr. I.Y.R. Krishna Rao (DIN No. 00481367) as a candidate for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold the office up to 4<sup>th</sup> May, 2022, not liable to retire by rotation".

#### Item No. 6 Waiver of recovery of excess remuneration paid to Mr. Desh Deepak Khetrpal, Managing Director & CEO (DIN 02362633) of the Company for the financial year 2016-17

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

**"RESOLVED THAT**, pursuant to the provisions of section 197 of the Companies Act, 2013 read with Schedule V of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 ("**the Act**") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, if any, and subject to the approval of the Central Government and also subject to such other consents and approvals as may be necessary, the consent of the members of the Company be and is hereby accorded for waiver of recovery of excess remuneration amounting to ₹444.99 lacs (Rupees four hundred forty four lacs ninety nine thousand only) paid to Mr. Desh Deepak Khetrpal, Managing Director & CEO (DIN 02362633) of the Company, over and above the limits prescribed under the provisions of section 197 read together with Schedule V of the Act, during the financial year 2016-17.

**RESOLVED FURTHER THAT**, the Board be and is hereby authorized to sign & verify letters & documents, clarify, reply and submit necessary documents, clarifications, to appear & represent the Company before the appropriate authority, to apply and obtain approval from Central Government (Ministry of Corporate Affairs) and any other authority for waiver of recovery of excess remuneration paid to Mr. Desh Deepak Khetrpal, Managing Director & CEO (DIN 02362633) of the Company.

**RESOLVED FURTHER THAT**, the Board be and is hereby authorized to do all acts (including delegation of power to any director or officer of the Company) and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

**Item No. 7 Approval of the terms of remuneration of Mr. Desh Deepak Khetrpal, Managing Director & CEO (DIN 02362633)**  
To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

**"RESOLVED THAT**, pursuant to the provisions of sections 196, 197 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), read with Schedule V to the Act and the Rules made thereunder, as amended from time to time, and subject to such approvals as may be necessary in this regard and subject to such conditions as may be imposed by any authority while granting such approval(s) and as agreed to by the Board of Directors (hereinafter referred to as the "Board", which term shall unless repugnant to the context or meaning thereof, be deemed to include any Committee thereof or any person authorized by the Board in this behalf), the consent of the members of the Company be and is hereby accorded for paying remuneration to Mr. Desh Deepak Khetrpal - Managing Director & CEO (DIN 02362633) for the period from 1<sup>st</sup> April, 2017 to 31<sup>st</sup> March, 2018, including the remuneration to be paid in the event of loss or inadequacy of profits in the financial year, as set out in the Explanatory Statement annexed to the Notice.

**RESOLVED FURTHER THAT**, the Board be and is hereby authorized to take all such steps as may be necessary for obtaining necessary approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto and to sign and execute deeds, applications, documents and writings that may be necessary, proper, expedient or incidental for giving effect to this resolution."

**Item No. 8 Conversion of loan into equity**

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

**"RESOLVED THAT**, pursuant to section 62(3) and other applicable provisions, if any, of the Companies Act, 2013, subject to all such approvals, permissions or sanctions as may be necessary and subject to such condition(s) and modification(s) as may be prescribed or imposed, while granting such approval(s), permission(s), or sanction(s), which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board") the consent of the Company be and is hereby accorded to the Board in respect of the financial assistance extended/to be extended by the Financial Institution(s)/ Bank(s)/ other lenders, such that only in the event of default by the Company under the lending arrangements, financial institution(s)/ bank(s), at its option may be able to convert the outstanding facility into ordinary Equity Shares in the Company at a price to be determined in accordance with the applicable SEBI Regulations and applicable laws at the time of such conversion.

**RESOLVED FURTHER THAT**, on receipt of the notice of conversion, the Board of the Company be and is hereby authorized to do all such acts, deeds and things as the Board may deem necessary and shall allot and issue the requisite number of fully paid-up ordinary equity shares in the Company to such Financial Institution(s)/ Bank(s)/other lenders.

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

**RESOLVED FURTHER THAT**, the Board be and is hereby authorized to do all acts, deeds and things incidental and ancillary to giving effect to the resolution and delegate all or any of the powers herein conferred by this resolution to any director or other executive(s) or officer(s) of the Company."

**Item No. 9 Commission to directors**

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

**"RESOLVED THAT**, pursuant to section 197 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read

with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a sum by way of remuneration, not exceeding 1% of the net profits of the Company, calculated in accordance with the provisions of section 198 of the Act, may be paid and distributed amongst the directors of the Company or some or any of them (other than the Executive Director(s)) in such amounts or proportions and in such manner as may be decided by the Board of Directors and such payments shall be made with respect to the profits of the Company for each year, commencing from 1<sup>st</sup> April, 2017.

**RESOLVED FURTHER THAT**, notwithstanding anything to the contrary herein contained, in the event of loss or inadequacy of profits in any financial year, subject to approval of Central Government and other approvals as may be required, the Company may pay and distribute the remuneration amongst the directors of the Company or some or any of them (other than the Executive Director(s)) in such amounts or proportions and in such manner as may be decided by the Board of Directors of the Company."

**Item No. 10-Increase in borrowing limits**

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

**"RESOLVED THAT**, in supersession of the resolution passed by members in their meeting held on 9<sup>th</sup> August, 2014 and pursuant to the provisions of section 180(1)(c) and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), subject to such approvals, consents, sanctions and permissions, as may be necessary, the Articles of Association of the Company and all other provisions of applicable laws, the consent of the Company be and is hereby accorded to borrow monies, provided that the total amount borrowed and outstanding at any point of time, apart from temporary loans obtained / to be obtained from the Company's Bankers in the ordinary course of business, shall not exceed ₹5,000 crore (Rupees five thousand crores only).

**RESOLVED FURTHER THAT**, the Board be and is hereby authorized to do all such acts, deeds and things, to execute all such documents, instruments and writings as may be required to give effect to this resolution."

**Item No. 11- Creation of Charges / Mortgages on the movable and immovable properties of the Company, both present and future, in respect of borrowings**

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

**"RESOLVED THAT**, in supersession of the resolution passed by the members through postal ballot on 27<sup>th</sup> January, 2015, pursuant to the provisions of section 180(1)(a) and all other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force), subject to such approvals, consents, sanctions and permissions, as may be necessary, and the Articles of Association of the Company and all other provisions of applicable laws, consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board"), to create such mortgages/charges/hypothecation and/or other encumbrances in addition to the existing mortgage, charges, hypothecation and all other encumbrances, if any, created by the Company, in such form and manner and with such ranking, whether exclusive, *pari-passu*, subservient or otherwise and at such time and on such terms as the Board may determine, on all or any of the immovable and /or movable properties of the Company, both present and future and/ or on the whole or any part of the undertaking(s) of the Company, in favour of the banks, non-banking financial companies, financial institutions and other lender(s), Agent(s) and Trustee(s), for securing the borrowings of the Company availed/ to be availed by way of loan (s) (in rupee currency and/ or foreign currency) and/ or debentures( convertible/ non-convertible/ secured/ unsecured) and/ or securities in the nature of debts instruments issued/ to be issued by the Company (herein after "loans"), from time to time, provided that the total amount of loans shall not at any time exceed ₹5,000 crores (Rupees five thousand crore only) in aggregate (apart from temporary loans obtained/ to be obtained from the Company's bankers in the ordinary course of business) together with interest, additional interest, compound interest in case of default, accumulated interest, liquidated damages, commitment charges, premium on prepayment/ redemption, and other incidental expenses in respect of the said loans in terms of Loan Agreement(s), Debenture Trust Deed(s) or any other document, entered into /to be entered into between the Company and the lender(s), Agent(s) and Trustee(s) in respect of such borrowing and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to, between the Board of Directors and lender(s), Agent(s) and Trustee(s).

**RESOLVED FURTHER THAT**, for the purpose of giving effect to this resolution, the Board of the Company be and is hereby

authorized to finalise, settle and execute such documents, deeds, writings, papers, and/ or agreements as may be required and do all such acts, deeds, matters and things, as it may in its absolute discretion deem fit, necessary or appropriate”

**Item No. 12-Fixing the remuneration of Mr. Somnath Mukherjee, Cost Auditor of the Company**

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

“**RESOLVED THAT**, pursuant to the provisions of section 148(3) and all other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the Cost Audit fees amounting to ₹80,000/- (Rupees Eighty thousand only) plus out of pocket expenses to be paid to Mr. Somnath Mukherjee, Cost Accountant in Practice (M.NO.-F5343), appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial year 2017-18, required to be audited under the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), be and is hereby ratified and approved.”

**Item No. 13- Raising of funds through issuance of securities**

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

“**RESOLVED THAT**, pursuant to the provisions of sections 42, 62 and other applicable provisions, if any, of the Companies Act, 2013 along with rules enacted thereunder (“Companies Act”) (including any amendment(s), statutory modification(s) or re-enactment thereof), enabling provisions of the Memorandum and Articles of Association of the Company, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“Listing Regulations”) read with the listing agreements entered into by the Company with the stock exchanges where equity shares of the Company of face value ₹1 each are listed and in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended (“SEBI (ICDR) Regulations”), Foreign Exchange Management Act, 1999 as amended, Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, Issue of Foreign Currency Convertible Bonds (through Depository Receipt Mechanism) Scheme, 1993, as amended from time to time and clarifications issued thereon from time to time and subject to other required rules, regulations, guidelines, notifications and circulars issued by the Securities and Exchange Board of India (“SEBI”), the Reserve Bank of India (“RBI”), the Government of India (“GOI”), the stock exchanges, Department of Industrial Policy & Promotion and / or any other competent authorities from time to time to the extent applicable, subject to such approvals, permissions, consents and sanctions as may be necessary from SEBI, stock exchanges, RBI, Foreign Investment Promotion Board, GOI and/or any other concerned statutory or other relevant authorities as may be required in this regard and further subject to such terms and conditions or modifications as may be prescribed or imposed by any of them while granting any such approvals, permissions, consents and/or sanctions which may be agreed to by the Board of Directors of the Company (“Board” which term shall include any Committee thereof which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this Resolution), consent of the Company be and is hereby accorded to the Board in its absolute discretion to offer, issue and allot equity shares (“Equity Shares”) and /or Global Depository Receipts (“GDRs”) and / or American Depository Receipts (“ADRs”) (“Securities”) in the course of domestic and / or international offerings representing either equity shares or a combination of the foregoing for an amount not exceeding ₹500 crores (Rupees five hundred crores only), inclusive of permissible green shoe option, for cash and at such premium / discount, as applicable, as the Board deems fit to all eligible investors including but not limited to existing equity shareholders as on record date, residents and / or non-residents, whether institutions, incorporated bodies, foreign institutional investors, qualified institutional buyers, banks, mutual funds, insurance companies, pension funds, trusts, stabilizing agents and / or otherwise and / or a combination thereof, whether or not such investors are members, promoters, directors or their relatives / associates of the Company, in the course of domestic and / or international offerings through public issue and / or private placement and /or rights issue and / or qualified institutional placement (“QIP”) and / or any other permitted modes through prospectus and/or an offer document and / or private placement offer letter and/or such other documents/writings/ circulars / memoranda in such manner, by way of cash at such time or times in such tranche or tranches and on such terms and conditions as may be determined and deemed appropriate by the Board in its absolute discretion at the time of such issue and allotment considering the prevailing market conditions and other relevant factors in consultation with the merchant banker(s) to be appointed by the Company, so as to enable the Company to list on any Stock Exchange in India and / or Luxembourg and /or London and /or New York and /or Singapore and /or Hong Kong and / or any of the Overseas Stock Exchanges as may be permissible.

**RESOLVED FURTHER THAT**, the Securities issued in foreign markets shall be deemed to have been made abroad and / or in the market and / or at the place of issue of the Securities in the international market and may be governed by the applicable laws.

**RESOLVED FURTHER THAT**, in the event of issue of GDRs / ADRs, the pricing shall be determined in compliance with principles and provisions set out in the Issue of Foreign Currency Convertible Bonds (through Depository Receipt Mechanism) Scheme, 1993, as amended from time to time and other applicable provisions, as amended from time to time.

**RESOLVED FURTHER THAT**, in the event the Equity Shares are issued in the course of QIP under Chapter VIII of SEBI (ICDR) Regulations, as amended from time to time, the pricing shall be determined in compliance with principles and provisions set out in Regulation 85 of Chapter VIII of the SEBI (ICDR) Regulations, as amended from time to time. The Company may offer a discount of not more than 5% (Five percent) on the price calculated for the QIP or such other discount as may be permitted under SEBI (ICDR) Regulations, as amended from time to time.

**RESOLVED FURTHER THAT**, in the event the Equity Shares are issued in the course of QIP under Chapter VIII of SEBI (ICDR) Regulations, as amended from time to time, the relevant date for the purpose of the pricing of the Equity Shares shall be the meeting in which the Board decides to open the issue.

**RESOLVED FURTHER THAT**, the Company may enter into any arrangement with any agencies or bodies as are authorized by the Board for the issue of GDRs and / or ADRs represented by underlying equity shares in the share capital of the Company with such features and attributes as are prevalent in international / domestic capital markets for instruments of this nature and to provide for the tradability and free transferability thereof in accordance with market practices as per the domestic and / or international practice and regulations, and under the norms and practices prevalent in the domestic/ international capital markets and subject to applicable laws and regulations and the Articles of Association of the Company.

**RESOLVED FURTHER THAT**, for the purpose of giving effect to the above resolutions, the consent of the Company be and hereby accorded to the Board to do all such acts, deeds, matters and things including but not limited to finalization and approval of the offer documents(s), private placement offer letter, determining the form and manner of the issue, including the class of investors to whom the Securities are to be issued and allotted, number of Securities to be allotted, issue price, face value, fixing the record date, execution of various transaction documents, as the Board may in its absolute discretion deem fit and to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of Securities and utilization of the proceeds as it may in its absolute discretion deem fit.

**RESOLVED FURTHER THAT**, the Securities to be created, issued, allotted and offered in terms of this Resolution shall be subject to the provisions of the Memorandum and Articles of Association of the Company.

**RESOLVED FURTHER THAT**, the Equity Shares shall be listed with the stock exchanges, where the existing Equity Shares of the Company are listed and the same shall rank pari passu with the existing equity shares of the Company.

**RESOLVED FURTHER THAT**, in the event the Equity Shares are issued in the course of rights issue, the Board shall be authorized to determine the rights entitlement ratio, issue price, issue size, number of Equity Shares, record date, issue period, any other terms of rights issue or any matters pertaining to the rights issue.

**RESOLVED FURTHER THAT**, in the event the Equity Shares are issued in the course of rights issue, if the Equity Shares are not subscribed, the same may be disposed of by the Board in such manner which is not dis-advantageous to the shareholders and the Company.

**RESOLVED FURTHER THAT**, the approval of the Company is hereby accorded to the Board to appoint merchant bankers, underwriters, depositories, custodians, registrars, trustees, bankers, lawyers, advisors and all such agencies as may be involved or concerned in the issue and to remunerate them by way of commission, brokerage, fees or the like (including reimbursement of their actual expenses) and also to enter into and execute all such arrangements, contracts/ agreements, memorandum, documents, etc., with such agencies, to seek the listing of Securities on one or more recognized stock exchange(s), to affix common seal of the Company on any arrangements, contracts/ agreements, memorandum, documents, etc. as may be required.

**RESOLVED FURTHER THAT,** the issue of Securities, which are convertible into Equity Shares at a later date, shall be, inter alia, subject to the following terms and conditions:

(a) In the event the Company is making a bonus issue by way of capitalization of its profits or reserves prior to the allotment of the Equity Shares, the number of Equity Shares to be allotted shall stand augmented in the same proportion in which the equity share capital increases as a consequence of such bonus issue and the premium, if any, shall stand reduced pro tanto;

(b) In the event of the Company making rights offer by issue of Equity Shares prior to the allotment of the Equity Shares, the entitlement to the Equity Shares will stand increased in the same proportion as that of the rights offer and such additional Equity Shares shall be offered to the holders of the Securities at the same price at which they are offered to the existing shareholders;

(c) In the event of merger, amalgamation, takeover or any other re-organization or restructuring or any such corporate action, the number of Equity Shares, the price, and the time period as aforesaid shall be suitably adjusted; and

(d) In the event of consolidation and/or division of outstanding Equity Shares into smaller number of Equity Shares (including by way of stock split) or re-classification of the Securities into other Securities and/or involvement in such other event or circumstances which in the opinion of concerned stock exchange requires such adjustments, necessary adjustments will be made.

**RESOLVED FURTHER THAT,** for the purpose of giving effect to the above, the Board in consultation with the merchant banker(s), advisors and/or other intermediaries as may be appointed by the Company in relation to the issue of Securities, be and is hereby authorised on behalf of the Company to take all actions and do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient for the issue and allotment of Securities and listing thereof with the stock exchanges or otherwise as may be required in relation to the issue and to resolve and settle all questions and difficulties that may arise in the issue, offer and allotment of Securities, including finalization of the number of Securities to be issued in each tranche thereof, form, terms and timing of the issue of Securities including for each tranche of such issue of Securities, identification of the investors to whom Securities are to be offered, utilization of the proceeds and other related, incidental or ancillary matters as the Board may deem fit at its absolute discretion, to make such other applications to concerned statutory or regulatory authorities as may be required in relation to the issue of Securities and to agree to such conditions or modifications that may be imposed by any relevant authority or that may otherwise be deemed fit or proper by the Board and to do all acts, deeds, matters and things in connection therewith and incidental thereto as the Board in its absolute discretion deems fit and to settle any questions, difficulties or doubts that may arise in relation to the any of the aforesaid or otherwise in relation to the issue of Securities.

**RESOLVED FURTHER THAT,** the Board be and is hereby authorised to delegate (to the extent permitted by law) all or any of the powers herein conferred to any officer of the Company."

**By order of the Board of Directors**

**D. Gulati**  
**Company Secretary**  
**(M.No.FCS-5304)**

**Place: New Delhi**  
**Date: 8<sup>th</sup> August, 2017**

**NOTES:**

1. The Explanatory Statement pursuant to section 102 of the Companies Act, 2013, which sets out the details relating to Special Business at the meeting, is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS / HER BEHALF AND THE PROXY NEED NOT TO BE A MEMBER OF THE COMPANY.** Pursuant to the provisions of section 105 of the Companies Act, 2013, a person can act as a Proxy on behalf of not more than 50 (fifty) members and holding in aggregate not more than ten percent of the total Share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as Proxy, who shall not act as a Proxy for any other member. The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this Report.
3. Corporate Members intending to send their authorized representatives to attend the meeting pursuant to section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of the relevant Board Resolution together with their respective specimen signatures authorizing their representative(s) to attend and vote on their behalf at the meeting.
4. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the Proxies lodged at any time during the business hours (between 10:00 A.M. and 6:00 P.M.) of the Company, provided that not less than three days of notice in writing is given to the Company.
5. Members/ Proxies should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
6. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote at the meeting.
7. Relevant documents referred to in the accompanying Notice and in the Explanatory Statements are open for inspection by the members at the Company's Registered Office on all working days of the Company, during business hours up to the date of the meeting.
8. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 18<sup>th</sup> day of September, 2017 to Saturday, 23<sup>rd</sup> day of September, 2017, both days inclusive, for annual closing and for determining the entitlement of the shareholders to the final dividend for financial year 2016-17.
9. The dividend on Equity Shares, if declared at the AGM, will be credited / dispatched by 11<sup>th</sup> day of October, 2017 to those members whose names will appear on the Company's Register of Members as on the book closure date.
10. Members holding shares in electronic form are requested to intimate any change in their address and / or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. The Company or its Registrars cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the members. The members holding shares in physical form are requested to advise any change of address and / or bank mandate immediately to M/s. MCS Share Transfer Agent Limited, F-65, Okhla Industrial Area, Phase I, New Delhi – 110020.
11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. SEBI has also mandated that for registration of transfer of securities, the transferee(s) as well as transferor(s) shall furnish a copy of their PAN card to the Company for registration of transfer of securities. Members holding shares in physical form can submit their PAN details to M/s. MCS Share Transfer Agent Limited, F-65, Okhla Industrial Area, Phase I, New Delhi – 110020 or to the Company.
12. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s)



dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.

13. Details under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchange in respect of the directors seeking appointment/ re-appointment at the Annual General Meeting, forms an integral part of the Notice. The directors have furnished the requisite declarations for their appointment/re-appointment.
14. Members desiring any information relating to the accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.
15. Pursuant to section 101 and section 136 of the Companies Act, 2013 read with relevant Rules issued thereunder, companies can serve Annual Reports and other communications through electronic mode to those shareholders who have registered their email address/es either with the Company or with the Depository Participants. It is a welcome move for the society at large, as this will reduce paper consumption to a great extent and allow shareholders to contribute towards a greener environment. This is a golden opportunity for every shareholder of Orient Cement Limited to contribute to the cause of Green Initiative. Members who have not registered their e-mail address with the Company are requested to register the same by submitting the letter to M/s. MCS Share Transfer Agent Limited, F-65, Okhla Industrial Area, Phase I, New Delhi – 110020. The Members holding shares in electronic form are requested to register their e-mail address with their Depository Participants only. The Members of the Company, who have registered their e-mail address, are entitled to receive communications in physical form, upon request.
16. Copies of the Annual Report 2016-17 are being sent by electronic mode only to the members whose email address/es are registered with the Company / Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address/es, physical copies of the Annual Report 2016-17 are being sent by the permitted mode.
17. The Notice of the 6<sup>th</sup> AGM and instructions for e-voting, along with the Attendance Slip and Proxy Form, are being sent by electronic mode to all members whose email address/es are registered with the Company / Depository Participant(s) unless, a member has requested for a hard copy of the same. For members who have not registered their email address/es, physical copies of the aforesaid documents are being sent by the permitted mode.
18. Members may also note that the Notice of the 6<sup>th</sup> AGM and the Annual Report 2016-17 will be available on the Company's website [www.orientcement.com](http://www.orientcement.com).
19. In accordance with the provisions of section 72 of the Companies Act, 2013, members are entitled to make nominations in respect of the Equity Shares held by them, in physical form. Members desirous of making nominations may procure the prescribed form from the Registrar & Share Transfer Agent, M/s. MCS Share Transfer Agent Limited and have it duly filled and send back to them.
20. Members wishing to claim dividends, which remain unclaimed are requested to correspond with M/s. MCS Share Transfer Agent Limited, F-65, Okhla Industrial Area, Phase I, New Delhi – 110020 or with the Company at Birla Tower, 3<sup>rd</sup> Floor, 25, Barakhamba Road, New Delhi-110 001.
21. The route map to the venue of the meeting is separately attached for the convenience of the members.
22. Voting through electronic means
  - I. In compliance with the provisions of section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration ) Amendment Rules, 2015 ('Amended Rules 2015') and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide to the members, facility to exercise their right to vote on resolutions proposed to be considered at the 6<sup>th</sup> Annual General Meeting by electronic means 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 Annual General Meeting ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
    - II. The facility for voting through Ballot Paper shall be made available at the Annual General Meeting 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 meeting through Ballot Paper.

- III. The members who cast their vote by remote e-voting prior to the Annual General Meeting may also attend the Annual General Meeting but shall not be entitled to cast their vote again.
- IV. The remote e-voting period commences on 20<sup>th</sup> September, 2017 (9:00 A.M.) and ends on 22<sup>nd</sup> September, 2017 (5:00 P.M.). During this period, members of the Company holding shares either in physical form or in dematerialised form, as on the cut-off date i.e. 16<sup>th</sup> September, 2017, 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.
- V (1) The process and manner of remote e-voting are as under:
  - A. **In case a Member receives an e-mail from NSDL (for members whose e-mail ID's are registered with the Company/ Depository Participant(s)):**
    - i. Open the e-mail and also open PDF file attached with your Client ID or Folio No. as password. The said 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 an 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 digits/ 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 the **EVEN (E-Voting Event Number)** of Orient Cement 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, NRIs, etc.) are required to send a scanned copy (PDF/JPG format) of the relevant board resolution / authority letter, etc., together with the attested specimen signature(s) of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer via email at: [scrutinizerocl@gmail.com](mailto:scrutinizerocl@gmail.com), with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
  - B. **In case a Member receives physical copy of the Notice of Annual General Meeting (for members whose email address/es are not registered with the Company/Depository Participant(s) or requesting physical copy):**
    - i. Initial password is provided with the copy of this notice in separate sheet.
    - ii. Please follow all steps from S. No. ii to S. No. xii above, to cast vote.
- (2)
  - i. In case of any query, you may refer the Frequently Asked Questions (FAQ's) for members and remote e-voting user manual for members available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.
  - ii. 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.
  - iii. You can also update your mobile number and email id in the user profile details of the folio which may be used for sending future communication(s).

- iv. The voting rights of members shall be in proportion to their shares in the paid up equity share capital of the Company as on the cut off date i.e. 16<sup>th</sup> September, 2017.
- v. Any person who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as on the cut-off date i.e 16<sup>th</sup> September, 2017, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or Issuer/RTA.
- vi. 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. Shareholders who forgot the User Details/Password can use "Forgot User Details/Password" or "Physical User Reset Password" option available on www.evoting.nsdl.com. In case shareholders are holding shares in demat mode, USER-ID is the combination of (DPID+Client ID). In case shareholders are holding shares in physical mode, USER-ID is the combination of (EVEN No.+Folio No.).
- vii. A member may participate in the Annual General Meeting even after exercising his/ her right to vote through remote e-voting but shall not be allowed to vote again at the Annual General Meeting.
- viii. 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 Annual General Meeting through Ballot Paper.
- ix. Mr. Atul Kumar Labh, Practicing Company Secretary (Membership No. FCS - 4848 / CP - 3238), has been appointed as Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- x. The Chairman shall, at the Annual General Meeting, at the end of discussion on the resolutions 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 Annual General Meeting but have not cast their votes by availing the remote e-voting facility.
- xi. The Scrutinizer shall after the conclusion of voting at the Annual General Meeting, 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, with in 48 hours of the conclusion of the Annual General Meeting, 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 in writing, who shall countersign the same and declare the result of the voting forthwith.
- xii. The results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company i.e. www.orientcement.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the stock exchanges at which the shares of the Company are listed.

By order of the Board of Directors

D. Gulati  
Company Secretary  
(M.No.FCS-5304)

Place: New Delhi  
Date: 8<sup>th</sup> August, 2017

**UPDATION OF EMAIL ID**

Kindly ensure to update your fresh Email ID with the Company/Depository if you have changed the same.

**EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

**Item No. 5**

Based on the recommendation of Nomination & Remuneration cum Compensation Committee of the Board, the Board of Directors of the Company had appointed Mr. I.Y.R. Krishna Rao (DIN 00481367) as an Additional Director of the Company in the category of Independent Director with effect from 5<sup>th</sup> May, 2017.

Pursuant to the provisions of section 161 of the Companies Act, 2013, Mr. I.Y.R. Krishna Rao (DIN 00481367) will hold office up to the date of the ensuing Annual General Meeting of the Company. The Company has received notice in writing under the provisions of section 160 of the Companies Act, 2013, from a member along with a deposit of ₹1,00,000/- (Rupees one lac only) proposing the candidature of Mr. I.Y.R. Krishna Rao (DIN 00481367) for the office of Independent Director, to be appointed as such under the provisions of section 149 of the Companies Act, 2013.

Requisite consent has been received from Mr. I.Y.R. Krishna Rao (DIN 00481367) pursuant to provisions of section 152 of the Companies Act, 2013. In the opinion of the Board, Mr. I.Y.R. Krishna Rao (DIN 00481367) who is proposed to be appointed as an Independent Director of the Company for the period of 5 years up to 4<sup>th</sup> May, 2022 fulfils the conditions specified in the Companies Act, 2013 and the Rules made thereunder read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board considers that his continued association would be of an immense benefit to the Company and it is desirable to continue to avail services of Mr. I.Y.R. Krishna Rao (DIN 00481367) as an Independent Director.

Mr. I.Y.R. Krishna Rao (DIN 00481367) is directly concerned and interested in this resolution as it relates to his appointment. Except Mr. I.Y.R. Krishna Rao (DIN 00481367), no other Director or Key Managerial Personnel of the Company and their relatives are in any way concerned or interested in the resolution.

Mr. I.Y.R. Krishna Rao (DIN 00481367) along with his relatives does not hold any shares in the Company and has no relationship with any of the other directors of the Company.

The resolution seeks the approval of members for the appointment of Mr. I.Y.R. Krishna Rao (DIN 00481367) as an Independent Director of the Company pursuant to section 160 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. He is not liable to retire by rotation.

The Board recommends an Ordinary resolution set forth in Item no. 5 of the Notice for the approval of the members.

**Item No. 6**

The Members at their Annual General Meeting held on 25<sup>th</sup> July, 2015, reappointed Mr. Desh Deepak Khetrpal (DIN 02362633) as Managing Director & CEO ("MD & CEO") of the Company for a period of 5 years w.e.f 1<sup>st</sup> April, 2015, subject to revision in his remuneration every year. Taking into consideration the duties and responsibilities cast on the MD & CEO and considering his knowledge of various aspects relating to the Company's affairs, and on the recommendation of the Nomination & Remuneration cum Compensation Committee of the Company, the Board at their meeting held on 4<sup>th</sup> May, 2016 revised Mr. Khetrpal's remuneration with effect from 1<sup>st</sup> April, 2016, subject to the approval by the Shareholders' of the Company and such other consents and approvals that may be required.

At the time when the remuneration was revised, the Company had adequate profits. However, during the financial year ended 31<sup>st</sup> March, 2017, the Company recorded a loss of ₹6,626 lacs as per section 198 of the Companies Act, 2013. During the financial year 2016-17, the Company paid managerial remuneration of ₹603.43 lacs to the MD & CEO of the Company and that has exceeded the limit prescribed under section 197 read with Schedule V to the Companies Act, 2013 by ₹444.99 lacs.

The information as required by second provision of Paragraph B of Section-II of Part-II of Schedule V of the Companies Act, 2013, is given below:-

**I. General Information:**

**(1) Nature of industry**

The Company is primarily engaged in the manufacture and sale of cement and its manufacturing facilities at present are located at Devapur in Telangana, Chittapur in Karnataka and Jalgaon in Maharashtra.

**(2) Date or expected date of commencement of commercial production**

Devapur – 16<sup>th</sup> September, 1982  
Jalgaon – 28<sup>th</sup> November, 2000  
Chittapur- 26<sup>th</sup> September, 2015

**(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus**

Not applicable

**(4) Financial performance based on given indicators**

(₹ in crores)			
Particulars	2016-17	2015-16	2014-15
Gross Sales	2,171.28	1,691.63	1,768.83
Earnings before interest, depreciation, amortisation & taxation	190.39	193.11	312.80
Net Profit before taxation	(66.48)	60.85	251.18
Net profit	(32.10)	62.36	194.78
Dividend on equity shares	20.49	20.49	35.85
<b>EPS</b>	<b>(1.57)</b>	<b>3.04</b>	<b>9.51</b>

**(5) Foreign investments or collaborations, if any.**

Nil

**II. Information about the appointee:**

**(1) Background details**

Mr. Khetrpal, aged 62, holds Honours Degree in Business & Economics and Masters Degree in Business Administration in Marketing & Finance from Delhi University. He has vast work experience in service, industrial, consumer and retail businesses.

Before joining Orient Cement Limited, Mr. Khetrpal was the Group Chief Executive Officer of Jumbo Group of Companies. He has also worked with Raymond Limited as Chief Operating Officer.

**(2) Past remuneration (p.a)**

(Amount in ₹)		
Particulars	2015-16	2014-15
Salary	1,68,00,000	1,44,00,000
<b>Allowance and perquisites:</b>		
Personal allowance/ pay	72,96,000	52,80,000
Special allowance/ pay	75,48,000	53,40,000
Medical allowance	1,00,000	1,00,000
LTA	14,00,000	12,00,000
Driving allowance	-	2,40,000
Performance bonus	99,00,000	75,00,000
Company leased accommodation/ House rent allowance	48,00,000	48,00,000
<b>Total</b>	<b>4,78,44,000</b>	<b>3,88,60,000</b>

In addition to the above, the MD & CEO was

- (i) provided Company's car (fully maintained and chauffeur driven) for official use.
- (ii) entitled to the shares of the Company in accordance with the Employees Stock Option Scheme as adopted by the Company.
- (iii) entitled for contribution to Provident Fund, Gratuity and Superannuation Fund as per the Rules of the Company.
- (iv) entitled for encashment of un-availed leave at the end of the tenure or at specified intervals as per the Rules of the Company.

**(3) Recognition or awards**

Under the dynamic leadership of Mr. Desh Deepak Khetrpal (DIN 02362633) as MD & CEO, the Company was awarded several prestigious awards including the following awards to name a few:

**Financial year 2016-17**

**Devapur Plant:**

- (a) National Energy Management Gold Award from SEEM
- (b) National Award for Excellence in Energy Management 2016 from CII
- (c) Mines Safety Week 2016 Awards by Director General of Mines Safety
  - Overall performance 1<sup>st</sup> Prize
  - Loading and Transportation 1<sup>st</sup> Prize
  - Drilling and Blasting 1<sup>st</sup> Prize
  - Publicity, Propaganda & House Keeping 2<sup>nd</sup> Prize
  - Lighting and Installations 2<sup>nd</sup> Prize
- (d) Mines Environment & Mineral Conservation Week Awards by Indian Bureau of Mines
  - Reclamation and Rehabilitation 1<sup>st</sup> Prize
  - Waste Dump Management 2<sup>nd</sup> Prize
  - Sustainable Development 3<sup>rd</sup> Prize
  - Overall performance 3<sup>rd</sup> Prize

**Chittapur Plant:**

- (a) Safety Awards from the Mines Safety Association Karnataka (MSAK)
  - Safety Management System 1<sup>st</sup> Prize
  - Publicity & Propaganda and Safety is my responsibility Cards 1<sup>st</sup> Prize
  - Mine Workings 2<sup>nd</sup> Prize
  - Maintenance of Mining Machinery 2<sup>nd</sup> Prize
  - Drilling and Blasting 3<sup>rd</sup> Prize
  - State Level Overall Performance in mines 2<sup>nd</sup> Prize

**(4) Job profile and his suitability**

Taking into consideration the size of the Company, the complex nature of its operations, and Mr. Khetrpal's broad functional and general management skills, his rich experience of over 39 years, the Board re-appointed Mr. Desh Deepak Khetrpal (DIN 02362633) as MD & CEO for a period of 5 years w.e.f 1<sup>st</sup> April, 2015, subject to revision in his remuneration every year.

Mr. Khetrpal, MD & CEO of the Company is the driving force behind the Company. Mr. Khetrpal is a man with a vision to create a business of excellence and is the inspiration for all, as he spearheads the Company's management and operations; strategizing and directing it through its next phase of growth. Mr. Khetrpal is a professional business leader with a track record of leading and transforming large and diversified organisations, across various industries including service, industrial, consumer and retail businesses.

**(5) Remuneration proposed**

Not applicable

**(6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)**

The proposed remuneration is comparable considering the industry, size of the Company, the managerial position, the credentials and responsibilities of the MD & CEO.

**(7) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.**

Except the remuneration and perquisites as stated above, Mr. Desh Deepak Khetrpal has no direct or indirect pecuniary relationship with the Company or managerial personnel. Further, he does not hold any shares in the Company.

**III. Other information**

**(1) Reasons of loss or inadequate profits**

During the year, demand was under severe pressure due to challenges like drought and demonetization leading to prices coming under severe pressure in most markets. Challenges notwithstanding, the Company forayed into new markets like Karnataka and South-West Maharashtra, achieving an overall 26% increase in volume growth.

The Company's revenues grew by 29% to ₹1,870 crore in financial year 2016-17 following an improvement in sales volume. The Company reported a post-tax loss of ₹39.6 crore in financial year 2016-17 compared to a post-tax profit of ₹62.8 crore in the previous year.

The main reason for loss was lower realization due to lower demand due to reasons mentioned earlier. Apart from this, there was increase in the interest and depreciation charge due to commissioning of 3 million ton cement plant at Chittapur, Gulbarga (Karnataka). The interest cost increased to ₹135.2 crore in financial year 2016-17 compared to ₹54.4 crore in the financial year 2015-16. Similarly, depreciation charge increased to ₹117.02 crore in the financial year 2016-17 compared to ₹74.28 crore in financial year 2015-16.

**(2) Steps taken or proposed to be taken for improvement**

- (a) The Company has taken various initiatives to maintain its leadership and improve market share. It has been aggressively pursuing and implementing its strategies to improve volumes and reduce costs coupled with marketing campaigns and customer engagement programs.
- (b) Cost competitiveness – There are many initiatives addressing each cost element for cost competitiveness. These initiatives will significantly help in reducing the Company's cost structure.
- (c) People processes and organization structure - In this initiative, projects have been undertaken to drive high performance culture, improve functional competencies, improve employee engagement, achieve benchmark levels of employee productivity and build a pipeline of talented workforce.

**(3) Expected increase in productivity and profits in measurable terms**

In financial year 2016-17, the Company sold 26% more cement than in the previous year, utilizing its new plant to establish its brand in completely new markets. This enabled the Company to outperform the 1.3% contraction in the country's cement sector in financial year 2017. During the financial year 2016-17, the Company's revenue grew by 29% to ₹1,870 crore following an improvement in sales volumes. EBIDTA stood at ₹190.4 crore compared to ₹193.1 crore in the previous year. Interest cost increased to ₹135.2 crore in financial year 2016-17 compared to ₹54.4 crore due to a large investment in the greenfield capacity at Chittapur, Gulbarga (Karnataka).

Challenges notwithstanding, the Company forayed into new markets like Karnataka and South-West Maharashtra, achieving an overall 26% increase in volume growth. Since Chittapur was a new plant, the key lay in proactively preparing the market ahead of capacity addition so that the Company's new volumes could be absorbed. Extensive brand building activities were conducted in the key south and south-west regions of the country. Besides, new infrastructure projects in our core markets in the irrigation and road sectors helped to generate demand. The Company enhanced capacity utilization in its plants through increased geographical diversification and further penetration in existing markets.

The renewed push by the government in various construction and infrastructure initiatives augurs well for the sector in the years ahead. It is expected that given the outlook for cement demand, the Company will witness robust growth led by demand recovery. Existing plants in Jalgaon, Devapur and Chittapur are expected to gain from price improvement across the markets. With the expected demand recovery and the Company being one of the low cost cement producers, it is expected that the profitability in the coming year is likely to improve.

All documents relevant for remuneration are open for inspection at the Registered Office of the Company on all working days (Monday to Friday) during normal business hours (between 10:00 A.M. and 5:30 P.M.) upto date of the Annual General Meeting.

Mr. Khetrpal is a Non-Executive Director of HIL Limited and Non-Executive Independent Director of Oriental Bank of Commerce. Mr. Khetrpal along with his relatives does not hold any shares in the Company nor has any relationship with any of the directors of the Company.

Mr. Khetrpal is directly concerned and interested in this resolution as it relates to his remuneration. Except Mr. Khetrpal, no other Director or Key Managerial Personnel of the Company and their relatives are in any way concerned or interested in the proposed resolution.

The Board recommends the Special Resolution set forth in Item no. 6 of the Notice for the approval of the members.

**Item No. 7**

The members at their Annual General Meeting held on 25<sup>th</sup> July, 2015 re-appointed Mr. Desh Deepak Khetrpal (DIN 02362633) as Managing Director & CEO ("MD & CEO") of the Company for a period of 5 years w.e.f 1<sup>st</sup> April, 2015, subject to revision in his remuneration every year. Taking into consideration the duties and responsibilities cast on the MD & CEO and considering his knowledge of various aspects relating to the Company's affairs, and on the recommendation of the Nomination & Remuneration cum Compensation Committee of the Company, the Board at their meeting held on 5<sup>th</sup> May, 2017 revised Mr. Khetrpal's (DIN No. 02362633) remuneration with effect from 1<sup>st</sup> April, 2017, subject to the approval by the shareholders' of the Company and such other consents and approvals that may be required.

Pursuant to the Notification no. S.O.2922(E) dated 12<sup>th</sup> September, 2016 issued by the Ministry of Corporate Affairs ("Notification"), the Company with the approval of members by passing special resolution can pay the remuneration to the MD & CEO in case it has no profit or inadequacy of profit, without the approval of Central Government if, the managerial person is:-

- (i) not having any interest in the capital of the company or its holding company or any of its subsidiaries directly or indirectly or through any other statutory structures and not having any direct or indirect interest or
- (ii) not related to the directors or promoters of the Company or its holding company or any of its subsidiaries at any time during the last two years before or on or after the date of appointment and possesses graduate level qualification with expertise and specialized knowledge in the field in which the Company operates.

Mr. Khetrpal fulfills the conditions mentioned in the aforesaid Notification.

Mr. Khetrpal is a professional and holds Honours Degree in Business & Economics and Masters Degree in Business Administration in Marketing & Finance from the Delhi University.

The information required in terms of Paragraph B Part-II, for section II of Schedule V of the Companies Act, 2013, is given in Explanatory Statement to Item no. 6.

However, information required under Para II for past and proposed remuneration should be read as under:-

Past remuneration (p.a)			
(Amount in ₹)			
Particulars	2016-17	2015-16	2014-15
Salary	2,08,32,000	1,68,00,000	1,44,00,000
<b>Allowance and perquisites:</b>			
Personal allowance/ pay	98,40,000	72,96,000	52,80,000
Special allowance/ pay	1,01,56,560	75,48,000	53,40,000
Medical allowance	1,00,000	1,00,000	1,00,000
LTA	17,36,000	14,00,000	12,00,000
Driving allowance	-	-	2,40,000
Performance bonus	1,21,50,000	99,00,000	75,00,000
Company leased accommodation/ house rent allowance	48,00,000	48,00,000	48,00,000
Leave encashment	7,00,000	-	-
<b>Total</b>	<b>6,03,14,560</b>	<b>4,78,44,000</b>	<b>3,88,60,000</b>

In addition to the above, the MD & CEO of the Company was

- (i) provided Company's car (fully maintained and chauffeur driven) for official use.
- (ii) entitled to shares of the Company in accordance with the Employees Stock Option Scheme as adopted by the Company.
- (iii) entitled for contribution to Provident Fund, Gratuity and Superannuation Fund as per the Rules of the Company.
- (iv) entitled for encashment of un-availed leave at the end of the tenure or at specified intervals as per the Rules of the Company.

#### Remuneration proposed

(from 1<sup>st</sup> April, 2017-31<sup>st</sup> March, 2018)

(Amount in ₹)		
Particulars	Monthly	Annual
Basic salary/ Basic pay	21,52,000	2,58,24,000
<b>Allowances and perquisites:</b>		
Personal allowance/ pay	10,80,000	1,29,60,000
Special allowance/ pay	11,14,710	1,33,76,520
Medical allowance/ reimbursements		1,00,000
LTA		21,52,000
<b>Gross Salary</b>	<b>43,46,710</b>	<b>5,44,12,520</b>

In addition to the above,

- (i) Provision of suitable Company leased accommodation/ house rent allowance of ₹4,00,000/- (Rupees four lacs only) per month and Company car (fully maintained and chauffeur driven) for official use.
- (ii) Entitlement to an annual performance linked compensation up to ₹1,50,00,000/- (Rupees one crore fifty lacs only).
- (iii) Entitlement to the shares of the Company in accordance with the Employees Stock Option Scheme as adopted by the Company.
- (iv) Contribution to Provident Fund, Gratuity and Superannuation Fund will be as per the Rules of the Company.
- (v) Encashment of un-availed leave at the end of the tenure or at specified intervals will be as per the Rules of the Company and does not form part of the abovementioned compensation.

Appointment will be terminable by either party by giving three months notice or salary in lieu thereof.

All documents relevant for remuneration are open for inspection at the Registered Office of the Company on all working days (Monday to Friday) during normal business hours (between 10:00 A.M. and 5:30 P.M.) upto date of the Annual General Meeting.

Mr. Khetrpal (DIN 02362633) is a Non-Executive Director of HIL Limited and Non-Executive Independent Director of Oriental Bank of Commerce. Mr. Khetrpal along with his relatives does not hold any shares in the Company nor has any relationship with any of the directors of the Company.

Mr. Khetrpal (DIN 02362633) is directly concerned and interested in this resolution as it relates to his remuneration. Except Mr. Khetrpal (DIN 02362633), no other Director or Key Managerial Personnel of the Company and their relatives are in any way concerned or interested in the proposed resolution.

The Board recommends the Special Resolution set forth in Item no. 7 of the Notice for the approval of the members.

#### Item No. 8

To support the growth plans and for meeting the capital expenditure for the projects of the Company, the Company has availed and/ or will avail the financial assistance by way of any funding arrangement from various lenders in different tranches upon such terms and conditions as stipulated by them from time to time and approved by the Board. The terms of the sanction provide and/ or may provide that in the event of default by the Company under the lending arrangements, the banks and the other lenders may be entitled to exercise the option to convert whole or part of their outstanding facility into fully paid-up ordinary equity shares in the Company at a price to be determined in accordance with the applicable SEBI Regulations at the time of such conversion.

The proposed resolution is an enabling resolution under the provisions of section 62(3) and other applicable provisions of the Companies Act, 2013. In the event of default (as may be specified by Lenders under lending documents), Banks and other lenders may be entitled at their option to convert the entire or part of the outstanding facility into ordinary equity shares in the Company in accordance with the applicable SEBI Regulations. This requires prior approval of the members by way of Special Resolution.

None of the Directors and Key Managerial Personnel of the Company and their relatives may be deemed to be concerned or interested in the proposed resolution.

The Board recommends the Special Resolution set forth in Item no. 8 of the Notice for the approval of the members.

#### Item No. 9

Section 197 of the Companies Act, 2013 ("the Act") read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 permits payment of remuneration to Non-Executive Directors of a Company, if, the Company authorizes such payment by way of a resolution of members. The members of the Company at the 1<sup>st</sup> Annual General Meeting held on 13<sup>th</sup> August, 2012, approved the remuneration that can be paid to Non-Executive Directors of the Company by way of commission not exceeding one per cent of the net profits of the Company for each year for a period of five years commencing from 1<sup>st</sup> April, 2012 and ending on 31<sup>st</sup> March, 2017. Pursuant to section 309 (7) of the erstwhile Companies Act, 1956, such approval granted by shareholders was valid only for a period of 5 years. The validity of the

earlier resolution passed by the shareholders expired in the financial year 2016-17. Considering the rich experience and expertise brought to the Board by the Non-Executive Directors, it is proposed that, remuneration not exceeding one per cent of the net profits of the Company calculated in accordance with the provisions of the Act may be paid and distributed amongst the Non-Executive Directors of the Company in accordance with the recommendations of the Nomination & Remuneration cum Compensation Committee of the Board and in the event of loss or inadequacy of profits in any financial year the remuneration may be paid to Non-Executive Directors on the recommendation of Nomination & Remuneration cum Compensation Committee and subject to approval of Central Government.

Such payment will be in addition to the sitting fees for attending Board/Committee meetings.

None of the Directors and Key Managerial Personnel of the Company and their relatives may be deemed to be concerned or interested in the proposed resolution, except to the extent of their respective shareholdings in the Company, if any.

The Board recommends an Ordinary resolution set forth in Item no. 9 of the Notice for the approval of the members.

#### Item No. 10 & 11

Keeping in view the Company's existing and future financial requirements to support its business operations, working capital requirements and business expansion plans, the Company needs additional funds. For this purpose, the Company is desirous of raising finance from various Banks and/or Financial Institutions and/or any other lending institutions and/or Bodies Corporate and/or such other persons/ individuals as may be considered fit. In view of the above, it is proposed to increase the maximum borrowing limits from currently approved ₹3000 crores to ₹5,000 crores. Accordingly, the consent of the Shareholders at the Annual General Meeting is sought under section 180 (1) (c) of the Companies Act, 2013.

Further, as per section 180(1)(a) of the Companies Act, 2013, the consent of members is required for creation of charge (s)/ mortgage(s) on Company's movable and immovable properties of the Company in favor of lenders in respect of borrowing availed/to be availed.

The Special Resolutions set out in the annexed Notice has to be considered accordingly and the Board recommends the same.

No Director of the Company is concerned or interested in the Special Resolutions.

None of the Directors and Key Managerial Personnel of the Company and their relatives may be deemed to be concerned or interested in the proposed resolutions.

The Board recommends the Special resolutions set forth in Item no. 10 & 11 of the Notice for the approval of the members.

#### Item No. 12

In accordance with the provisions of section 148 of the Companies Act, 2013 (the "Act") and the Companies (Audit and Auditors) Rules, 2014 (the "Rules"), the Company is required to appoint a Cost Auditor to audit the cost records of the Company.

On the recommendation of the Audit Committee at its meeting held on 5<sup>th</sup> May, 2017, the Board has approved the re-appointment of Mr. Somnath Mukherjee, Cost Accountant in Practice (M.NO.-F5343), as Cost Auditors of the Company for conducting the audit of the cost records of the Company for the financial year ending 31<sup>st</sup> March, 2018, required to be audited under the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), at a Cost Audit fees of ₹80,000/- (Rupees eighty thousand only) plus out of pocket expenses.

In accordance with the provisions of section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the Cost Audit fees to be paid to the Cost Auditors of the Company has to be approved by the shareholders of the Company. Accordingly, the Members are requested to approve the remuneration of the Cost Auditors for financial year 2017-18 as set out in the resolution for the aforesaid services to be rendered by him.

None of the Directors and Key Managerial Personnel of the Company and their relatives may be deemed to be concerned or interested in the proposed resolution.

The Board recommends an Ordinary resolution set forth in Item no. 12 of the Notice for the approval of the members.

#### Item No. 13

The Company, in accordance with its vision statement, proposes to achieve 15 Million Ton per annum cement capacity by financial year 2020. Towards this objective, the Company is continuously looking at organic and inorganic growth opportunities. In order to fund the growth, there would be need to raise funds through issue of equity shares or equity linked securities. The Company proposes to raise the capital for the purpose of capital expenditure for ongoing and future expansion projects, acquisition(s), working capital, repayment of loans and for general corporate purposes.

In this regard, the Company has been exploring various avenues for raising funds by way of issue of equity shares ("Equity Shares") and /or Global Depository Receipts ("GDRs") and /or American Depository Receipts ("ADRs") ("Securities") to all eligible investors including but not limited to existing equity shareholders as on record date, residents and / or non-residents, whether institutions, incorporated bodies, foreign institutional investors, qualified institutional buyers, banks, mutual funds, insurance companies, pension funds, trusts, stabilizing agents and / or otherwise and / or a combination thereof, whether or not such investors are members, promoters, directors or their relatives / associates of the Company in the course of domestic and / or international offerings through public issue and / or private placement and /or rights issue and / or qualified institutional placement ("QIP") and / or any other permitted modes through prospectus and/or an offer document and / or private placement offer letter and/or such other documents/writings/ circulars / memoranda in such manner, at such time or times in such tranche or tranches for an amount not exceeding ₹500 crores (Rupees five hundred crores only), inclusive of permissible green shoe option, for cash and at such premium / discount, as applicable, as the Board deems fit and on such terms and conditions as may be determined and deemed appropriate by the Board in its absolute discretion at the time of such issue and allotment considering the prevailing market conditions and other relevant factors. The Equity Shares shall rank pari passu with the existing equity shares of the Company.

In the event of the issue of the Equity Shares as aforesaid by way of QIP, it will be ensured that:

- a) The relevant date for the purpose of pricing of the Equity Shares would, pursuant to Chapter VIII of the SEBI (ICDR) Regulations, be the date of the meeting in which the Board or duly authorised committee thereof decides to open the proposed issue of Equity Shares;
- b) The pricing for this purpose shall be in accordance with regulation 85 of Chapter VIII of the SEBI (ICDR) Regulations. The Company may offer a discount of not more than 5% (Five percent) on the price calculated for the QIP or such other discount as may be permitted under SEBI (ICDR) Regulations, as amended from time to time;
- c) The issue and allotment of Equity Shares shall be made only to Qualified Institutional Buyers (QIBs) within the meaning of SEBI (ICDR) Regulations and such Equity Shares shall be fully paid up on its allotment;
- d) The total amount raised in such manner and all previous QIPs made by the Company in a financial year would not exceed 5 times of the Company's net worth as per the audited balance sheet for the previous financial year;
- e) The Equity Shares shall not be eligible to be sold for a period of 1 year from the date of allotment, except on a recognized stock exchange or except as may be permitted from time to time by the SEBI (ICDR) Regulations.
- f) The Equity Shares shall be allotted within 12 months of the date of passing of the shareholders resolution.

For making any further issue of shares to any person(s) other than existing equity shareholders of the Company approval of members is required to be obtained by way of passing a special resolution, in pursuance to section 62 (1) (c) of the Companies Act.

Therefore, the Board recommends the Special resolution set forth in Item No. 13 of the Notice for the approval of the members.

The proposed issue is in the interest of the Company and your Directors commend the resolution for your approval.

None of the Directors and Key Managerial Personnel of the Company and their relatives may be deemed to be concerned or interested in the proposed resolution, except to the extent of their respective shareholdings in the Company, if any.

Details of Directors seeking appointment and re-appointment at the Annual General Meeting pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard - 2 on General Meetings

Particulars	Mr. Chandrakant Birla	Mr. I.Y.R. Krishna Rao	Mr. Desh Deepak Khetrpal
DIN	00118473	00481367	02362633
Age	62	61	62
Qualifications	Bachelor of Arts	M.A (Economics)	Honours Degree in Business & Economics and Masters Degree in Business Administration in Marketing & Finance from the Delhi University
Experience	40 years	36 years	39 years
Terms and conditions of appointment/ re-appointment	Re-appointment upon retirement by rotation.	Appointed as additional director w.e.f. 5 <sup>th</sup> May, 2017	Re-appointment for 5 years w.e.f.1 <sup>st</sup> April, 2015
Date of first appointment on the Board	23 <sup>rd</sup> July, 2011	5 <sup>th</sup> May, 2017	2 <sup>nd</sup> April, 2012
Occupation	Industrialist	Retired IAS-Chief Secretary –Andhra Pradesh	Managing Director & CEO
Expertise in specific functional areas	Industrialist having rich business experience in managing diversified industrial enterprises.	Finance, Administration and Governance	Marketing, Finance and Business Administration
Directorships held in other bodies corporates	<ol style="list-style-type: none"> <li>Orient Paper &amp; Industries Limited</li> <li>National Engineering Industries Limited</li> <li>AVTEC Limited</li> <li>HIL Limited</li> <li>Birla Brothers Private Limited</li> <li>Birlasoft India Limited</li> <li>Neosym Industry Limited</li> <li>Birla SoftInc. U.S.A</li> <li>Birlasoft(U.K.)Ltd., London</li> <li>ASS AG, Switzerland</li> </ol>	<ol style="list-style-type: none"> <li>Andhra Pradesh Brahmin Welfare Corporation</li> <li>Indian Institute of Insolvency Professionals of ICAI</li> </ol>	<ol style="list-style-type: none"> <li>HIL Limited</li> <li>Oriental Bank of Commerce</li> </ol>
Memberships/ Chairmanships of Committees other than Orient Cement Limited	<ol style="list-style-type: none"> <li>National Engineering Industries Limited <ul style="list-style-type: none"> <li>Nomination &amp; Remuneration Committee-Member</li> </ul> </li> <li>Birla Institute of Scientific Research- <ul style="list-style-type: none"> <li>Governing body - Member</li> </ul> </li> <li>Rukmani Birla Hospital &amp; Research Institute- <ul style="list-style-type: none"> <li>Governing body - Member</li> </ul> </li> <li>Birla Institute of Technology- Chairman Board of Governors, Chairman &amp; President General Council, <ul style="list-style-type: none"> <li>Finance Committee - Chairman</li> </ul> </li> </ol>	<ol style="list-style-type: none"> <li>Indian Institute of Insolvency Professionals of ICAI <ul style="list-style-type: none"> <li>Monitoring Committee-Chairman</li> <li>Grievance Committee-Chairman</li> <li>Audit Committee-Chairman</li> <li>Advisory Committee-Member</li> </ul> </li> </ol>	<ol style="list-style-type: none"> <li>HIL Limited <ul style="list-style-type: none"> <li>Audit Committee-Member</li> <li>Nomination &amp; Remuneration Committee –Member</li> <li>Corporate Social Responsibility Committee –Chairman</li> </ul> </li> <li>Oriental Bank of Commerce <ul style="list-style-type: none"> <li>IT Strategy Committee of Board- Chairman</li> <li>HR Committee of Board-Member</li> <li>Committee of Board on Customer Service in Bank-Member</li> <li>Share Issue &amp; Allotment Committee - Member</li> <li>Stakeholders Relationship Committee of the Board-Member</li> <li>Special Committee of Board for monitoring of Large Value Frauds- Member</li> <li>Remuneration Committee - Member</li> <li>CSR Committee - Member</li> <li>Management Committee of the Board- Member</li> </ul> </li> </ol>
Shareholding in the Company	28,97,570 No. of Shares (As on 31 <sup>st</sup> March 2017)	Nil	Nil
Number of Board Meetings attended during the year	All the 5 meetings	N.A.	All the 5 meetings

# Directors' Report

*Dear members*

Your directors are pleased to present the 6<sup>th</sup> Annual Report on the business and operations of the Company along with the audited financial statements for the financial year ended 31<sup>st</sup> March, 2017.

## SUMMARY OF FINANCIAL PERFORMANCE

The financial performance of the Company for the financial year ended 31<sup>st</sup> March, 2017 is summarized below:

Particulars	₹ in crores	
	2016-17	2015-16
Gross Sales	2,171.28	1,691.63
Total Revenue (Net of excise)	1,875.14	1,469.43
<b>Earnings before interest, depreciation, amortization &amp; taxation</b>	<b>190.39</b>	<b>193.11</b>
Interest / finance costs	135.33	54.44
<b>Profit before depreciation and taxation</b>	<b>55.06</b>	<b>138.67</b>
Depreciation and amortization expenses	121.54	77.82
<b>Net Profit before taxation</b>	<b>(66.48)</b>	<b>60.85</b>
Taxation	(34.38)	(1.51)
<b>Net profit</b>	<b>(32.10)</b>	<b>62.36</b>
Profit brought forward from last year	306.15	268.45
<b>Profit available for appropriations</b>	<b>274.05</b>	<b>330.81</b>
<b>Appropriations</b>		
Transfer to Debenture Redemption Reserve	-	-
Transfer to general reserve	-	-
Dividend on equity shares	20.49	20.49
Corporate dividend tax	4.17	4.17
Balance carried to balance sheet	249.39	306.15
<b>EPS</b>	<b>(1.57)</b>	<b>3.04</b>

## BUSINESS AND FINANCIAL PERFORMANCE

After a promising start, the financial year 2016-17 proved to be an extremely challenging year for the cement sector with the industry as a whole registering a de-growth after several consecutive years of growth in the last decade. Demonetization had a particularly adverse effect on cement volumes, with the contraction in the months following this event touching double digits. All this occurred even while the overall GDP grew by an estimated 6.8%, thus interrupting the correlation that the cement sector has historically shown with national growth. Low consumption was accompanied by a rise in fuel prices on the back of global trends, further impacting the profitability of industry.

In this backdrop, the key business and financial highlights of your Company for FY17 are as under:

- Successfully ramped up sales and dispatches from the 3 million ton Greenfield cement plant at Chittapur (Gulbarga, Karnataka) following its commissioning in the previous year.
- Total cement sales volume for the year stood at 55.52 lac tons against 44.19 lac tons in FY16, a growth of over 26%

though the industry as a whole de-grew in the year.

- We continued to focus on PPC cement production in line with your Company's commitment to environmental sustainability; 76% of cement volume was sold as PPC from old operations, while PPC sales from new operations are also scaling up steadily to reach 42% for the year.
- Net sales realization during the year remained uneven and volatile due to poor demand and low capacity utilization in the industry, leading to low prevailing market prices in many of our large markets.
- Variable production costs were slightly higher on account of higher raw material and fuel prices as well as the stabilization challenges at the new plant in Chittapur.
- Despite an extremely challenging environment, capacity utilization at your Company's older plants was at 76% during FY17 and 69% overall.
- EBITDA for the year was ₹190.4 crores as against ₹193.1 crores in FY 16.
- A Net Loss of ₹32.10 crores was registered for the year versus a Net Profit of ₹62.4 crores in the previous year, primarily due to higher finance costs and depreciation charges for FY17 as compared with FY16, as a result of the large investments at Chittapur plant.

The plant operations at Chittapur are now largely stabilized, with performance guarantee tests on much of the equipment already carried out successfully. Some optimization work is still in progress by the vendors, notably of the kiln, cement grinding mills and the turbine. We expect to get these optimization jobs completed soon and achieve all the planned efficiencies for the plant. The construction work for the railway siding and the township for the employees is beginning very soon now. We are also in the advanced stages of firming up the size and specifications for the waste heat recovery power plant, after which the order for the same will be finalized.

We have also taken necessary steps and made investments to comply with the latest emission norms notified for SPM and SO<sub>2</sub>, while we are working with the rest of the industry to find a workable solution for the new NO<sub>x</sub> norms which are proving to be a challenge for the industry when we use pet-coke as a fuel.

## DIVIDEND

Your directors are pleased to recommend a final dividend amounting to ₹0.50 per equity share of face value of ₹1 each for the year ended 31<sup>st</sup> March, 2017, subject to approval of shareholders at the forthcoming Annual General Meeting of the Company. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 18<sup>th</sup> day of September, 2017 to Saturday, 23<sup>rd</sup> day of September,

2017, both days inclusive, for determining the entitlement of the shareholders to the final dividend for financial year 2016-17.

## CHANGES IN DIRECTORS

Pursuant to section 161 of the Companies Act, 2013, Mr. I.Y.R. Krishna Rao (DIN 00481367) was appointed as an Additional Director w.e.f. 5<sup>th</sup> May, 2017 to hold office till the date of the ensuing Annual General Meeting. The Company has received requisite notice together with deposit of ₹1,00,000 (Rupees one lac only), as provided under section 160 of the Companies Act, 2013, from the member, proposing the appointment of Mr. I.Y.R. Krishna Rao (DIN 00481367) as an Independent Director not liable to retire by rotation.

In terms of the provisions of section 152 of the Companies Act, 2013 and in terms of the Articles of Association of the Company, Mr. Chandrakant Birla (DIN 00118473), a Non-Executive Director of the Company, is liable to retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offers himself for re-appointment. The Board of Directors recommends his re-appointment for the consideration of the members of the Company at the ensuing Annual General Meeting.

Mr. Desh Deepak Khetrpal (DIN 02362633) was re-appointed as Managing Director & CEO of the Company w.e.f. 1<sup>st</sup> April, 2015 for a period of 5 (five) years. However, his remuneration was subject to revision every year. On the recommendation of the Nomination & Remuneration cum Compensation Committee, the Board of Directors in their meeting held on 5<sup>th</sup> May, 2017, recommended revision in Mr. Khetrpal's remuneration for shareholders' approval. The resolution seeking consideration of Mr. Khetrpal's remuneration has been included in the Notice of the Annual General Meeting. The Board of Directors recommends the resolution for your approval.

During the financial year, there was no change in the constitution of the Board of Directors of the Company.

A brief profile and other details relating to the directors are furnished in the Annual Report.

None of the directors are disqualified under section 164(2) of the Companies Act, 2013.

## DECLARATION BY INDEPENDENT DIRECTORS

All Independent Directors of the Company have declared and confirmed that they meet with the criteria of independence as prescribed under section 149(6) of the Companies Act, 2013 and Regulation 16(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## KEY MANAGERIAL PERSONNEL

In terms of the provisions of section 203 of the Companies Act, 2013, Mr. Desh Deepak Khetrpal - Managing Director & CEO (DIN 02362633), Mr. Sushil Gupta - Chief Financial Officer (FCA-044924) and Mrs. Deepanjali Gulati - Company Secretary (FCS-5304) are the Key Managerial Personnel ('KMP') of the Company.

During the year under review, there was no change in the position of KMPs of the Company.

## DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM / WHISTLE BLOWER POLICY

Your Company has formulated a vigil mechanism through a Whistle Blower Policy to deal with instances of illegal practices, unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy.

Adequate safeguards are provided against victimization to those who avail of the mechanism. The details of the Whistle Blower Policy are explained in the Corporate Governance Report. The Whistle Blower Policy is available on Company's website and can be accessed through the web link: <http://orientcement.com/investors/>.

## BOARD OF DIRECTORS, ITS COMMITTEES AND MEETINGS THEREOF

The Company has a professional Board with an optimum combination of Executive, Non-Executive and Independent Directors (including one Woman Director) who bring to the table the right mix of knowledge, skills and expertise. The Board provides strategic guidance and direction to the Company in achieving its business objectives and protecting the interest of the stakeholders. The Board is also supported by four Committees of directors viz. the Audit Committee, the Nomination & Remuneration cum Compensation Committee, the CSR Committee and the Stakeholders' Relationship Committee.

One meeting of the Board of Directors is held in each quarter. Additional meetings of the Board/Committees are convened as may be necessary for the proper management of the business operations of the Company. A separate meeting of Independent Directors is also held at least once in a calendar year to review the performance of Non-Independent Directors, the Board as a whole and the Chairman.

During the financial year ended 31<sup>st</sup> March, 2017, the Board of Directors met 5 (five) times viz. on 4<sup>th</sup> May 2016, 3<sup>rd</sup> August 2016, 6<sup>th</sup> October 2016, 9<sup>th</sup> November 2016 and 4<sup>th</sup> February 2017. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

A detailed update on the Board & its Committees' composition, number of meetings held during the financial year 2016-17 and attendance of the directors at these meetings is provided in the Report on Corporate Governance.

## AUDIT COMMITTEE

The Company has a duly constituted Audit Committee in line with the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The primary objective of the Committee is to monitor and provide effective supervision of the Management's financial reporting process, to ensure accurate and timely disclosures, with the highest level of transparency, integrity and quality of financial reporting. The Committee met 4 (four) times during the year, the details of which are given in the Corporate Governance Report. As on 31<sup>st</sup> March, 2017, the Committee comprised of five independent directors viz. Mr. Vinod Kumar Dhall (DIN 02591373), Mr. Rajeev Jhawar (DIN 00086164), Mr. Rabindranath Jhunjhunwala (DIN 00050729), Mr. Swapan Dasgupta (DIN 07113693) and Mr. Janat Shah (DIN 01625535) as well as Mr. Desh Deepak Khetrpal-Executive Director (DIN 02362633). Detailed information pertaining to the Audit Committee has been provided in the Report on Corporate Governance.

## POLICY ON DIRECTORS' APPOINTMENT & REMUNERATION

The Company endeavors to have an appropriate mix of Executive, Non-Executive and Independent Directors, so as to have independence on the Board and separate its function of governance from that of management. The selections and appointments on the Board of the Company are done on the recommendation of the Nomination & Remuneration cum Compensation Committee. The appointments are based on meritocracy and the candidates are considered against objective criteria, having due regard to the benefits of diversity on the Board. While evaluating the candidature of an Independent Director, the Committee abides by the criteria for determining independence as stipulated under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. In case of re-appointment of directors, the Board takes into consideration the results of the performance evaluation of the directors.

The copy of the Nomination & Remuneration Policy for Directors, KMPs and Senior Management is attached as **Annexure 'I'** to this Report.

## AWARDS AND RECOGNITIONS

In recognition of its constant quest for growth and achievement, your Company has been honoured and recognized at various forums. The prominent awards are listed below for your reference:



**Devapur Plant:**

1. National Energy Management Gold Award from SEEM
2. National Award for Excellence in Energy Management 2016 from CII
3. Mines Safety Week 2016 Awards by Director General of Mines Safety
  - Overall performance 1<sup>st</sup> Prize
  - Loading and Transportation 1<sup>st</sup> Prize
  - Drilling and Blasting 1<sup>st</sup> Prize
  - Publicity, Propaganda & House Keeping 2<sup>nd</sup> Prize
  - Lighting and Installations 2<sup>nd</sup> Prize
4. Mines Environment & Mineral Conservation Week Awards by Indian Bureau of Mines
  - Reclamation and Rehabilitation 1<sup>st</sup> Prize
  - Waste Dump Management 2<sup>nd</sup> Prize
  - Sustainable Development 3<sup>rd</sup> Prize
  - Overall performance 3<sup>rd</sup> Prize

**Chittapur Plant:**

1. Safety Awards from the Mines Safety Association Karnataka (MSAK)
  - Safety Management System 1<sup>st</sup> Prize
  - Publicity & Propaganda and Safety is my responsibility Cards 1<sup>st</sup> Prize
  - Mine Workings 2<sup>nd</sup> Prize
  - Maintenance of Mining Machinery 2<sup>nd</sup> Prize
  - Drilling and Blasting 3<sup>rd</sup> Prize
  - State Level Overall Performance in mines 2<sup>nd</sup> Prize

**STATUTORY AUDITORS**

At the Annual General Meeting held in the year 2014, M/s S.R. Batliboi & Co. LLP, Chartered Accountants (ICAI Firm Registration Number 301003E/ E300005) was appointed as Statutory Auditors of the Company by the shareholders to hold office as Statutory Auditors from the conclusion of Annual General Meeting held in the year 2014 till the conclusion of eighth Annual General Meeting of the Company to be held in the year 2019, subject to ratification of their appointment at every Annual General Meeting.

The Company has received a letter from the auditors confirming that they are eligible for appointment as auditors of the Company under section 139 of the Companies Act, 2013 and meet the criteria for appointment specified in section 141 of the Companies Act, 2013.

Based on the recommendation of the Audit Committee and as per the provisions of section 139(1) of the Companies Act, 2013, the Board of Directors of your Company proposes to ratify the appointment of M/s S. R. Batliboi & Co. LLP, Chartered Accountants (ICAI Firm Registration Number

301003E/E300005) as the Statutory Auditors of the Company for the financial year 2017-18.

Auditors' Report is self-explanatory and therefore, does not require further comments and explanation.

Further, in terms of section 143 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, as amended, notifications / circulars issued by the Ministry of Corporate Affairs from time to time, no fraud has been reported by the auditors of the Company where they have reason to believe that an offence involving fraud is being or has been committed against the Company by officers or employees of the Company.

**COST AUDITORS**

In terms of section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014, the Company is required to maintain Cost Accounting records and get them audited every year. The Board appointed Mr. Somnath Mukherjee, Cost Accountant (M.No.-F5343), as Cost Auditors of the Company for the financial year 2017-18 at a fee of ₹80,000/- (Rupees eighty thousand only) plus out of pocket expenses subject to the ratification of the said fees by the shareholders at the ensuing Annual General Meeting.

The Company has received a letter from him to the effect that his re-appointment would be within the limits prescribed under section 141(3)(g) of the Companies Act, 2013 and that he is not disqualified for such re-appointment within the meaning of section 141 of the Companies Act, 2013.

**SECRETARIAL AUDITORS**

Pursuant to the provisions of section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, M/s Ranjeet Pandey and Associates, Company Secretaries (Registration No. F-5922), were appointed to conduct the Secretarial Audit of the Company for the financial year 2016-17.

The Secretarial Audit Report is annexed to this report as **Annexure '1'**. The Secretarial Auditors' report is self-explanatory and therefore, does not require further comments and explanation.

The Board has appointed M/s Ranjeet Pandey and Associates, Company Secretaries, (Registration No. F-5922) as Secretarial Auditor of the Company for the financial year 2017-18.

**PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

During the financial year under review, your Company has not given any loan or guarantee, made investments and provided securities which are covered under the provisions of section 186 of the Companies Act, 2013.

**RELATED PARTY TRANSACTIONS**

The Company has adequate procedures for identification and monitoring of related party transactions. All transactions entered into with related parties during the financial year were on an arm's length basis. All related party transactions were placed before the Audit Committee and also the Board for approval, wherever required. Prior omnibus approval of the Audit Committee and Board was obtained for the transactions that were of a foreseen and repetitive nature. These transactions were reviewed by the Audit Committee on a quarterly basis.

There were no materially significant related party transactions made by the Company with promoters, directors, key managerial personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

For details on related party transactions, members may refer to the notes to the financial statement. The Policy on related party transactions as approved by the Board is available on the Company's website and can be accessed through the web link: <http://orientcement.com/investors/>.

Particulars of contract or arrangements with related parties referred to in section 188(1) of the Companies Act, 2013, in the prescribed Form AOC-2, is annexed as **Annexure '2'** to the Report.

**CHANGE IN THE NATURE OF BUSINESS**

There is no change in the nature of business of the Company during the year under review.

**RISK MANAGEMENT**

The Company has constituted a Risk Management Committee to review the risk management plan / process of the Company. The Risk Management Committee identifies potential risks, assesses their potential impact and takes timely action to mitigate the same.

The Company has a Risk Management Policy which has been approved by the Board. The Risk Management Policy acts as an overarching statement of intent and establishes the guiding principles by which key risks are managed across the organization. The Board monitors and reviews periodically the implementation of various aspects of the Risk Management Policy through a duly constituted Risk Management Committee (RMC). The RMC assists the Board in its oversight of the Company's management of key risks, including strategic and operational risks, as well as the guidelines, policies and processes for monitoring and mitigating such risks under the aegis of the overall Business Risk Management Framework.

There are no risks identified by the Board which may threaten the existence of the Company.

**INTERNAL FINANCIAL CONTROLS AND ITS ADEQUACY**

As per the provisions of section 134(5)(e) of the Companies Act, 2013, the directors have an overall responsibility for ensuring that the Company has implemented robust systems/ framework of internal financial controls to provide them with reasonable assurance regarding the adequacy and operating effectiveness of controls with regard to reporting, operational and compliance risks. To enable the directors to meet these responsibilities, the management has devised systems/ frameworks which are operating within the Company. In line with best practice, the Audit Committee and Board regularly review the internal control system to ensure that it remains effective and fit for the purpose. Where weaknesses are identified as a result of the reviews, new procedures are put in place to strengthen controls and these are in turn reviewed at regular intervals. The systems/ frameworks include proper delegation of authority, policies and procedures, effective IT systems aligned to business requirements, internal audit framework, ethics framework, risk management framework and adequate segregation of duties.

Your Company's management has established and maintained internal financial controls based on the internal control over financial reporting criteria established in the integrated framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) (the COSO criteria), which considers the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. Based on information provided, nothing has come to the attention of directors to indicate that any material breakdown in the function of these controls, procedures or systems occurred during the year under review.

The Internal Auditor of the Company reports functionally to Audit Committee of Board, which reviews and approves risk based annual internal audit plan. Audit Committee periodically reviews the performance of internal audit function.

**CORPORATE SOCIAL RESPONSIBILITY**

The basic concept of Company's CSR is to serve the interest of society in a just and equitable manner along with taking the responsibility for the impact of business activities on various stakeholders in all aspects of Company's operations. Your Company has been taking several initiatives under Corporate Social Responsibility ('CSR') for society at large, well before it has been prescribed through the Companies Act, 2013.

The Company has constituted a CSR Committee and has a well-defined Policy on CSR as per the requirement of section 135 of the Companies Act, 2013 which covers the activities as prescribed under Schedule VII of the Companies Act, 2013.

Detailed information pertaining to the CSR Committee has been provided in the Report on Corporate Governance.

The CSR Policy laid down by the Company ensures that:

1. The CSR agenda is integrated with the business;
2. Focused efforts are made in the identified community development areas to achieve the expected outcome;
3. The Company contributes towards nation-building through its CSR activities.

As part of its initiatives under CSR, the Company has contributed for healthcare, infrastructure development and education for the year under review.

Corporate Social Responsibility Report, pursuant to section 134(3)(o) of the Companies Act, 2013 and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014, forms part of this Report as **Annexure '3'**

The CSR Policy of the Company is enclosed as **Annexure –'II'** to this Report and is also placed on the website of the Company. This can be accessed through the web link: <http://orientcement.com/investors/>.

**PARTICULARS OF EMPLOYEES, DIRECTORS & KEY MANAGERIAL PERSONNEL**

The information required pursuant to section 197 of the Companies Act, 2013, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached as **Annexure '4'** forming an integral part of this Report.

**SHARE CAPITAL**

During the year under review, the Issued, Subscribed and Paid up Share Capital of the Company was 20,48,68,760 shares of ₹1 each. There was no change in the capital structure of the Company.

**EXTRACT OF THE ANNUAL RETURN**

Pursuant to section 134(3)(a) and section 92(3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, relevant extract of annual return for the financial year 2016-17 is given as **Annexure '5'** to this Report.

**EMPLOYEES STOCK OPTION SCHEME**

The Company has in place the Employees Stock Option Scheme 2015 ('ESOS-2015') which provides for grant of Stock Options to eligible employees of the Company.

During the financial year 2016-17, no options were granted under ESOS-2015. The applicable disclosures under SEBI (Share Based Employee Benefits) Regulations, 2014 ("SEBI Regulations") as at 31<sup>st</sup> March, 2017 has been uploaded on the website of the Company and can be accessed through

the web link <http://orientcement.com/investors/>. There is no change in the ESOS scheme of the Company during the financial year.

Certificate from M/s S.R. Batliboi & Co. LLP, Chartered Accountants (ICAI Firm Registration Number 301003E/E300005), Statutory Auditors of the Company confirming that the scheme has been implemented in accordance with the SEBI Regulations, would be placed at the ensuing Annual General Meeting of the Company for inspection by the members.

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

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. The Company has constituted Internal Complaints Committee which is responsible for redressal of complaints related to sexual harassment.

As per the provisions of section 21 and 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the report on the details of the number of cases filed under sexual harassment and their disposal, during the calendar year 2016 is as under:

Number of cases pending as on the beginning of the financial year	Nil
Number of complaints filed during the financial year	Nil
Number of cases pending as on the end of the financial year	Nil

**MANAGEMENT DISCUSSION & ANALYSIS REPORT**

As required by Regulation 34(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a detailed Management Discussion and Analysis Report is presented in a separate section forming part of the Annual Report.

**CORPORATE GOVERNANCE**

Corporate Governance ensures fairness, transparency and integrity of the management. As a part of its strategy, the Company believes in adopting the 'best practices' that are followed in the area of Corporate Governance. The Company emphasizes the need for full transparency and accountability in all its transactions, in order to protect the interests of its stakeholders. The Board considers itself a Trustee of the Company's shareholders and acknowledges its responsibilities towards them for creating and safeguarding

their wealth. The Company is committed to high levels of ethics and integrity in all its business dealings that avoids conflicts of interest. In order to conduct business with these principles, the Company has created a corporate structure based on business needs and maintains a high degree of transparency through regular disclosures with a focus on adequate control systems.

A detailed report on corporate governance forms an integral part of Annual Report and is set out as separate section therein.

The certificate of M/s S.R. Batliboi & Co. LLP (ICAI Firm Registration Number 301003E/E300005), Chartered Accountants, the Statutory Auditors of the Company certifying compliance with the conditions of Corporate Governance as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed with the Report on Corporate Governance as **Annexure '6'**. The Auditors' certificate for financial year 2016-17 does not contain any qualification, reservation or adverse remark.

**PERFORMANCE EVALUATION OF BOARD, COMMITTEES & INDIVIDUAL DIRECTORS**

A formal evaluation of the performance of the Board, its Committees, the Chairman and the individual directors was carried out for the financial year 2016-17. The performance evaluation was done using individual questionnaires, covering amongst others, composition of Board, receipt of regular inputs and information, functioning, performance & structure of Board Committees, skill set, knowledge & expertise of directors, preparation & contribution at Board Meetings, leadership etc. The performance evaluation of the respective Committees and that of Independent and Non-Independent Directors was done by the Board excluding the director being evaluated.

The performance evaluation of Non-Independent Directors, the Chairman and the Board was done by the Independent Directors.

**LISTING WITH STOCK EXCHANGES**

The equity shares of the Company are listed on National Stock Exchange of India Limited and BSE Limited. The annual listing fees for the financial year 2017-18 have been paid to these exchanges.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to section 134(3)(c) of the Companies Act, 2013, the Board of Directors hereby state that:

1. In the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures;

2. They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31<sup>st</sup> March, 2017 and of the profit and loss of the Company for the year ended on that date;

3. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

4. They have prepared the annual financial statements on a going concern basis;

5. They have laid down internal financial controls to be followed by the Company and that such internal financial controls were adequate and were operating effectively.

6. They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**MATERIAL CHANGES AND COMMITMENTS**

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year of the Company to which the financial statements relate and on the date of this Report.

**CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION**

The Company values the significance of conservation of energy and technology absorption and remains conscious about the environment impact of its business operations. During the financial year, the Company undertook a variety of energy conservation measures across all its plants, making continuous efforts for judicious use of energy at all levels of operations by utilizing energy efficient system and processes. Some steps taken towards energy conservation are the result of technology absorption. Our new integrated cement manufacturing unit at Chittapur has been installed with new state of the art technology and latest energy efficient equipment.

The particulars required under section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 regarding conservation of energy, technology absorption are enclosed as **Annexure '7'** forming part of this Report.

**FOREIGN EXCHANGE EARNINGS AND OUTGO**

During the financial year, the Company has not earned any foreign exchange.

The total foreign exchange outgo during the year was ₹4,773.48 lacs.

### SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES

During the financial year 2016-17, the Company had no Subsidiary, Associate or Joint Venture company.

### DEPOSITS

During the financial year under review, the Company did not accept deposits covered under Chapter V of the Companies Act, 2013.

### SIGNIFICANT AND MATERIAL ORDERS

No significant and material orders have been passed by any regulators or courts or tribunals against the Company impacting the going concern status and Company's operations in future.

### BUSINESS RESPONSIBILITY REPORT

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandates inclusion of Business Responsibility Report as part of Annual Report for top 500 listed entities based on market capitalization. The Company falls under the top 500 listed companies by market capitalization. Accordingly, in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Business Responsibility Report is presented in a separate section forming part of the Annual report.

### DIVIDEND DISTRIBUTION POLICY

Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, requires top 500 listed Companies based on the market capitalization to formulate Dividend Distribution Policy. In compliance of the said requirement, the Company has formulated the Dividend Distribution Policy. The Dividend Distribution Policy of the Company is enclosed as **Annexure –'III'** to this Report and is also placed on the website of the Company. This can be accessed through the web link: <http://orientcement.com/investors/>.

### COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND GENERAL MEETINGS

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and General Meetings.

### OTHER STATUTORY DISCLOSURES

Your directors state that no disclosure or reporting is required with respect to the following items as there were no transactions related to these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise
2. Issue of sweat equity shares
3. Provision of money for purchase of its own shares by employees or by trustees for the benefit of employees

### ACKNOWLEDGEMENT

Your Directors place on record their appreciation for assistance and co-operation received from various Ministries and Departments of Government of India and other State Governments, banks, shareholders of the Company, etc. Your Directors wish to place on record their sincere appreciation for the dedicated efforts and consistent contribution made by the employees at all levels, to ensure that the Company continues to grow and excel.

By order of the Board of Directors  
For Orient Cement Limited

Place: New Delhi  
Date: 5<sup>th</sup> May, 2017

CK. Birla  
Chairman  
(DIN 00118473)

## Annexure-1 Secretarial Audit Report

For the financial year ended on 31<sup>st</sup> March, 2017  
[Pursuant to section 204 (1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
Orient Cement Limited,  
Unit – VIII, Plot No. 7,  
Bhoinagar, Bhubaneswar,  
Odisha - 751012

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by "Orient Cement Limited" (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of Orient Cement Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives, during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2017, according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the Rules made there under;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
- iii) The Depositories Act, 1996 and the Regulations and Bye-Laws framed there under;
- iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

- d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.
- v) The following legislations specifically applicable to the Company, being Cement manufacturing Company:-
  - a) The Atomic Energy Act, 1962 read with Atomic Energy (Radiation Protection) Rules, 2004;
  - b) Indian Boilers Act, 1923 read with Andhra Pradesh Boiler Rules, 1967;
  - c) The Petroleum Act, 1934;
  - d) The Explosive Rules, 2008;
  - e) The Static & Mobile Pressure Vessels (Unfired) Rules, 1981;
  - f) Cylinder Rules, 2004;
  - g) Ammonium Nitrate Rules, 2012;
  - h) Mines Act, 1952;
  - i) Cement (Quality Control) Order, 2003;
  - j) Limestone and Dolomite Mines Labour Welfare Fund Act, 1972;
  - k) Mines and Minerals (Development And Regulation) Act, 1957;
  - l) Mineral Conservation and Development Rules, 1988;
  - m) Metalliferous Mine Regulations, 2012;
  - n) The Explosives Act, 2008 read with Rules made thereunder

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

- i) Secretarial Standards issued by the Institute of Company Secretaries of India;
- ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above subject to the following observation under the Companies Act, 2013 and Rules made there under:

1. The remuneration paid to the Managing Director & CEO of the Company during the financial year ended on

31<sup>st</sup> March, 2017 has exceeded the limit prescribed under section 197 read with Schedule V to the Companies Act, 2013. As informed to us, the Company is in the process of filing waiver application with the Central Government for the above excess remuneration.

**We further report that:-**

The Board of Directors of the Company is duly constituted with proper balance of Executive Director, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice has been given to all directors to schedule the Board Meetings including committee meetings during the financial year under review, agenda and detailed notes on agenda were sent properly before the scheduled meeting, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All the decisions have been carried unanimously. The members of the Board have not expressed dissenting views on any of the agenda items during the financial year under review.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that, during the audit period, the Company has:

- (i) declared and paid dividend and necessary compliances of the Companies Act, 2013 were made.
- (ii) obtained the in principal approval of the Board of Directors for acquisition of shares of Bhilai Jaypee Cement Limited and purchase of Nigrie Cement Grinding Unit.

**For Ranjeet Pandey & Associates  
Company Secretaries**

**Place: New Delhi** **CS Ranjeet Pandey**  
**Date: 5<sup>th</sup> May, 2017** **FCS- 5922, CP No.- 6087**

*This report is to be read with our letter of even date which is annexed as **Annexure-I** and forms an integral part of this report.*

**Annexure-I**

To,  
The Members,  
Orient Cement Limited,  
Unit – VIII, Plot No. 7,  
Bhoinagar, Bhubaneswar,  
Odisha - 751012

Our report of even date is to be read along with this letter:

1. Management of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed, provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness

of financial records and Books of Accounts of the Company.

4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of the events, etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For Ranjeet Pandey & Associates  
Company Secretaries**

**Place: New Delhi** **CS Ranjeet Pandey**  
**Date: 5<sup>th</sup> May, 2017** **FCS- 5922, CP No.- 6087**

**Annexure-2  
Form No. AOC-2**

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

**Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.**

**1. Details of contracts or arrangements or transactions not at arm's length basis:-Nil**

- (a) Name(s) of the related party and nature of relationship
- (b) Nature of contracts/arrangements/transactions
- (c) Duration of the contracts / arrangements/transactions
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any
- (e) Justification for entering into such contracts or arrangements or transactions
- (f) Date(s) of approval by the Board
- (g) Amount paid as advances, if any
- (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188

**2. Details of material contracts or arrangement or transactions at arm's length basis**

**(a) Name(s) of the related party and nature of relationship**

● Orient Paper & Industries Limited	-Director of the Company holding more than 2% shares in Orient Paper & Industries Limited
● Khaitan & Co., LLP	-Director is partner in Khaitan & Co., LLP
● Khaitan & Co.	-Director is partner in Khaitan & Co.
● Talwar Thakore & Associates (TT&A)	-Director is associated through collaboration Agreement

**(b) Nature of contracts/arrangements/transactions**

● Orient Paper & Industries Limited	- Rent
● Khaitan & Co., LLP, New Delhi	-Professional fees
● Khaitan & Co., LLP, Kolkata	-Professional fees

● Khaitan & Co., Mumbai	- Professional fees
● Talwar Thakore & Associates (TT&A)	- Professional fees

**(c) Duration of the contracts / arrangements/transactions:**

● Orient Paper & Industries Limited	-Perpetual
● Khaitan & Co., LLP, New Delhi	-Need based
● Khaitan & Co., LLP, Kolkata	-Need based
● Khaitan & Co., Mumbai	-Need based
● Talwar Thakore & Associates (TT&A)	-Need based

**(d) Salient terms of the contracts or arrangements or transactions including the value, if any:**

● Orient Paper & Industries Limited	₹ 12,00,000/-
● Khaitan & Co., LLP, New Delhi	₹ 6,00,000/-
● Khaitan & Co., LLP, Kolkata	₹ 1,00,000/-
● Khaitan & Co., Mumbai	₹ 2,85,000/-
● Talwar Thakore & Associates (TT&A)	- Based on hourly rate

**(e) Date(s) of approval by the Board, if any:** Not required as all transactions were at arms' length price and were in ordinary course of business.

**(f) Amount paid as advances, if any:-Nil**

**By order of the Board of Directors  
For Orient Cement Limited**

**Place: New Delhi**  
**Date: 5<sup>th</sup> May, 2017**

**CK. Birla  
Chairman  
(DIN 00118473)**

Annexure-3

**Annual Report on Corporate Social Responsibility (CSR) activities**  
 [Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies  
 (Corporate Social Responsibility) Rules, 2014]

**A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:**

The Company's CSR Policy framework details the mechanisms for undertaking various projects/ programs in accordance with section 135 of the Companies Act, 2013 for the benefit of the community. The Company primarily focuses on education, healthcare, rural development and infrastructure development.

CSR Policy is stated on Company's website and can be accessed through the weblink: <http://orientcement.com/investors>.

**The Composition of the CSR Committee**

1. Mr. Janat Shah- Chairman
2. Mr. Desh Deepak Khetrpal- Member
3. Mr. Rabindranath Jhunjhunwala-Member

The Company Secretary of the Company acts as the Secretary to the Committee.

**Average net profit of the Company for last three financial years:** ₹15,552 lacs

**Prescribed CSR Expenditure (two per cent of the average net profit):** The Company is required to spend ₹311.04 lacs towards CSR during the financial year 2016-17.

**Details of CSR spent during the financial year 2016-17.**

(a) Total amount to be spent for the financial year 2016-17: ₹396.17 lacs (including ₹85.13 lacs carry forward from last year)

(b) Amount unspent, if any: Nil

(c) Manner in which the amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise (₹ in lacs)	Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or programs (2) Overheads (₹ in lacs)	Cumulative expenditure up to the reporting period (₹ in lacs)	Amount spent: Direct or through implementing agency
1.	School Infrastructure/ Expenses	Education	Devapur, Dist. Adilabad, State-Telangana	325.00	336.54	336.54	Direct
2.	Running of Medical Dispensary and organizing Medical Camps	Healthcare	Devapur, Dist. Adilabad, State-Telangana	60.00	70.03	70.03	Direct

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise (₹ in lacs)	Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or programs (2) Overheads (₹ in lacs)	Cumulative expenditure up to the reporting period (₹ in lacs)	Amount spent: Direct or through implementing agency
3.	Other Projects						
i.	Grant to Vanvasi Kalyan Parishad	Hunger, poverty and malnutrition	Devapur, Dist. Adilabad, State-Telangana		1.32	1.32	Direct
ii.	Swatch Bharat Sanitation work	Sanitation	Devapur, Dist. Adilabad, State -Telangana		2.24	2.24	Direct
iii.	Repairing of bus shelters	Rural development project	Devapur, Dist. Adilabad, State -Telangana	15.00	1.18	1.18	Direct
iv.	Installation of Borehole Pump at forest nursery, fencing, cleaning of lake and plantation of trees	Environment sustainability, ecological balance, protection of flora and fauna and conservation of natural resources	Nashirabad Jalgaon and Devapur, Dist. Adilabad, State -Telangana		3.05	3.05	Direct
<b>TOTAL</b>				<b>400.00</b>	<b>414.36</b>	<b>414.36</b>	

The Company has always taken up social and community development initiatives at its establishments and project sites and has been contributing in the areas of education, healthcare and rural development. Apart from the above expenditure, the Company has also spent ₹715.49 lacs on projects related to building rural infrastructure and community development programs which are not covered under section 135 of the Companies Act, 2013.

**Our CSR responsibilities**

We hereby affirm that the CSR Policy, as approved by the Board, has been implemented and the CSR Committee monitors the implementation of the projects and activities in compliance with our CSR objectives.

Place: New Delhi  
 Date: 5<sup>th</sup> May, 2017

Janat Shah  
 Chairman CSR Committee  
 (DIN 01625535)

D. D. Khetrpal  
 Managing Director & CEO  
 (DIN 02362633)

R.N Jhunjhunwala  
 Member  
 (DIN 00050729)

Annexure-4

Details pertaining to Remuneration

As required under section 197 (12) of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

(i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2016-17 and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2016-17 are as under:-

S.No.	Name of the Director/ KMP and Designation	Remuneration of Director/ KMP for financial year 2016-17 (₹)	% Increase/ (Decrease) in remuneration in the financial year 2016-17	Ratio of remuneration of each Director/ to median remuneration of employees
1.	Mr. CK. Birla -Chairman	-	-	-
2.	Mr. Desh Deepak Khetrapal - Managing Director & CEO	6,81,41,220	24%	100.21 times
3.	Ms. Amita Birla-Director	-	-	-
4.	Mr. Vinod Kumar Dhall -Director	-	-	-
5.	Mr. Rabindranath Jhunjhunwala -Director	-	-	-
6.	Mr. Rajeev Jhawar -Director	-	-	-
7.	Mr. Janat Shah-Director	-	-	-
8.	Mr. Swapan Dasgupta -Director	-	-	-
9.	Mr. Sushil Gupta -Chief Financial Officer	1,61,16,804	15%	-
10.	Ms. Deepanjali Gulati -Company Secretary	20,00,004	26%	-

Note:-

- For this purpose, sitting fees paid to the directors have not been considered as remuneration.
- During the year, the Company has not paid any remuneration to directors other than Managing Director & CEO of the Company.

(ii) The median remuneration of employees of the Company during the financial year was ₹6.80 lac p.a.

(iii) In the financial year, there was an increase of 10% in the median remuneration of employees.

(iv) There were 873 permanent employees on the rolls of the Company as on 31<sup>st</sup> March, 2017.

(v) Average percentile increase made in the salaries of employees other than the managerial personnel in the last financial year i.e 2016-17 was 10%. Keeping in view the duties and responsibilities cast on the Managing Director & CEO and considering his knowledge of various aspects relating to the Company's affairs, the percentile increase in the managerial remuneration for the same financial year was 24%.

(vi) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel, Senior Management Personnel and other employees.

(vii) Top ten employees in terms of remuneration drawn :

Name of Employee	Designation of the employee	Remuneration* received (₹)	Qualifications	Experience (No. of years)	Date of commencement of employment	Age (years)	The last employment held by such employee before joining the Company	The percentage of equity shares held by the employee in the Company
Desh Deepak Khetrapal	Managing Director & CEO	6,37,18,000	B Com (H), MBA	41	02.04.2012	62	Jumbo Electronics, Dubai, Group CEO	Nil
Shyam B Asawa	President-Projects	1,69,91,628	B.E- Mechanical, Diploma In Business Management	35	01.11.2012	57	Reliance Cement Company Pvt Ltd Director Projects	Nil
Sushil Gupta	Chief Financial Officer	1,48,41,360	CA	26	21.07.2014	50	Essar Offshore Sub-Sea Limited CFO & Director (Finance)	Nil
Shiva Kant Pandey	President - Works	1,44,74,108	B.E - Electrical	33	21.07.2014	54	Heidelberg Cement Additional Director (Technical) & Unit Head	Nil
Rahul R Deshmukh	Chief Operating Officer	1,32,44,400	B.E - Production, EMBA	26	28.06.2014	47	FL Smidth Pvt. Ltd. Vice President & Business Head Cement Project Division India	Nil
Rahul Bhandari	Head - Strategy	94,37,344	B.E - Electronics, PGDM	16	10.09.2015	37	J.P. Morgan and Mitsubishi UFJ based in London and Hong Kong	Nil
N S Srinivas	Vice President - Human Resources	88,48,984	MSW - HRM, LL.B	21	13.02.2014	44	KEC International Limited - Vice President - Human Resources	Nil
Pramod K Singhanian	Senior Vice President (Works)	83,46,805	B.E - Mechanical	36	16.09.2013	59	Jaypee Cement - Joint President - Technical	Nil
Keshav Sharma	Senior Vice President - Marketing and Business Excellence	72,96,984	B.Sc, MBA	30	01.07.1987	52	Nil	Negligible
Y Srinivasa Rao	Senior Vice President (Sales)	64,25,522	M.Tech - Civil, MBA	23	05.09.2011	50	Bharathi Cement Corporation Pvt Ltd, Chief General Manager-Marketing	Nil

(viii) Employed throughout the year and were in receipt of remuneration at the rate of not less than one crore and two lakh rupees per annum.

Name of Employee	Designation of the employee	Remuneration* received (₹)	Qualifications	Experience (No. of years)	Date of commencement of employment	Age (years)	The last employment held by such employee before joining the Company	The percentage of equity shares held by the employee in the Company
Desh Deepak Khetrapal	Managing Director & CEO	6,37,18,000	B.Com(H), MBA	41	02.04.2012	62	Jumbo Electronics, Dubai, Group CEO	Nil
Rahul R Deshmukh	Chief Operating Officer	1,32,44,400	B.E - Production, EMBA	26	28.06.2014	47	FL Smidth Pvt Ltd. Vice President & Business Head Cement Project Division India	Nil
Sushil Gupta	Chief Financial Officer	1,48,41,360	CA	26	21.07.2014	50	Essar Offshore Sub-Sea Limited CFO & Director (Finance)	Nil
Shyam B Asawa	President-Projects	1,69,91,628	B.E-Mechanical Diploma In Business Management	35	01.11.2012	57	Reliance Cement Company Pvt Ltd. Director Projects	Nil
Shiva Kant Pandey	President - Works	1,44,74,108	B.E - Electrical	33	21.07.2014	54	Heidelberg Cement Additional Director (Technical) & Unit Head	Nil

(ix) Employed for a part of the financial year, was in receipt of remuneration at the rate of not less than eight lakh and fifty thousand rupees per month.

Name of Employee	Designation of the employee	Remuneration* received (₹)	Qualifications	Experience (No. of years)	Date of commencement of employment	Age (years)	The last employment held by such employee before joining the Company	The percentage of equity shares held by the employee in the Company
								Nil

\*Remuneration for this purpose has been calculated on actual receipt basis and excludes any benefit accrued but not paid.

**Note:**

- The remuneration (vii, viii, ix) does not include the provision made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.
- Nature of employment is contractual in all the cases.
- No such employee is a relative of any director or manager of the Company.
- No employee was in receipt of remuneration in the financial year which, in the aggregate, or as the case may be was at a rate which, in the aggregate, is in excess of that drawn by the Managing Director and holds by himself or along with his spouse and dependent children, two percent of the equity shares of the Company.

**Annexure-5**  
**Extract of Annual Return**  
as on the financial year ended on 31<sup>st</sup> March, 2017  
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]  
**Form No. MGT-9**

<b>I. REGISTRATION AND OTHER DETAILS:</b>	
i) CIN	L26940OR2011PLC013933
ii) Registration Date	22 <sup>nd</sup> July, 2011
iii) Name of the Company	Orient Cement Limited
iv) Category / Sub-Category of the Company	Company having share capital
v) Address of the Registered office and contact details	Unit VIII, Plot No. 7, Bhoinagar, Bhubaneswar, Odisha-751 012 Tel: 0674-2396930, Fax No. 0674-2396364
vi) Whether listed company	Yes
vii) Name, address and contact details of Registrar and Transfer Agent, if any	MCS Share Transfer Agent Limited, F-65, Okhla Industrial Area, Phase-I, New Delhi-110 020 Telephone: 011-41406149-52 Email: admin@mcsregistrars.com

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the Company:-

S. No.	Name and description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Cement	Group : 239 Class : 2394 Sub-Class : 23941	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -**

S. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
	The Company has no holding, subsidiary and associate company.				

**IV. SHARE HOLDING PATTERN (Equity share capital breakup as percentage of total equity)**

i) Category-wise share holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	73,71,250	-	73,71,250	3.60	73,71,250	-	73,71,250	3.60	Nil
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	6,94,58,672	-	6,94,58,672	33.90	6,94,58,672	-	6,94,58,672	33.90	Nil
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1):-</b>	<b>7,68,29,922</b>	<b>-</b>	<b>7,68,29,922</b>	<b>37.50</b>	<b>7,68,29,922</b>	<b>-</b>	<b>7,68,29,922</b>	<b>37.50</b>	<b>Nil</b>
<b>(2) Foreign</b>									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A) = (A) (1) + (A) (2)</b>	<b>7,68,29,922</b>	<b>-</b>	<b>7,68,29,922</b>	<b>37.50</b>	<b>7,68,29,922</b>	<b>-</b>	<b>7,68,29,922</b>	<b>37.50</b>	<b>Nil</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	4,86,90,248	2,000	4,86,92,248	23.77	4,06,85,453	2,000	4,06,87,453	19.86	-3.91
b) Banks / FI	69,810	93,460	1,63,270	0.08	96,692	93,460	1,90,152	0.09	0.01
c) Central Govt./ State Govt.	-	-	-	-	-	-	-	-	-
d) Venture Capital Funds	-	-	-	-	-	-	-	-	-
e) Insurance Companies	1,77,72,024	-	1,77,72,024	8.67	1,12,06,645	-	1,12,06,645	5.47	-3.20
f) FIs	-	-	-	-	-	-	-	-	-
g) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
h) Others Foreign Portfolio Investors	1,27,80,922	-	1,27,80,922	6.24	1,50,55,632	-	1,50,55,632	7.35	1.11
<b>Sub-total (B)(1):-</b>	<b>7,93,13,004</b>	<b>95,460</b>	<b>7,94,08,464</b>	<b>38.76</b>	<b>6,70,44,422</b>	<b>95,460</b>	<b>6,71,39,882</b>	<b>32.77</b>	<b>-5.99</b>
<b>2. Non-Institutions</b>									
a) Bodies Corporates	31,93,890	3,32,430	35,26,320	1.72	97,95,826	3,32,430	1,01,28,256	4.94	3.22
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹1 lakh	1,51,60,619	11,66,735	1,63,27,354	7.97	1,83,51,968	11,20,925	1,94,72,893	9.51	1.54
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	25,00,000	-	25,00,000	1.22	43,42,024	-	43,42,024	2.12	0.90
c) Others									
- NBFC's Registered with RBI	-	-	-	-	4,25,022	-	4,25,022	0.21	0.21
- Trust & Foundations	-	-	-	-	-	-	-	-	-
- Non-Resident Individual	11,04,440	26,420	11,30,860	0.55	13,58,501	26,420	13,84,921	0.68	0.13
- OCB	36,82,240	-	36,82,240	1.80	36,82,240	-	36,82,240	1.80	-
- Cooperative Societies	2,14,63,600	-	2,14,63,600	10.48	2,14,63,600	-	2,14,63,600	10.48	-
<b>Sub-total (B)(2):-</b>	<b>4,71,04,789</b>	<b>15,25,585</b>	<b>4,86,30,374</b>	<b>23.74</b>	<b>5,94,19,181</b>	<b>14,79,775</b>	<b>6,08,98,956</b>	<b>29.73</b>	<b>5.99</b>
<b>Total Public Shareholding(B)=(B)(1)+(B)(2)</b>	<b>12,64,17,793</b>	<b>16,21,045</b>	<b>12,80,38,838</b>	<b>62.50</b>	<b>12,64,63,603</b>	<b>15,75,235</b>	<b>12,80,38,838</b>	<b>62.50</b>	<b>-</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total (A+B+C)</b>	<b>20,32,47,715</b>	<b>16,21,045</b>	<b>20,48,68,760</b>	<b>100.00</b>	<b>20,32,93,525</b>	<b>15,75,235</b>	<b>20,48,68,760</b>	<b>100.00</b>	<b>-</b>

(ii.) Shareholding of Promoters

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	
1	Central India Industries Limited	4,91,43,627	23.99	2.83	4,91,43,627	23.99	2.83	-

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	
2	Shekhavati Investments and Traders Limited	1,23,20,865	6.01	-	1,23,20,865	6.01	-	-
3	Nirmala Birla	36,73,680	1.79	-	36,73,680	1.79	-	-
4	Chandrakant Birla	28,97,570	1.41	-	28,97,570	1.41	-	-
5	Hindustan Discounting Company Limited	22,31,000	1.09	-	22,31,000	1.09	-	-
6	Gwalior Finance Corporation Limited	15,92,500	0.78	-	15,92,500	0.78	-	-
7	Amer Investments (Delhi) Limited	14,22,000	0.69	-	14,22,000	0.69	-	-
8	Universal Trading Company Limited	8,44,280	0.41	-	8,44,280	0.41	-	-
9	National Engineering Industries Limited	5,37,400	0.26	-	5,37,400	0.26	-	-
10	Rajasthan Industries Limited	5,04,000	0.25	-	5,04,000	0.25	-	-
11	Shyam Sunder Jajodia	2,80,000	0.14	-	2,80,000	0.14	-	-
12	Ashok Investment Corporation Limited	2,60,000	0.13	-	2,60,000	0.13	-	-
13	Amita Birla	2,60,000	0.13	-	2,60,000	0.13	-	-
14	Jaipur Finance and Dairy Product Pvt. Ltd.	2,08,000	0.10	-	2,08,000	0.10	-	-
15	India Silica Magnesite Works Limited	2,00,000	0.10	-	2,00,000	0.10	-	-
16	Bengal Rubber Company Limited	1,95,000	0.10	-	1,95,000	0.10	-	-
17	Avani Birla	1,30,000	0.06	-	1,30,000	0.06	-	-
18	Avanti Birla	1,30,000	0.06	-	1,30,000	0.06	-	-
	<b>Total</b>	<b>7,68,29,922</b>	<b>37.50</b>	<b>2.83</b>	<b>7,68,29,922</b>	<b>37.50</b>	<b>2.83</b>	<b>-</b>

(iii) Change in Promoters' Shareholding

S. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
		7,68,29,922	37.50	7,68,29,922	37.50
	Date wise increase / decrease in Promoters share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	No change during the year			
		7,68,29,922	37.50	7,68,29,922	37.50



(iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and holders of GDRs and ADRs):

S. No.	Name	Shareholding		Date	Increase/Decrease in shareholding	Reason	Cumulative shareholding during the year (1.4.2016 to 31.3.2017)	
		No. of shares at the beginning (1.4.2016)/ end of the year (31.3.2017)	% of total shares of the Company				No. of shares	% of total shares of the Company
1	ICICI Prudential Long Term Equity Fund Tax Savings	-		01-04-2016	-			
				24-03-2017	65,08,425	Purchase	65,08,425	3.18
		65,08,425	3.18	31-03-2017				
2	India Capital Fund Limited	38,90,586	1.90	01-04-2016				
				19-08-2016	80,000	Purchase	39,70,586	1.94
				16-09-2016	4,43,000	Purchase	44,13,586	2.15
				30-09-2016	6,07,831	Purchase	50,21,417	2.45
				07-10-2016	1,13,997	Purchase	51,35,414	2.51
		51,35,414	2.51	31-03-2017				
3	Franklin Templeton Mutual Fund A/c Franklin India High Growth	37,00,000	1.81	01-04-2016				
				10-06-2016	2,00,000	Purchase	39,00,000	1.90
				30-06-2016	1,00,000	Purchase	40,00,000	1.95
				15-07-2016	2,00,000	Purchase	42,00,000	2.05
				22-07-2016	3,00,000	Purchase	45,00,000	2.20
				18-11-2016	5,00,000	Purchase	50,00,000	2.44
	50,00,000	2.44	31-03-2017					
4	Government Pension Fund Global	29,68,935	1.45	01-04-2016				
				02-12-2016	10,00,000	Purchase	39,68,935	1.94
				31-12-2016	3,20,144	Purchase	42,89,079	2.09
	42,89,079	2.09	31-03-2017					
5	Life Insurance Corporation of India	42,25,812	2.06	01-04-2016		Nil movement during the year	42,25,812	2.06
		42,25,812	2.06	31-03-2017				
6	National Insurance Company Limited	48,54,644	2.37	01-04-2016				
				24-06-2016	-50,000	Sale	48,04,644	2.35
				26-08-2016	-53,386	Sale	47,51,258	2.32
				02-09-2016	-2,46,614	Sale	45,04,644	2.20
				16-09-2016	-1,00,000	Sale	44,04,644	2.15
				30-09-2016	-1,82,138	Sale	42,22,506	2.06
	42,22,506	2.06	31-03-2017					

S. No.	Name	Shareholding		Date	Increase/Decrease in shareholding	Reason	Cumulative shareholding during the year (1.4.2016 to 31.3.2017)	
		No. of shares at the beginning (1.4.2016)/ end of the year (31.3.2017)	% of total shares of the Company				No. of shares	% of total shares of the Company
7	Reliance Capital Trustee Company Ltd. A/c Reliance growth fund	17,98,970	0.88	01-04-2016				
				29-04-2016	71,62,042	Purchase	89,61,012	4.37
				10-06-2016	-2,00,000	Sale	87,61,012	4.28
				24-06-2016	-2,00,000	Sale	85,61,012	4.18
				15-07-2016	-2,00,000	Sale	83,61,012	4.08
				22-07-2016	-3,44,600	Sale	80,16,412	3.91
				05-08-2016	-1,80,000	Sale	78,36,412	3.83
				19-08-2016	-9,01,300	Sale	69,35,112	3.39
				14-10-2016	-60,851	Sale	68,74,261	3.36
				21-10-2016	-2,50,000	Sale	66,24,261	3.23
				04-11-2016	-5,47,580	Sale	60,76,681	2.97
				11-11-2016	-98,000	Sale	59,78,681	2.92
				18-11-2016	1,84,900	Purchase	61,63,581	3.01
				25-11-2016	50,000	Purchase	62,13,581	3.03
		02-12-2016	-10,00,000	Sale	52,13,581	2.54		
		23-12-2016	40,000	Purchase	52,53,581	2.56		
		31-12-2016	30,000	Purchase	52,83,581	2.58		
		24-03-2017	-12,95,000	Sale	39,88,581	1.95		
		31-03-2017						
		39,88,581	1.95	31-03-2017				
8	Birla Institute of Technology & Science	35,19,850	1.72	01-04-2016		Nil movement during year	35,19,850	1.72
		35,19,850	1.72	31-03-2017				
9	Rukmani Birla Educational Society	34,72,140	1.69	01-04-2016		Nil movement during year	34,72,140	1.69
		34,72,140	1.69	31-03-2017				
10	Reliance Capital Trustee Company Ltd. A/c Reliance Small Cap Fund	30,81,526	1.50	01-04-2016				
				26-08-2016	-10,00,000	Sale	20,81,526	1.02
				28-10-2016	20,000	Purchase	21,01,526	1.03
				24-03-2017	12,95,000	Purchase	33,96,526	1.66
		33,96,526	1.66	31-03-2017				
11	ICICI Prudential Value Discovery Fund	41,67,817	2.03	01-04-2016				
				04-11-2016	-41,67,817	Sale	-	0.00
				31-03-2017				
		-	-	31-03-2017				

S. No.	Name	Shareholding		Date	Increase/Decrease in shareholding	Reason	Cumulative shareholding during the year (1.4.2016 to 31.3.2017)	
		No. of shares at the beginning (1.4.2016)/ end of the year (31.3.2017)	% of total shares of the Company				No. of shares	% of total shares of the Company
12	HDFC Standard Life Insurance Company Limited	36,71,651	1.79	01-04-2016				
				08-04-2016	11,576	Purchase	36,83,227	1.80
				29-04-2016	-17,039	Sale	36,66,188	1.79
				06-05-2016	2,181	Purchase	36,68,369	1.79
				13-05-2016	2,216	Purchase	36,70,585	1.79
				27-05-2016	-4,432	Sale	36,66,153	1.79
				15-07-2016	16,475	Purchase	36,82,628	1.80
				02-09-2016	-44,000	Sale	36,38,628	1.78
				16-09-2016	-3,80,678	Sale	32,57,950	1.59
				23-09-2016	-2,75,060	Sale	29,82,890	1.46
				30-09-2016	-15,567	Sale	29,67,323	1.45
				07-10-2016	-412	Sale	29,66,911	1.45
				14-10-2016	-1,19,276	Sale	28,47,635	1.39
				02-12-2016	-6,65,261	Sale	21,82,374	1.07
				17-02-2017	-1,56,900	Sale	20,25,474	0.99
				24-02-2017	1,56,900	Purchase	21,82,374	1.07
				31-03-2017	21,89,567	Purchase	21,89,567	1.07
13	ICICI Prudential Life Insurance Company Limited	33,02,684	1.61	01-04-2016				
				03-06-2016	-503	Sale	33,02,181	1.61
				30-06-2016	-1,000	Sale	33,01,181	1.61
				01-07-2016	-36,000	Sale	32,65,181	1.59
				08-07-2016	-8,068	Sale	32,57,113	1.59
				06-01-2017	-10,000	Sale	32,47,113	1.59
				13-01-2017	-47,958	Sale	31,99,155	1.56
				20-01-2017	-26,602	Sale	31,72,553	1.55
				27-01-2017	-9,622	Sale	31,62,931	1.54
				17-02-2017	-31,62,931	Sale	0.00	0.00
				31-03-2017	-		-	-
14	ICICI Prudential Life Insurance Company Limited	-	-	01-04-2016				
		31,62,931	1.54	17-02-2017	31,62,931	Purchase	31,62,931	1.54
15	Reliance Capital Trustee Company Limited A/c Reliance Growth Fund	72,32,042	3.53	01-04-2016				
				08-04-2016	-70,000	Sale	71,62,042	3.50
				29-04-2016	-71,62,042	Sale	-	-
		31-03-2017	-		-	-		
16	Shri Jagannath Educational Institute	31,70,000	1.55	01-04-2016		Nil movement during year	31,70,000	1.55
		31,70,000	1.55	31-03-2017				

S. No.	Name	Shareholding		Date	Increase/Decrease in shareholding	Reason	Cumulative shareholding during the year (1.4.2016 to 31.3.2017)	
		No. of shares at the beginning (1.4.2016)/ end of the year (31.3.2017)	% of total shares of the Company				No. of shares	% of total shares of the Company
17	ICICI Prudential MULTICAP Fund	-	-	01-04-2016				
				24-03-2017	26,97,798	Purchase	26,97,798	1.32
		26,97,798	1.32	31-03-2017				
18	ICICI Prudential Balanced Fund	-	-	01-04-2016				
				25-11-2016	64,085	Purchase	64,085	0.03
				02-12-2016	24,186	Purchase	88,271	0.04
				09-12-2016	4,11,729	Purchase	5,00,000	0.24
				16-12-2016	4,14,784	Purchase	9,14,784	0.45
				31-12-2016	3,00,000	Purchase	12,14,784	0.59
				17-03-2017	71,813	Purchase	12,86,597	0.63
		31-03-2017	15,86,597	Purchase	15,86,597	0.77		
19	ICICI Prudential Infrastructure Fund	-	-	01-04-2016				
				04-11-2016	2,00,000	Purchase	2,00,000	0.10
				11-11-2016	3,85,988	Purchase	5,85,988	0.29
				18-11-2016	2,77,944	Purchase	8,63,932	0.42
				25-11-2016	1,22,056	Purchase	9,85,988	0.48
				10-03-2017	2,00,965	Purchase	11,86,953	0.58
		31-03-2017	11,86,953					
20	ICICI Prudential Value Fund – Series 9	-	-	01-04-2016				
				04-11-2016	5,76,730	Purchase	5,76,730	0.28
				11-11-2016	2,00,000	Purchase	7,76,730	0.38
				18-11-2016	1,36,062	Purchase	9,12,792	0.45
				25-11-2016	2,03,216	Purchase	11,16,008	0.54
		23-12-2016	40,000	Purchase	11,56,008	0.56		
		31-03-2017	11,56,008					
21	ICICI Prudential Business Cycle Fund Series 1	-	-	01-04-2016				
				13-05-2016	6,36,781	Purchase	6,36,781	0.31
		31-03-2017	6,36,781					
22	ICICI Prudential India Recovery Fund – Series 1	-	-	01-04-2016				
				13-05-2016	5,50,000	Purchase	5,50,000	0.27
		31-03-2017	5,50,000					
23	ICICI Prudential Indo Asia Equity Fund	-	-	01-04-2016				
				19-08-2016	4,42,000	Purchase	4,42,000	0.22
				25-11-2016	11,180	Purchase	4,53,180	0.22
				16-12-2016	33,305	Purchase	4,86,485	0.24
		31-03-2017	4,86,485					

S. No.	Name	Shareholding		Date	Increase/ Decrease in share- holding	Reason	Cumulative shareholding during the year (1.4.2016 to 31.3.2017)	
		No. of shares at the beginning (1.4.2016)/ end of the year (31.3.2017)	% of total shares of the Company				No. of shares	% of total shares of the Company
24	ICICI Prudential Business Cycle Fund Series 2	-	-	01-04-2016				
				13-05-2016	5,09,238	Purchase	5,09,238	0.25
				17-06-2016	-1,15,848	Sale	3,93,390	0.19
				24-06-2016	-5,637	Sale	3,87,753	0.19
		3,87,753	0.19	31-03-2017				
25	ICICI Prudential India Recovery Fund – Series 2	-	-	01-04-2016				
				13-05-2016	3,68,908	Purchase	3,68,908	0.18
				31-03-2017				
		3,68,908	0.18					

(v) Shareholding of Directors and Key Managerial Personnel:

S. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative shareholding during the year		
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company	
1.	<b>Mr. Chandrakant Birla</b>	At the beginning of the year	28,97,570	1.41	28,97,570	1.41
		Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
		At the end of the year	28,97,570	1.41	28,97,570	1.41
2	<b>Ms. Amita Birla</b>	At the beginning of the year	2,60,000	0.13	2,60,000	0.13
		Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
		At the end of the year	2,60,000	0.13	2,60,000	0.13
3	<b>Mr. Desh Deepak Khetrpal</b>	At the beginning of the year	-	-	-	-
		Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
		At the end of the year	-	-	-	-

S. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative shareholding during the year		
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company	
4	<b>Mr. Rajeev Jhavar</b>	At the beginning of the year	-	-	-	-
		Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
		At the end of the year	-	-	-	-
5.	<b>Mr. Vinod Kumar Dhall</b>	At the beginning of the year	-	-	-	-
		Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
		At the end of the year	-	-	-	-
6.	<b>Mr. Rabindranath Jhunjunwala</b>	At the beginning of the year	-	-	-	-
		Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
		At the end of the year	-	-	-	-
7.	<b>Mr. Janat Shah</b>	At the beginning of the year	-	-	-	-
		Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
		At the end of the year	-	-	-	-
8	<b>Mr. Swapan Dasgupta</b>	At the beginning of the year	-	-	-	-
		Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
		At the end of the year	-	-	-	-

S. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
9	<b>Mr. Sushil Gupta</b>				
	At the beginning of the year	-	-	-	-
	Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year	-	-	-	-
10	<b>Ms. Deepanjali Gulati</b>				
	At the beginning of the year	-	-	-	-
	Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year	-	-	-	-

#### V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (₹ in lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	1,23,693.70	-	-	1,23,693.70
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	214.03	-	-	214.03
<b>Total (i+ii+iii)</b>	<b>1,23,907.73</b>	<b>-</b>	<b>-</b>	<b>1,23,907.73</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	1,15,592.73	67,500.00	-	1,83,092.73
• Reduction	1,19,997.51	57,500.00	-	1,77,497.51
<b>Net Change</b>	<b>(4,404.78)</b>	<b>10,000.00</b>	<b>-</b>	<b>5,595.22</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	1,19,288.92	10,000.00	-	1,29,288.92
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	163.07	-	-	163.07
<b>Total (i+ii+iii)</b>	<b>1,19,451.98</b>	<b>10,000.00</b>	<b>-</b>	<b>1,29,451.98</b>

#### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

##### A. Remuneration to Managing Director, Whole-time Directors and/or Manager

(₹ in lacs)

S. No.	Particulars of Remuneration	Managing Director & CEO	Total Amount
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	603.15	603.15
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	31.54	31.54
	(c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961	-	-
2	Stock Option (in number)	8,31,900 Options	8,31,900 Options
3	Sweat Equity	-	-
4	Commission		
	- as % of profit	-	-
	- others	-	-
5	Others		
	- Employers' Contribution to Provident Fund	25.00	25.00
	<b>Total (A)</b>	<b>659.69</b>	<b>659.69</b>

##### B. Remuneration to other directors

(₹ in lacs)

S. No.	Particulars of Remuneration	Name of Directors							Total Amount
		Mr. Chandrakant Birla	Ms. Amita Birla	Mr. Rajeev Jhawar	Mr. Vinod Kumar Dhall	Mr. Rabindranath Jhunjunwala	Mr. Janat Shah	Mr. Swapan Dasgupta	
1.	<b>Independent Directors</b>								
	• Fee for attending board / committee meetings	-	-	6.50	12.00	8.50	9.50	6.00	42.50
	• Commission	-	-	-	-	-	-	-	-
	• Others	-	-	-	-	-	-	-	-
	<b>Total (1)</b>	<b>-</b>	<b>-</b>	<b>6.50</b>	<b>12.00</b>	<b>8.50</b>	<b>9.50</b>	<b>6.00</b>	<b>42.50</b>
2.	<b>Other Non-Executive Directors</b>								
	• Fee for attending board / committee meetings	5.00	3.00	-	-	-	-	-	8.00
	• Commission	-	-	-	-	-	-	-	-
	• Others	-	-	-	-	-	-	-	-
	<b>Total (2)</b>	<b>5.00</b>	<b>3.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8.00</b>
	<b>Total (B)=(1+2)</b>	<b>5.00</b>	<b>3.00</b>	<b>6.50</b>	<b>12.00</b>	<b>8.50</b>	<b>9.50</b>	<b>6.00</b>	<b>50.50</b>
	<b>Total Managerial Remuneration (A+B)</b>	<b>₹ 659.69* (excluding the sitting fees paid to Non-Executive Directors)</b>							
	Over all ceiling as per Act	During the financial year ended 2017, the Company incurred loss under section 198 of the Companies Act, 2013 read with Rules made thereunder. The remuneration paid to the Managing Director & CEO of the Company during the financial year ended on 31 <sup>st</sup> March, 2017 has exceeded the limit prescribed under section 197 read with Schedule V to the Companies Act, 2013. The Company is in the process of filing waiver application with the Central Government for the excess remuneration.							

C. Remuneration to Key Managerial Personnel other than Managing Director/ Manager/ Whole Time Director

(₹ in lacs)

S. No.	Particulars of Remuneration	Chief Financial Officer	Company Secretary	Total Amount
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	150.87	18.66	169.53
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-
2.	Stock Option (in number)	1,73,700 Options	-	1,73,700 Options
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of profit	-	-	-
	- others	-	-	-
5.	Others			
	- Employer's Contribution to Provident Fund	7.35	0.96	8.31
	<b>Total (C)</b>	<b>158.22</b>	<b>19.62</b>	<b>177.84</b>

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give details)
<b>A. COMPANY</b>					
Penalty					
Punishment			NIL		
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment			NIL		
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment			NIL		
Compounding					

By order of the Board of Directors  
For Orient Cement Limited

CK. Birla  
Chairman  
(DIN 00118473)

Place: New Delhi  
Date: 5<sup>th</sup> May, 2017

Annexure-6  
Auditors' Certificate

To,  
The Members of Orient Cement Limited

We have examined the compliance of conditions of Corporate Governance by Orient Cement Limited, for the year ended on 31<sup>st</sup> March, 2017, as stipulated in chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with stock exchange(s).

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 the Corporate Governance. It is neither an audit nor an 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 provisions as specified in chapter IV Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to Listing Agreement of the said Company with stock exchange(s).

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.

For S.R. Batliboi & Co. LLP  
Chartered Accountants  
ICAI Firm Registration Number: 301003E/E300005

Sanjay Kumar Agarwal  
Partner  
Membership No.: 060352

Place: New Delhi  
Date: 5<sup>th</sup> May, 2017

Annexure-7

Conservation of Energy and Technology Absorption

A) Conservation of energy:	
(i) The steps taken or impact on conservation of energy	<p><b>Devapur:</b></p> <ul style="list-style-type: none"> <li>Power saving due to operating RM-2 Vent Fan with SPRS in place of GRR.</li> <li>Kiln-2 circuit was studied and stopped certain identified equipment to avoid idle running.</li> <li>CA fan is being operated with VFD, resulted in power saving.</li> <li>Idle running of FK pump compressors were reduced by optimizing process air requirement.</li> <li>Motor of coal firing blower was replaced with 75 KW in place of 132 KW motor, resulted in energy saving.</li> <li>Replacement of pumps with energy efficient pumps in softener plant.</li> <li>Increased the feeding capacity of AFR in Kiln-1.</li> <li>Line-1: Capacity enhancement of PC Kiln feed bucket elevator was carried out</li> </ul> <p><b>Jalgaon:</b></p> <ul style="list-style-type: none"> <li>Replacement of worn out grinding media in both the mills.</li> <li>Replacement of conventional luminaries by LED fittings.</li> <li>Replacement of Roller (movable) of Line-02</li> <li>Upgradation of packer 01 &amp; 02</li> <li>Optimisation of compressed air utilisation</li> <li>Replacement of line-02 cement mill outlet diaphragm.</li> </ul> <p><b>Chittapur:</b></p> <ul style="list-style-type: none"> <li>Utilisation of 100% pet coke in place of fossil fuel for conservation of high grade lime stone and also for conserving the fossil fuel for future generations.</li> <li>All cooler fans, ESP fans and pre calciner coal firing system are operating with PID auto control mode for saving energy.</li> <li>Stacker travel drive motor has been replaced by higher rating motor. After implementation of the same, achieved the maximum availability of lime stone stacker operation up to the rated capacity that has resulted in reduction in specific power consumption.</li> <li>Various steps have been taken to optimize the raw mill operations in term of capacity &amp; power consumption.</li> <li>Various steps have been taken to optimize the pyro system operations in term of capacity &amp; power consumption and optimization of fuel consumption.</li> <li>Boiler feed pump operation control has been put-up in auto mode that has resulted reduction in power consumption.</li> <li>Cement mill 1&amp;2 fan inlet dampers removed that resulted in pressure drop across the damper. This saved the energy consumption.</li> <li>Out of two cement bags cleaning fans per packer in packing plant, one was optimized for both the lines (radial &amp; tangential) and the other fan had been kept as stand-by. This reduced the operation of 5 fans out of 10 fans that in turn saved 46.5 KW energy per hour.</li> </ul>

(ii) The steps taken by the Company for utilising alternate sources of energy;	<p><b>Devapur:</b></p> <ul style="list-style-type: none"> <li>Usage of alternative fuel in all the three Kilns.</li> </ul> <p><b>Jalgaon:</b></p> <ul style="list-style-type: none"> <li>Small solar panels (3 KW) provided at Packing Plant.</li> </ul>
(iii) The capital investment on energy conservation equipments	-
B) Technology absorption:	
(i) The efforts made towards technology absorption	<p><b>Devapur:</b></p> <ul style="list-style-type: none"> <li><b>Mineral conservation:</b> Low grade lime stone has been consumed on continuous basis with optimized fuel mix and additives.</li> <li>Increased % usage of pet coke in all three Kilns within MoEF emission norms.</li> <li>Installation of 3 phase rectifier transformer in Kiln &amp; Cooler ESP's of all the Kilns to comply/ meet new CPCB stack emission guidelines.</li> <li>Study by FLS for usage of low grade limestone</li> <li>Plant performance studies by FLS, KHD, CII, NCBM etc.</li> </ul> <p><b>Jalgaon:</b></p> <ul style="list-style-type: none"> <li>Line-01 PLC upgradation by replacing SLC with latest control logix system.</li> <li>Upgradation of packer 1 &amp; 2.</li> <li>Replacement of HT isolator by vacuum circuit breaker for distribution transformer.</li> <li>Replacement of conventional chain bucket elevator by belt elevator at Packer-01.</li> </ul> <p><b>Chittapur:</b></p> <ul style="list-style-type: none"> <li>Latest state of the art technology has been installed at Chittapur Plant that has the lowest energy consumption as well as lowest fuel consumption. The following energy efficient equipments are installed: <ul style="list-style-type: none"> <li>i) Roller press in finished mode for raw grinding.</li> <li>ii) Double string 6 stage PH with CB cooler with guaranteed Special Heat consumption of 694 K.Cal/Kg.Cli.</li> <li>iii) Vertical roller mills for cement grinding in finished mode.</li> <li>iv) New state-of-the-art technology packers (double discharge)</li> <li>v) All process fans are installed with VFD drives for optimization of power.</li> </ul> </li> </ul>
(ii) The benefits derived like product improvement, cost reduction, product development or import substitution	<p><b>Devapur:</b></p> <ul style="list-style-type: none"> <li>Mineral conservation has increased the life of mining with low grade lime stone stock pile @ 13.6% silica</li> <li>Installed 3 phase rectifier transformer and the stack emissions are within the new MoEF norms.</li> </ul> <p><b>Chittapur:</b></p> <ul style="list-style-type: none"> <li>Using the low cost additive material in consumption like chemical gypsum, laterite, lithomarge and 100% pet coke.</li> <li>Cost saving by developing alternate vendors.</li> <li>Installation of new truck tippler for coal unloading.</li> <li>Isolation of compressor for packing plant operations that allowed smooth / uninterrupted packing and loading of cement.</li> </ul>

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	
(a) the details of technology imported	Not Applicable
(b) the year of import	
(c) whether the technology been fully absorbed	
(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and	
(e) the expenditure incurred on research and development	
	<b>Devapur:</b>
	<ul style="list-style-type: none"> <li>Study by FLS for usage of low grade limestone ₹5.55 lacs</li> <li>Plant performance studies by FLS, KHD, CII, NCBM, etc. ₹9.46 lacs</li> </ul>

By order of the Board of Directors  
For Orient Cement Limited

CK. Birla  
Chairman  
(DIN 00118473)

Place: New Delhi  
Date: 5<sup>th</sup> May, 2017

# Management discussion and analysis report

## INDIAN ECONOMIC OVERVIEW

India's GDP growth has been sustained in the high single digits for the last few years, the country hailed as a 'bright spot' among emerging economies. However, India's GDP growth weakened moderately in 2016-17; the original projected GDP growth of 7.6% (estimated by IMF) was revised to 6.6% following the country's currency demonetization that resulted in cash shortages and payment disruptions. The effects of demonetization had abated by the close of the financial year after having affected economic growth for two quarters with the IMF, thereafter, upgrading its growth estimates for FY17 to 6.8%.

India's eight core infrastructure supportive industries of coal, crude oil, natural gas, refinery products, fertilizers, steel, cement and electricity registered a cumulative growth of 4.5% during FY17, although the growth was concentrated in steel, refinery products and electricity while sectors like crude oil, natural gas and cement actually registered de-growth. (Source: DIPP)

## OUTLOOK

India's fundamentals are expected to emerge stronger following the emphasis on digitization, GST implementation, favorable monsoons, stable oil prices, stronger supply chain linkages and renewed consumer confidence. In view of these realities (and the fact that the Chinese economy continues to remain sluggish), India is likely to retain its position as the fastest growing major economy with a projected GDP growth rebound to 7.2% in FY18 and 7.7% in FY19. (IMF World Economic Outlook estimates). The proposed GST implementation is expected to catalyse inter-state trade enhancing investments, reducing supply chain-related issues, enhancing scale-based economies-of-scale, moderating overheads and adding about 150 bps to GDP growth (Source: IMF, ICRA).

## INDIAN CEMENT INDUSTRY

Over many years, India's cement sector experienced a robust growth driven by the growth in the country's infrastructure and construction sectors. The cement demand generated by these sectors was adequately addressed by a significant production capacity in the country which was, in turn, backed by extensive limestone reserves in concentrated pan-India belts. The result is that even with relatively low

per capita cement consumption (190 kilograms against the global average of over 350 kilograms), India is the world's second largest cement producer and consumer.

India's current cement capacity is estimated in a range of 420-430 million tons on an annual basis. India's 10 largest cement companies account for almost 70% of the country's cement capacity. An estimated 188 large cement plants cumulatively accounted for 97% of the total national installed capacity; approximately 365 small plants accounted for the rest. Of these large cement plants, about 77 were located in Andhra Pradesh, Rajasthan and Tamil Nadu. The principal cement manufacturing clusters of India comprise Satna (Madhya Pradesh), Gulbarga (Karnataka), Chandrapur (Maharashtra), Yerrangunta (Andhra Pradesh), Nalgonda (Andhra Pradesh) and Chandoria (Rajasthan).

## STRENGTHS

- Mature cement sector; high technology absorption; environment compliance.
- National demographic profile (younger population) supportive of sustained growth in the infrastructure and housing sectors.
- Adequate investment by large cement players in capacity and market coverage.
- Low threat from substitutes or imports.

## WEAKNESSES

- Freight, power and fuel represent a large proportion of the cost structure; increase in energy prices impacts profitability.
- Significant underutilization of installed capacity.
- Increasingly stringent environmental challenges.
- High competition clusters marked by additional capacities around limestone reserves.

## OPPORTUNITIES

- Largely under-consuming nation, reflected in low per capita consumption; rising disposable incomes to drive demand growth.
- Government's serious intent in transforming policies into action through initiatives like Swacchh Bharat, Affordable Housing, Smart Cities and a focus on infrastructure growth.

- Proposed GST implementation could result in seamless inter-state movement of material and provide freight optimization opportunities.

### THREATS

- Higher pet coke and coal prices in line with higher oil prices could impact margins.
- Higher diesel costs and rail freight tariff could limit the area of profitable sales.
- Probable restrictions on industrial fuels like fuel oil and pet coke on account of pollution.
- Requirement to comply with continuously evolving and increasingly stringent environmental regulations.

### INDIA'S CEMENT SECTOR, FY17

In FY17, India's cement sector continued to ride India's infrastructure development, rural housing construction and sustained economic expansion in the first half of the fiscal year. However, India's cement sector registered an overall contraction of 1.3% for FY17 compared to growth of 4.9% and 5.5% in the previous two years. The weakness in actual growth was on account of industrial sluggishness on one hand as well as the demonetization induced demand weakness towards the end of the financial year on the other. Besides, a glut in the country's residential segment impacted the growth of the real estate sector, affecting cement offtake and realisations. Historically, the country's cement sector has demonstrated a GDP elasticity of 1.2x, but this relationship has weakened in recent years. (Source: DIPP data)

India's housing sector remained the country's biggest cement consumer, accounting for about 67% of the sector's total consumption. The other major cement consumers comprised infrastructure (13%), commercial construction (11%) and industrial construction (9%) (Source: Kotak).

In FY17, some of the broad trends in India's cement industry comprised continued consolidation in the sector, low investment in new capacity, limited traction for limestone block auctions, lower capacity utilization due to one-off events, aggressive branding and launch of premium cements, deeper marketing penetration, continued use of fly ash and slag in the manufacture of environment-friendly cement, use of alternative fuels to moderate production costs in the face of high fuel prices and increased industry investments in Eastern India.

### OUTLOOK

India's cement industry is expected to expand manufacturing capacity at a slower rate, going forward, as the industry looks to better utilize existing large and unused capacities

profitably before investing further in clinkerisation. The country's grinding capacity could continue to grow as the industry seeks to collectively increase its reach into new markets profitably.

Most large M&A in the cement sector appears to have been completed this year with most available assets acquired by stronger players. The successful integration of these assets with existing operations and increasing overall asset utilization levels, are likely to be two main themes for the sector going forward.

Despite the demand slowdown in FY17, primarily due to the one-off effects of demonetization, the Indian economy consistently reported 6 per cent-plus growth annually for the last few years. Besides, the renewed push by the government in various construction and infrastructure initiatives, including the Union Budget, augurs well for the sector in the years ahead.

The Indian cement industry is expected to grow 4 to 5% y-o-y in FY18, driven largely by infrastructure growth and a rural housing revival.

### SECTORAL DEMAND DRIVERS

- Housing sector:** India is enjoying a demographic sweet spot with a large young population creating a significant unmet demand for homes that is likely to drive cement sector demand for many years. A large proportion of this demand is in the Affordable Housing segment. In the recent Union Budget, the Government allocated infrastructure status to the affordable housing segment, providing it superior financing access, and tax incentives. The Government also proposed to complete 1 crore houses by 2019 for the homeless and those living in *kutcha* houses under its 'Housing for All by 2022' program, increasing the allocation to the *Pradhan Mantri Awaas Yojana – Gramin* from ₹15,000 crores to ₹23,000 crores in FY17-18. The National Housing Bank is estimated to refinance individual housing loans of about ₹20,000 crore in 2017-18. Measures like interest subvention schemes, increase in the reach of the mortgage sector and decline in mortgage rates are expected to significantly drive demand for cement from the housing sector.
- Infrastructural sector:** The Central Government increased infrastructure investment to a record ₹3.96 lakh crore in the Union Budget, with ₹2.41 lakh crore for the transportation sector alone across road, rail and shipping. This includes commissioning of railway lines of 3,500km in 2017-18, road construction including the *Pradhan Mantri Gram Sadak Yojana* and National Highway projects. Separate projects for airports and waterways are also

being promoted. Other Central Government schemes like development of Smart Cities, Swachh Bharat and AMRUT have been proposed in addition to increased infrastructure spending; together with, increased fund allocation to the States. These are expected to catalyse cement demand in the months ahead.

- Irrigation:** In a renewed push for irrigation projects to deal with the uncertain nature of rainfall in our country, a Long Term Irrigation Fund was set up in NABARD with a corpus of ₹40,000 crores. Several large irrigation projects have been taken up by State Governments, especially in Maharashtra, Andhra Pradesh and Telangana.
- Industrial growth:** The increased public capital expenditure through budgetary allocations to the infrastructure and energy sectors has been accompanied by significant investments by public sector companies operating in these sectors. This, together with increasing incomes and consumer demand for products and services, is expected to also trigger higher private capital expenditure as economic confidence returns. This turn in the cycle should strengthen the demand for basic materials, including cement.

The profitability of cement manufacturers in FY18 is expected to improve from FY16 and estimated FY17 levels due to stable-to-better demand growth and consequently higher prices, despite an increase in input costs (particularly energy).

### ORIENT CEMENT'S FINANCIAL PERFORMANCE

Your Company's revenue grew by 29% to ₹1870 crore in 2016-17 following an improvement in sales volumes. EBIDTA stood at ₹190.4 crore compared to ₹193.1 crore in the previous year. Interest cost increased to ₹135.2 crore in 2016-17 compared to ₹54.4 crore due to a large investment in the greenfield capacity at Chittapur, Gulbarga (Karnataka). The Company reported a post-tax loss of ₹39.6 crore in 2016-17 compared to a post-tax profit of ₹62.8 crore in the previous year.

For the year under review, demand moderated due to challenges like demonetization and sand supply shortage in the peak summer leading to prices coming under severe pressure in most markets. Challenges notwithstanding, the Company forayed into new markets like Karnataka and South-West Maharashtra, achieving an overall 26% increase in volume growth. Since Chittapur was a new plant, the key lay in proactively preparing the market ahead of capacity addition so that our new volumes could be absorbed. Extensive brand building activities were conducted in the key south and south-west regions of the country. Besides, new infrastructure projects in our core markets in the irrigation and road sectors helped to generate demand. During the year under review, we enhanced capacity utilization in our plants through increased geographical diversification and further penetration in existing markets.

### SALES

In the business of cement manufacture, success is derived from the ability to market cement at the highest realizations in the quickest time within the shortest distance from the manufacturing facilities.

In 2016-17, the Company sold 26% more cement than in the previous year, utilizing our new plant to establish our brand in completely new markets. This enabled the Company to outperform the 1.3% contraction in the country's cement sector in FY17. Average sales realisation at ₹3371 per MT was 2.1 per cent higher than in the previous financial year.

In terms of market share, Telangana, and the regions of Marathwada and Khandesh in Maharashtra were markets where the Company enjoyed the highest sales penetration. The Company increased market shares in core regions where it traditionally operated while building its brand and distribution channel in the new market of Karnataka, which it recently entered.

In terms of growth, in the overall 26% increase in volume for the year was spread across the existing markets of Andhra Pradesh, Telangana, Maharashtra and MP/Chhattisgarh. Karnataka, a relatively new market, registered considerably higher growth over the previous year.

### LOGISTICS

In 2016-17, your Company's logistics team supported the sales team in achieving record offtake from our plants. The Company continuously monitored the various freight alternatives, making it possible to shift some dispatches from railways to road, resulting in lower logistics costs. Your Company negotiated better with transporters, dispatched more than 50% of its output directly to customers during the year and operated 82 depots across the States of its presence to deliver material on demand. The Company maintained as low a finished goods inventory as possible, optimizing costs.

In the months ahead, your Company intends to invest in digital initiatives to improve truck movement within the plant and on road to customers. As part of this effort, initiatives like RFID in Devapur and GPS implementation in Jalgaon are being implemented. The Company is exploring ways to improve deliveries to large customers in cities through investment like bulk terminals etc.

### PROCUREMENT

In a business where raw materials and fuel account for a significant proportion of the cost of production, even a nominal improvement in procurement rates of these inputs can substantially improve margins and profit. During the year under review, Project Urja was launched by engaging an external consultant to focus on key spend areas of energy on an end-to-end basis; a few initiatives were launched to optimize the value chain.



Your Company also ensured mid-to-long term domestic coal security by entering into Fuel Supply Agreement (FSA) with Singareni Collieries, while retaining the flexibility to source other forms of fuel to capitalize on price trends in the future. The Company opted out of inefficient long-term fly ash agreements while retaining key raw material security.

The Company also invested in ARIBA, a cloud-based B2B platform that makes it possible for buyers to search suppliers, procure goods and services at better prices via reverse auctions, negotiate better terms and track spending. Following the implementation of this digital solution, the platform services a significant proportion of your Company's sourcing requirements.

### BRANDING AND CUSTOMER ENGAGEMENT

In a challenging 2016-17, the Company worked extensively through its marketing and communications teams to revitalize, uplift and strengthen the brand.

During the year, your Company implemented a series of measures to ensure that the increased volume from new capacities was absorbed seamlessly and sustainably. The brand was repositioned around a new communication campaign - Pressure Sustaining Technology (PST) - implemented around the 'Pressure deta nahi, leta hain' campaign. During the first half of the year under review, the Company leveraged below-the-line (BTL) advertising, outdoor and print media to promote the brand; during the second half, the Company launched a television commercial campaign in core markets. The Company screened advertisements in Madhya Pradesh and Chhattisgarh cinema halls as well as promoted the brand through radio channels. The campaign was well received in all the Company's key markets, especially Maharashtra, which constitutes close to 50% of your Company's sales volumes.

The Company also invested in digital media, video films and mobile vans to engage with a new age customer while providing front line sales force with tools and technologies (like Sales Force Automation tablets) to engage with the customer better and address dealer queries in real-time. In summary, even while your Company operated regionally, it invested and responded to the market to create a much bigger impact.

During the year under review, we enhanced the reach and efficacy of our BTL activities. We developed multiple audio-visuals, brochures and toolkits to demonstrate the benefits of our products during more than 1100 meetings conducted by the technical services team to reach masons, home builders, architects and engineers during the course of the year.

### SUSTAINABILITY

Orient Cement is committed to enhance long-term stakeholder value not only through profitable operations but also through supporting the environment and

neighbourhoods in which it operates.

Safety plays a crucial role in a cement Company's operations, given the nature of the equipment we use and the areas we operate in. The company consumes valuable and non-renewable natural resources. In line with this, the Company's 'Work Safe Live Safe' motto enshrines its core commitment.

**Health and Safety:** During the year under review, besides ensuring statutory compliances, your Company also invested in safety systems, trained employees in skill enhancement, conducted various awareness programs, observed 'National Safety Day/ Week' and 'Road Safety Week', employed adequate personnel protective equipment, ensured the establishment and observation of due processes, introduced employee rewards / recognitions, recognized on-site safety champions, created an innovative ideas forum, conducted safety inspections, hazard communication, motivation programs, safety meetings and relevant housekeeping. Your Company has also introduced 'Orient Safety Week' for widespread safety awareness among all levels of employees and involved their family members. During this event, the responsibility of every individual towards safety management was emphasized through the theme "I Care for Safety"

**Environment:** The Company is committed to emissions reduction, climate protection, efficient energy management, responsible resource use and conservation in line with 'Today's Need - Future of Our Children'. Your Company's approach to preservation of the eco-system has enabled the Company to counter water scarcity across its plants. While the Company uses limestone from its mines at Devapur, it has converted the area around the limestone mines into a large lake called Maisamma Sagar and developed surrounding pockets into panoramic spots for picnics/get-togethers. Your Company's Devapur and Jalgaon plants are dotted with 'green zones'; the residential quarters have been designed with tree-lined avenues. The Company celebrates Vana-Mahotsav and World Environment Day by planting thousands of tree saplings.

Your Company recently joined Cement Sustainability Initiative (CSI), a voluntary global CEO-led business initiative, operating under the umbrella of World Business Council for Sustainable Development (WBCSD). By joining CSI, your Company has voluntarily accepted the responsibility to achieve higher and stringent goals towards environmental and social sustainability. The Company will also be required to publish improvements in the area of sustainability.

Through this membership, your Company will become part of a global mission to make the cement industry a responsible contributor to global sustainability. As part of the various working groups in this initiative, we expect to learn and contribute to the steps that our industry takes, leaving a safer and sustainable world for succeeding generations.

### HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Human resource development continues to be your Company's priority in delivering strategic priorities. Your Company continued to invest in people, nurturing talent in line with this agenda.

Your Company implemented its digital performance management system during the year under review, facilitating a strong and data-driven performance management culture. Your Company also implemented sales force automation, training 100% of the sales force in utilising these tools to enhance productivity. The customer engagement process was streamlined to facilitate constant market feedback through the sales force. Regular plant meetings and constant sales monitoring helped enhance per person productivity.

Your Company also took steps to enhance employee engagement and ensure better communication across the organization. One of these steps included inter-plant data integration through Medhas, a knowledge-sharing practice across plants. Project Happy. A1 was another initiative that encouraged two-way employee communication and engagement. The project comprised programs that covered all employees in the area of rewards and recognition, enhanced communication, capability development, motivation and morale to build and sustain a high performance work culture.

Young and talented employees continued to be identified through leadership development initiatives like the Chairman Circle and CEO Circle programs, making it possible for your Company to build a talent pool; the senior management is playing a key role in mentoring and developing these individuals.

During the year, your Company hired from the elite management institutions (IIMs and ISB) in the country as well as select engineering and management colleges, creating a dynamic competence mix. Talent was also hired from peers to address specific gaps and requirements as your Company grows into a relevant national player. While average employee (management staff) age was 37 years, in specific employee bands the average age moderated to 34 years, indicating a well-rounded experience range.

The number of direct and indirect (contract workmen) employees was 4100+ at the close of the year under review. The team grew by 54 net employees in 2016-17; attrition was less than 5%. Industrial relations remained cordial.

### CORPORATE SOCIAL RESPONSIBILITY

At your Company, corporate social responsibility reflects a symbiotic relationship with the communities it engages with. As a responsible corporate citizen, the Company contributes to the community's social and economic development. The Company has integrated its CSR direction with business strategy. For effective implementation, long-term CSR plans have been fleshed into medium-term and short-term

plans. Each plan recommended by the CSR Committee has specified CSR activities which are diligently implemented and their impact is monitored to ensure the expected outcomes.

The Company focuses on community education, preventive healthcare, skill development and supportive infrastructure around three plants. At Devapur, the Company operates a school, providing quality education to the children of plant workers and community at large, comprising the English and Telugu media of teaching. The school addresses the educational needs of 1500 children. The Company supports the local community where people can avail facilities and medicines free from the Company dispensary. The Company conducts regular health camps and health education sessions.

At Chittapur, the Company has engaged in rural infrastructure building (roads and drains, installation of reverse osmosis plants in villages, conducted cleaning activities and planting trees). Besides, the Company has sponsored an NGO to assist women and girls from nearby villages in learning tailoring programs while helping them access employment programs through the NGO's collaboration with garment industry clients. The Company has facilitated an ITI institute job-oriented program to develop industrial skills for the local youth.

In Jalgaon and Nashirabad, the Company has constructed toilets in line with the Government's Swachh Bharat Abhiyan. The Company has also developed an in-plant green belt coupled with dust collectors and covered conveyor belts to moderate environment impact.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

In order to ensure orderly and efficient conduct of business, the Company has put in place necessary internal control systems, considering its business requirements, scale of operations and applicable statutes. The systems include policies and procedures, IT systems, delegation of authority, segregation of duties, internal audit and review framework etc.

The Company has designed necessary internal financial controls and systems with regard to adherence to its policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of accounting records, and timely preparation of reliable financial information. The compliance with these controls and systems is periodically reviewed by the Internal Audit function and exceptions are reported to the Audit Committee and followed up for corrective action. The Company has engaged the services of a professional Chartered Accountancy firm to carry out its internal audit. It also has an in-house Internal Audit department manned by qualified professionals to conduct, coordinate and monitor audit activities, and also follow up on compliance and actions taken. All material audit observations

and follow-up actions thereon are reported to the Audit Committee for its review on a regular basis.

The Company has elaborate systems for Budgetary Control and timely Management Information System (MIS). The Company maintains a system of internal controls designed to provide a high degree of assurance regarding the effectiveness and efficiency of operations, the reliability of financial controls and compliance with laws and regulations. A combination of these systems has made the Company's internal control system robust.

The Company has a well-established Risk Management Policy. The Governance Risk and Compliance Committee (GRCC) of the Company monitors and carries out periodic reviews of the robustness of its Risk Management framework. The Committee presents a mitigation plan of the risks faced by the Company to the Audit Committee and the Board of Directors. The Internal Audit function is responsible for the review and independent assurance of the overall effectiveness and efficiency of the Risk Management processes.

The governance, risk and compliance framework of the Company was reinforced during the year under review. The Company strengthened its internal audit function around effective systems and procedures, robust internal controls framework and enhanced automation. Our risk based audit approach focused on the Company's objectives and impediments to achieving those objectives, with an emphasis on added value.

The Company ensured alignment of the internal controls systems and processes to existing and new regulatory compliances. It enhanced awareness among relevant employees through trainings and workshops. The Company intends to enhance the use of technology and integrate analytics into its audit methodology to prevent under-delivery, broaden audit coverage, provide trends, exceptions/non-routines and enhance focus on issues that matter.

## RISKS AND CONCERNS

Orient Cement operates in a challenging environment. Its ability to enhance value is dependent on addressing key risks. The Company's robust risk management program does not aim to eliminate risks as that could eliminate chances of rewards/ opportunities. Instead, it is focused on ensuring that risks are identified and addressed. The Company's policy on risk management details objectives, principles, processes, procedures and related responsibilities.

The following stages are involved in the Company's risk management:

- Establish the context against which objectives of the Company are identified and prioritized.

- Assess (identify and prioritize) risks through risk identification and risk prioritization
- Mitigate risks through the design and implementation of activities that help manage risks to an acceptable level.
- Follow a formal process to update Board of Directors, Audit Committee and Governance Risk & Compliance Committee on the implementation of mitigation plans.

## RISK PROFILES AND MITIGATION

**Economic factors:** A change in macroeconomic conditions, such as slowdown in GDP due to structural or one-off factors like de-monetisation, interest rate trends, inflation, drought affecting rural incomes etc. can have an adverse impact on the Company's performance. To manage these risks, the Company is continuously tracking economic parameters to proactively identify adverse events early and formulate strategies to minimize their impact on its business.

**Credit exposure:** Delays in payments from customers may lead to shortfall in cash flow, and also add to cost through increased working capital requirements. To mitigate this risk, the Company has balanced its business between institutional and retail clients and also seeks to implement innovative ways to proactively increase collections. This has reduced a concentration of debtors and the risk of a longer working capital cycle.

**Cost concerns:** Increase in the costs of raw material, power and fuel due to inflation or global price trends may impact profitability. The Company is employing various means to reduce the impact of rising costs through better fuel sourcing processes, dynamic fuel mix capabilities to capitalize on emerging price trends and the use of alternative fuels. A focus on achieving better operating efficiencies and reducing coal and power consumption continues as a way of life.

**Compliance:** The growth in business size, coupled with increasing regulatory enactments, has increased compliance requirements. Non-compliance with statutory provisions could not only lead to monetary penalties but also impact the reputation of the organisation and the goodwill it has accumulated over the years. This risk is mitigated through regular monitoring and review of changes in the regulatory framework, and also through monitoring of compliances through Compliance Management Software and other mechanisms.

**Competition risk:** The country's cement industry is witnessing increasing competition on account of the geographic concentration of cement plants, supply overhang and low levels of capacity utilization. Increased competition can create pressure on margins, market share, etc. To mitigate this risk, the Company is leveraging its expertise and experience, investing continuously in enhancing the equity of its Birla A1

brand by focusing on quality, cost, timely delivery, customer service, advertising and brand promotion. The Company is investing in marketing and promotions to sustain brand equity in its areas of operation, strengthen brand salience in new markets and enhance its competitiveness.

**Industrial safety, employee health and safety risk:** The Indian cement industry is labour-intensive; it is exposed to health and injury risks due to accidents or negligence. To reinforce the safety culture in the organisation and mitigate this risk, the Company has taken numerous initiatives. The Company has a robust approach to enhance safety and health awareness at all its locations. The various measures include the development and implementation of critical safety standards across units and project sites, establishment of processes for safety training across levels, promotion of a safety culture for staff members, and contract workers with appropriate insurance coverage.

**Human resources risk:** The Company's ability to enhance value is dependent on its ability to attract, retain and nurture talent. Attrition and non-availability of the required talent/resources can affect performance. The Company is

continuously benchmarking its people practices with the best HR practices across the industry, carrying out improvements to attract and retain talent. The Company is reviewing, implementing and monitoring personal development plans for high performers and high potential employees.

## CAUTIONARY STATEMENT

This statement made in this section describes the Company's objectives, projections, expectation and estimations which may be 'forward looking statements' within the meaning of applicable Securities Laws and Regulations. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized by the Company. Actual results could differ materially from those expressed in the statements or implied due to the influence of external factors which are beyond the control of the Company. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements on the basis of any subsequent development, information or events.

# Corporate Governance Report

## COMPANY'S GOVERNANCE PHILOSOPHY

The Board and Management Team of Orient Cement attaches utmost importance to the principles of corporate governance and ensures that the highest standards of corporate governance are established and maintained in the Company on an ongoing basis to safeguard the long term interests of all stake holders.

The Company is committed to adhering to corporate governance practices that are best in class in order to ensure healthy business fundamentals and deliver optimum performance under all circumstances.

The robust corporate governance framework that has been put in place enables Orient Cement to be managed effectively and ensures the integrity, transparency and fairness of all processes and practices aimed at creating and enhancing value for all stakeholders in a balanced and fair manner.

All corporate governance initiatives undertaken by the Company adhere to the sound principles of integrity, transparency, professionalism, trusteeship, accountability and corporate responsibility through relentless focus on these core principles:

- (a) **Transparency:** By classifying and explaining the Company's policies and actions to all those that are concerned, including its employees, the Company aims at maximum possible level of disclosures without hampering the interests of the Company and its shareholders. The Company believes in promotion of ethical values and behaviour and setting exemplary standards in our conduct towards our business partners, colleagues, shareholders and the general public;
- (b) **Accountability:** The Company ensures that there is absolutely no compromise in the areas of accountability and responsibility even as it pursues growth;
- (c) **Professionalism:** The Company ensures that management teams across all levels are appropriately qualified professionals who have a clear understanding of their roles and are capable of exercising sound judgement, keeping in view the Company's interests, without being subject to undue influence from any external or internal pressure;
- (d) **Trusteeship:** The Board considers itself a Trustee of the Company's shareholders and acknowledges its responsibilities towards them for creating and safeguarding their wealth. The Company constantly

emphasizes the fiduciary role of the management to align and direct all actions of the organisation towards creating lasting shareholder value;

- (e) **Corporate Responsibility:** The Company includes sustainable development - environmental and social - as a key strategic objective which is enshrined in its core vision - to be an 'employer of choice' and a 'neighbor of choice' wherever it operates.
- (f) **Integrity:** Besides enforcing a demanding code of conduct for the employees, vendors and Board, the Company ensures the independent verification and truthful presentation of the Company's financial position and performance. For this purpose, the Company has constituted an Audit Committee which pays particular attention to the financial management and reporting process. A robust whistle-blower mechanism is also in force under the direct supervision of the Board.

This Report has been prepared in accordance with the requirements laid down under the Companies Act, 2013, ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations") and with a view to meticulously attain the highest standards of governance.

## BOARD OF DIRECTORS

### Composition

The Board of Directors ("the Board") plays a fundamental role in upholding and nurturing the principles of good governance which translates into ethical business practices, transparency and accountability in the Company's dealing with its members and other stakeholders and the utilization of resources for creating sustainable growth and societal wealth. The Board operates within the framework of a well-defined responsibility matrix which enables it to discharge its fiduciary duties of safeguarding the interest of the Company and all its stakeholders in a fair and transparent manner.

The Board of Directors is at the core of the Company's Corporate Governance practices and oversees how management serves and protects the long term interests of its stakeholders. It brings in strategic guidance, leadership and an independent view to the Company's Management while discharging its fiduciary responsibilities, thereby, ensuring that Management adheres to highest standards of integrity, transparency and fairness.

Our policy towards the composition of the Board is to have appropriate professionalism, diversity, knowledge

and experience in areas critical to the organization. This helps to drive value-based guidance whilst maintaining the independence of the Board and to separate its functions of Governance and Management.

The Company has a balanced Board with a combination of Executive and Non-Executive Directors to ensure independent functioning and the current composition of the Board is in conformity with Regulation 17(1) of SEBI LODR Regulations.

As on 31<sup>st</sup> March, 2017, the Board consists of 8 (eight) members, of whom 1 (One) is an Executive Director i.e. Managing Director & CEO and 7 (seven) members are Non-Executive Directors. Amongst the 7 (seven) Non-Executive Directors, 5 (five) are Independent Directors. Further, there is 1 (one) Woman Director.

The size and composition of the Board conforms to the requirements of Regulation 17 of the SEBI LODR Regulations and the Companies Act, 2013. Other details relating to the directors as on 31<sup>st</sup> March, 2017 are as follows:

Name of Director	Position held in the Company	Directorship in other Companies@ (including Orient)	Committee Membership in listed and unlisted Companies# (including Orient)	Committee Chairmanship in listed and unlisted Companies# (including Orient)
Mr. Chandrakant Birla (DIN 00118473)	Chairman, Non-Executive	7	-	-
Mr. Desh Deepak Khetrpal (DIN 02362633)	Managing Director & CEO-Executive	3	4	-
Mrs. Amita Birla (DIN 00837718)	Non-Executive	5	-	-
Mr. Rajeev Jhavar (DIN 00086164)	Non-Executive-Independent	7	2	1
Mr. Vinod Kumar Dhall (DIN 02591373)	Non-Executive-Independent	7	3	6
Mr. Rabindranath Jhunjhunwala (DIN 00050729)	Non-Executive-Independent	4	2	-
Mr. Janat Shah (DIN 01625535)	Non-Executive-Independent	2	1	-
Mr. Swapan Dasgupta (DIN 07113693)	Non-Executive-Independent	1	2	-

@ Excluding private limited companies, foreign companies, and companies formed under section 8 of the Act.

# Represents membership/chairmanship of Audit Committee & Stakeholders/Shareholders' Relationship Committee of Indian public limited companies - listed and unlisted (other than foreign companies, private limited companies, companies formed under section 8 of the Act).

None of the director on the Board of the Company is a member of more than ten committees and/or acts as a Chairman/Chairperson of more than five committees across all the listed companies in which he/she is a Director.

Further, no Independent Director serves in more than seven listed companies and no person who is serving as a Whole Time Director in a listed Company is serving as an Independent Director in more than three listed companies.

Except Mrs. Amita Birla, a Non-Executive Director of the

Company, who is the spouse of Mr. Chandrakant Birla, Chairman of the Company, no other director is related to another director.

## DISCLOSURE REGARDING APPOINTMENT OR RE-APPOINTMENT OF DIRECTORS

Every appointment made to the Board is recommended by the Nomination & Remuneration cum Compensation Committee after considering various factors such as qualification, positive attributes, area of expertise and other

criteria as laid down in the "Nomination & Remuneration Policy". The same is further taken for shareholders' approval, as and when required, under the provisions of applicable laws.

As per the provisions of the Act, Mr. Chandrakant Birla (DIN 00118473) is liable to retire by rotation at the ensuing Annual General Meeting. The Board has recommended the re-appointment of Mr. Chandrakant Birla as a director liable to retire by rotation.

Further, on the recommendation of Nomination and Remuneration cum Compensation Committee, the Board of Directors in their meeting held on 5<sup>th</sup> May, 2017 appointed Mr. I.Y.R. Krishna Rao (DIN 00481367) as an Additional Director in the category of an Independent Director of the Company for a period of 5 (five) years, w.e.f. 5<sup>th</sup> May, 2017. As an Additional Director, Mr. I.Y.R. Krishna Rao holds the office upto the date of the ensuing Annual General Meeting of the Company and is eligible to be appointed as an Independent Director of the Company.

The Company has received a notice in writing from the shareholder along with the deposit of requisite amount under section 160 of the Companies Act, 2013, supporting Mr. I.Y.R. Krishna Rao's candidature for the office of the Director of the Company. The Board has recommended the resolution for your approval.

Pursuant to the provisions of section 149 of the Act, all the Independent Directors hold office for a tenure of five consecutive years and are not liable to retire by rotation.

The profile of Mr. Chandrakant Birla & Mr. I.Y.R. Krishna Rao in terms of SEBI LODR Regulations are provided in the Annual Report.

None of the directors are disqualified under section 164 (2) of the Companies Act, 2013.

### BOARD FUNCTIONING & PROCEDURE

The Board of Directors is an apex body constituted by the members for overseeing the overall functioning of the Company. The Board provides and evaluates the strategic directions for the Company, Management's policies and their effectiveness and ensures that the long term interests of the shareholders are being served.

The Board meets at least once in a quarter to review the performance of the Company and approves, *inter alia*, the financial results. Whenever necessary, additional meetings are held. In case of business exigencies or urgency of matters, resolutions are passed by circulation. The Board oversees the process of disclosure and communication. Independent Directors are regularly updated on the performance of the Company, business strategy and new initiatives being taken/proposed to be taken by the Company. The Board Meetings of the Company are governed by a structured agenda.

The Board Meetings are held at the corporate office of the Company at Delhi. The Company Secretary in consultation with the Managing Director & CEO and Chief Financial Officer finalizes the agenda of the Board Meetings. All major agenda items are backed up by relevant and comprehensive background information, are sent well in advance of the date of the Board Meeting(s) to enable the Board Members to take informed decision. In case of exigencies/sensitive matters, the details are directly placed at the meeting, with the permission of the Chair. Any Board Member may, in consultation with the Chairman and with the consent of all Independent Directors present at the meeting, bring up any matter at the meeting for consideration by the Board.

The Board periodically reviews the compliance status of all laws applicable to the Company, as certified by the Chief Compliance Officer/ Company Secretary, as well as the steps undertaken to rectify instances of non-compliances, if any.

### INFORMATION GIVEN TO THE BOARD

The Company provides the following information to the Board through the agenda papers, presentations and discussions:

- Annual operating plans and budgets and any update thereof;
- Capital budgets and any updates thereof;
- Annual Accounts, Half-yearly and Quarterly results of the Company;
- Updates on all projects, formation of new special purposes vehicles and any new business being undertaken;
- Minutes of the meetings of the Audit Committee and other Committees of the Board;
- Information on recruitment and remuneration of senior officers just below the level of the Board, including the appointment or removal of the Chief Financial Officer and the Company Secretary;
- Materially important show cause, demand, prosecution notices and penalty notices;
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems;
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company;
- Any issue, which involves possible public or product liability claims of a substantial nature, including any judgement or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company;
- Significant labour problems and their proposed solutions. Any significant development on the human resources/ industrial relations front like signing of wage agreement, implementation of voluntary retirement scheme, etc.;

- Sale of investments, assets which are material in nature and not in normal course of business;
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material;
- Non-compliance of any regulatory, statutory or listing requirements and shareholders services such as non-payment of dividend, delay in share transfer, etc.;

- Declaration of Dividend;
- General notices of interest of directors

### MEETINGS OF BOARD AND ATTENDANCE DURING THE YEAR

During the financial year under review, 5 (five) Board Meetings were held. These were held on 4<sup>th</sup> May, 2016, 3<sup>rd</sup> August, 2016, 6<sup>th</sup> October, 2016, 9<sup>th</sup> November, 2016 and 4<sup>th</sup> February, 2017.

The following table gives the attendance record of the directors at the aforementioned Board Meetings and at the last Annual General Meeting, which was held on 23<sup>rd</sup> July, 2016.

Name of Director	No. of Board Meetings attended	Attendance at last AGM
Mr. Chandrakant Birla (DIN: 00118473)	5	N
Mr. Desh Deepak Khetrapal (DIN: 02362633)	5	Y
Mrs. Amita Birla (DIN: 00837718)	3	N
Mr. Rajeev Jhavar (DIN: 00086164)	3	N
Mr. Vinod Kumar Dhall (DIN: 02591373)	5	Y
Mr. Rabindranath Jhunjhunwala (DIN: 00050729)	4	N
Mr. Janat Shah (DIN: 01625535)	4	N
Mr. Swapan Dasgupta (DIN: 07113693)	3	Y

### COMMITTEES OF DIRECTORS

In terms of the SEBI LODR Regulations and the Act, the Board has constituted 4 (four) Committees viz. Audit Committee, Nomination & Remuneration cum Compensation Committee, Stakeholders' Relationship Committee and Corporate Social Responsibility Committee. Keeping in view the requirements of the Act, as well as the SEBI LODR Regulations, the Board decides the terms of reference of these Committees. The recommendations, if any, of these Committees are submitted to the Board for approval.

Each of these Committees has the requisite expertise to handle issues relevant to their field. These Committees spend adequate time and give focused attention to the various issues placed before them. The guidance provided by these Committees provides immense value to and enhances the decision making process of the Board. The Board reviews the functioning of these Committees from time to time.

#### (a) Audit Committee

##### Composition

As on 31<sup>st</sup> March, 2017, Audit Committee comprised of the following members, namely:

- Mr. Vinod Kumar Dhall
- Mr. Desh Deepak Khetrapal
- Mr. Rajeev Jhavar
- Mr. Rabindranath Jhunjhunwala
- Mr. Janat Shah
- Mr. Swapan Dasgupta

All members of the Committee are financially literate and have requisite accounting and financial management expertise. The Company Secretary acts as the Secretary of the Audit Committee.

#### Role and responsibility

Primarily, the Audit Committee is responsible for:

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Reviewing the scope of the Statutory Auditors, the Annual Audit Plan and the Internal Audit Plan with a view to ensure adequate coverage.
- Reviewing the significant audit findings from the Statutory and Internal audits carried out, the recommendations and management's response thereto.
- Reviewing and recommending to the Board the appointment/re-appointment of the Statutory Auditors and Cost Auditors considering their independence and effectiveness and their replacement and removal.
- Approving the appointment, removal and terms of remuneration of the internal Auditors.
- Reviewing and approving the related party transactions and also granting omnibus approval for related party transactions that are in the ordinary course of business and are on arm's length basis.
- Approving such additional services to be rendered by the Statutory Auditors except those enumerated in section 144 of the Act and payment for such services.
- Recommending to the Board the remuneration of the Statutory Auditors/Cost Auditors.
- Discussing with the Statutory Auditors/ Internal Auditors any significant difficulties encountered during the course of the Audit.
- Reviewing annual Cost Audit Report submitted by the Cost Auditor.

**Meetings of Audit Committee and attendance during the year**

4 (four) meetings of the Audit Committee were held during the financial year under review. These were held on 4<sup>th</sup> May, 2016, 3<sup>rd</sup> August, 2016, 9<sup>th</sup> November, 2016 and 4<sup>th</sup> February, 2017.

The attendance of members of Audit Committee at the said meetings was as follows:

Name of the Member	Position	No. of meetings attended
Mr. Vinod Kumar Dhall	Chairman	4
Mr. Desh Deepak Khetrpal	Member	4
Mr. Rajeev Jhawar	Member	2
Mr. Rabindranath Jhunjunwala	Member	3
Mr. Janat Shah	Member	4
Mr. Swapan Dasgupta	Member	2

The Chairman of the Audit Committee, who is an Independent Director, was present at the AGM of the Company.

The Audit Committee meetings are also attended by the Chief Financial Officer, the representatives of Statutory Auditors and Internal Auditors, Group Internal Auditor and Head-Internal Audit of the Company. The representatives of the Statutory Auditors are permanent invitees to the meeting. They have attended all the meetings during the financial year.

**(b) Nomination & Remuneration cum Compensation Committee**

**Composition**

As on 31<sup>st</sup> March 2017, the Nomination & Remuneration cum Compensation Committee comprised of the following members:

- (i) Mr. Rabindranath Jhunjunwala
- (ii) Mr. Chandrakant Birla
- (iii) Mr. Rajeev Jhawar
- (iv) Mr. Vinod Kumar Dhall
- (v) Mr. Janat Shah
- (vi) Mr. Swapan Dasgupta

The Company Secretary of the Company acts as the Secretary to the Committee.

The attendance of members of Nomination and Remuneration cum Compensation Committee at the meeting was as follows:

Name of the Member	Position	No. of meetings attended
Mr. Rabindranath Jhunjunwala	Chairman	1
Mr. Chandrakant Birla*	Member	NA
Mr. Rajeev Jhawar	Member	1
Mr. Vinod Kumar Dhall	Member	1
Mr. Janat Shah	Member	1
Mr. Swapan Dasgupta	Member	NIL

**Note:**

\* Appointed as a member of the Nomination & Remuneration cum Compensation Committee by the Board on 4<sup>th</sup> May, 2016.

**Role and responsibility**

Primarily, the Nomination & Remuneration cum Compensation Committee is responsible for:

- Identifying persons who are qualified to become Directors and who may be appointed to Senior Management in accordance with the criteria laid down.
- Recommending to the Board, appointment and removal of directors and Senior Management.
- Formulating the criteria for evaluation of Independent Directors and the Board and carrying out evaluation of every director's performance.
- Formulating the criteria for determining qualification, positive attributes and independence of a Director and recommend to the Board, a policy relating to the remuneration of the Directors, Key Managerial Personnel and other Senior Management.
- Devising a policy on Board diversity.

**Meetings of Nomination & Remuneration cum Compensation Committee and attendance during the year**

1 (one) meeting of Nomination & Remuneration cum Compensation Committee was held during the financial year ended 31<sup>st</sup> March, 2017. It was held on 4<sup>th</sup> May, 2016.

**(c) Stakeholders Relationship Committee**

The Company has constituted a Stakeholders Relationship Committee of Directors to look into the redressal of complaints of investors such as transfer or credit of shares, non-receipt of dividend/ notices/ annual reports, etc.

**Composition**

As on 31<sup>st</sup> March, 2017, the Stakeholders Relationship Committee comprised of the following members, namely:

- (i) Mr. Vinod Kumar Dhall
- (ii) Mr. Desh Deepak Khetrpal
- (iii) Mr. Rajeev Jhawar
- (iv) Mr. Swapan Dasgupta

The Company Secretary of the Company acts as the Secretary to the Committee.

**Contact details of the Secretary:**

Ms. Deepanjali Gulati  
 Company Secretary  
 Birla Tower, 3<sup>rd</sup> Floor,  
 25, Barakhamba Road, New Delhi-110 001  
 Telephone: 011 - 42092253  
 Email for investors: investors@orientcement.com

**Role and responsibility**

The Committee oversees the performance of the Registrar and Transfer Agent of the Company and recommends measures for the overall improvement in the quality of Investor Services.

The Committee reviews investor related issues and recommends measures to improve Investor Services.

Primarily, the Stakeholders Relationship Committee is responsible for:

- Maintaining investor relations and monitoring the work of the Registrar and Transfer Agent of the Company with regard to redressal of security holders' complaints like transfer of security, non-receipt of balance sheet, annual report, non-receipt of declared dividends / interest etc.
- Monitoring the work of the Registrar and Transfer Agent of the Company with regard to approving of requests for security transfers, transmission and those pertaining to re-materialization of security / sub-division / consolidation / issue of renewed and duplicate certificates etc.
- Monitoring transfers, transmissions, dematerialization, re-materialization, splitting and consolidation of securities issued by the Company.

**The details of investors' complaints received and resolved during the financial year ended 31<sup>st</sup> March, 2017:**

No. of Investors' complaints received from 1 <sup>st</sup> April, 2016 to 31 <sup>st</sup> March, 2017	No. of Investors' complaints resolved from 1 <sup>st</sup> April, 2016 to 31 <sup>st</sup> March, 2017	No. of Investors' complaints pending as at 31 <sup>st</sup> March, 2017
Nil	Nil	Nil

**Meetings of Stakeholders Relationship Committee and attendance during the year**

4 (four) meetings of Stakeholders Relationship Committee were held during the year ended 31<sup>st</sup> March, 2017. These were held on 4<sup>th</sup> May, 2016, 23<sup>rd</sup> July, 2016, 9<sup>th</sup> November, 2016 and 4<sup>th</sup> February, 2017

The attendance of members of the Stakeholders Relationship Committee at the said meetings was as follows:

Name of the Member	Position	No. of meetings attended
Mr. Vinod Kumar Dhall	Chairman	4
Mr. Desh Deepak Khetrpal	Member	4
Mr. Rajeev Jhawar	Member	2
Mr. Swapan Dasgupta	Member	2

**(d) Corporate Social Responsibility Committee**

The Corporate Social Responsibility Committee of the Board has been constituted to oversee the Corporate Social Responsibility Policy of the Company and to recommend projects/ activities and the expenditure to be incurred on the activities, in accordance with the Schedule VII of the Act.

**Composition**

As on 31<sup>st</sup> March, 2017, the Corporate Social Responsibility Committee comprised of the following members, namely:

- (i) Mr. Janat Shah
- (ii) Mr. Desh Deepak Khetrpal
- (iii) Mr. Rabindranath Jhunjunwala

The Company Secretary of the Company acts as the Secretary to the Committee.

**Role and responsibility**

Primarily, the Corporate Social Responsibility Committee is responsible for:

- Formulating and recommending to the Board, a

Corporate Social Responsibility Policy that shall indicate the activities to be undertaken by the Company.

- Recommending the amount of expenditure to be incurred on the Corporate Social Responsibility activities.
- Monitoring the Corporate Social Responsibility Policy of the Company and its effective implementation from time to time.

The Corporate Social Responsibility Policy of your Company is available on the Company's website and can be accessed

through the web link: <http://orientcement.com/investors/>.

The Corporate Social Responsibility Policy has been annexed at the end of this Report.

#### Meetings of Corporate Social Responsibility Committee and attendance during the year

1 (one) meeting of Corporate Social Responsibility Committee was held during the financial year ended 31<sup>st</sup> March, 2017. It was held on 4<sup>th</sup> May, 2016.

The attendance of members of the Corporate Social Responsibility Committee at the said meeting was as follows:

Name of the Member	Position	No. of meeting attended
Mr. Janat Shah	Chairman	1
Mr. Desh Deepak Khetrapal	Member	1
Mr. Rabindranath Jhunjhunwala	Member	1

#### MANAGEMENT COMMITTEES

With a view to have a close focus on various facets of the business risks and compliances, the management has constituted the following Committees viz Governance, Risk & Compliance Committee (GRCC), responsible for ensuring effective roll-out of the Risk Management Program; and Steering Committee, responsible for ensuring effective roll-out of the Compliance Management Program.

##### (a) The Governance Risk and Compliance Committee

The Company has in place a mechanism to inform the Audit Committee and Board members about the risk assessment and mitigation plans and periodical reviews through the Governance Risk and Compliance Committee ("GRCC") to ensure that critical risks are monitored and mitigated by the management. Business Risk Evaluation and Management is an ongoing process within the Company. The Company has a robust management framework to identify, monitor, mitigate and minimize risks and also identify business opportunities.

The GRCC has been constituted to identify and periodically review all the risks faced by the Company and to provide operational and policy guidance to the Company for effective risk management.

##### Composition

As on 31<sup>st</sup> March, 2017, the GRCC comprises of following members, namely:

- Managing Director & CEO
- Chief Financial Officer,
- Chief Operating Officer,
- Head-Human Resources

##### Role and responsibility

Primarily, the GRCC is responsible for:-

- Understanding of various risks which could impact the Company
- Understanding and managing the uncertainties which impact Company's performance.

- Identifying risks and promoting a pro-active approach to mitigate / manage such risks.
- Contributing to safeguard Company's interests and those of its various stakeholders.
- Ensuring that sound business opportunities are identified and pursued without exposing the business to an unacceptable level of risk.
- Allocating adequate resources to mitigate and manage risks and minimize their adverse impact on outcomes.
- Communicating this policy to the concerned stakeholders through suitable means and periodically reviewing its relevance in a continuously changing business environment.

The Company has not identified any risk which, in the opinion of the Board, may threaten the existence of the Company.

##### (b) Steering Committee

Recognizing the importance of compliance with various laws and regulations, the Company constituted a Steering Committee on 8<sup>th</sup> May, 2015.

The Steering Committee plays an important role in building a regime of zero tolerance to any form of non-compliance.

##### Composition

As on 31<sup>st</sup> March, 2017, the Steering Committee comprised of following members, namely:

- Chief Financial Officer
- Chief Operating Officer
- Head - Human Resource
- Chief Compliance Officer
- Company Secretary

##### Role and responsibility

Primarily, the Steering Committee is responsible for:-

- Identification of necessary compliances
- Prioritization of compliances and fixing ownership of compliances

- Monitoring of compliances
- Remedial actions in case of non-compliances

#### REMUNERATION POLICY FOR DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

The Nomination & Remuneration cum Compensation Committee has adopted a Policy which, *inter alia*, deals with the manner of selection of Board of Directors, Key Managerial Personnel & Senior Management and their remuneration. The Nomination & Remuneration Policy for Directors, Key Managerial Personnel & Senior Management Personnel has been annexed at the end of this Report.

##### Criteria for selection of Directors

- The Nomination & Remuneration cum Compensation Committee identifies and ascertains the integrity, qualification, expertise and experience of the person for appointment as director and ensures that the candidate identified possesses adequate qualification, expertise and experience for the appointment as a director.
- The Nomination & Remuneration cum Compensation Committee ensures that the candidate proposed for

appointment as director is compliant with the provisions of the Act and of the SEBI Regulations.

- The candidate's appointment as recommended by the Nomination & Remuneration cum Compensation Committee requires the approval of the Board.
- In case of appointment of Independent Directors, the Nomination & Remuneration cum Compensation Committee satisfies itself with regard to the independent nature of the directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.
- The Nomination & Remuneration cum Compensation Committee ensures that the candidate identified for appointment as a director is not disqualified for appointment under section 164 of the Act.

#### REMUNERATION OF DIRECTORS

##### Remuneration of Managing Director & CEO

The Company pays remuneration to its Managing Director & CEO by way of salary and other benefits as per the terms agreed with the Company. The remuneration is approved by the Board of Directors and is within the overall limits approved by shareholders of the Company.

Remuneration paid/ accrued to the Managing Director & CEO for the financial year ended 31<sup>st</sup> March, 2017 is as follows:

Name	Salary and allowances (₹)*	Annual performance linked pay (₹) & performance criteria	Perquisite (₹)	Retiral Benefits (₹)	Total (₹)	Stock Options granted	Notice Period	Severance Pay
Mr. Desh Deepak Khetrapal	4,81,64,560/- p.a	1,21,50,000/- (Managing Director & CEO's performance and Company's performance)	12,00,000/- p.a	66,26,660/- p.a	6,81,41,220/- p.a	8,31,900 No. of options	Three months	Nil

\* Salary and allowances includes ₹7,00,000/- towards encashment of earned leave for 15 days for 2015-16 as per policy of the Company.

Apart from this, Mr. Desh Deepak Khetrapal-Managing Director & CEO is eligible for earned leave/ leave encashment as per the policy of the Company.

Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The Company will file an application with the Central Government for the waiver of recovery of excess remuneration paid to Managing Director & CEO during the financial year 2016-17, after the approval from shareholders of the Company.

During the financial year 2016-17, the remuneration paid to Mr. Khetrapal has exceeded the limit prescribed in section 197 read with Schedule V of the Companies Act, 2013 and

Proposed remuneration of the Managing Director and CEO for shareholders approval for the financial year ended 31<sup>st</sup> March, 2018 is as follows:

Name	Salary and allowances (₹)	Annual performance linked pay & performance criteria	Perquisite (₹)	Retiral Benefits (₹)	Total (₹)	Stock Options granted*	Notice Period	Severance pay
Mr. Desh Deepak Khetrapal	5,92,12,520/- p.a	1,50,00,000/- (Managing Director & CEO's performance and Company's performance)	12,00,000/- p.a	82,14,610/- p.a	8,36,27,130/- p.a	8,31,900 (No. of options)	Three months	Nil

Apart from this, Mr. Desh Deepak Khetrapal- Managing Director & CEO is eligible for earned leave /leave encashment as per the policy of the Company.

\* Exercise Price per share is ₹135 per share for exercising each option. The vesting date of the first tranche shall commence on 4<sup>th</sup> August, 2018 and for the second tranche shall commence on 4<sup>th</sup> August, 2019. The vested options shall have to be exercised within 4 years from the date of vesting.

### REMUNERATION OF NON-EXECUTIVE DIRECTORS

Remuneration of the Non-Executive Directors of the Company by way of sitting fees and commission is decided by the Board of Directors. Payment of commission to Non-

Executive Directors is determined by the Board and is broadly based on attendance, contribution at the Board Meetings and various Committee Meetings as well as time spent on various issues other than, at these meetings.

The details of sitting fees, commission paid to directors and their shareholding as on 31<sup>st</sup> March, 2017 are as follows:

S. No	Name of director	Sitting fees (₹)*	Commission (₹)	Shareholding
1.	Mr. Chandrakant Birla	5,00,000/-	-	28,97,570
2.	Mr. Desh Deepak Khetrpal	NA	NA	-
3.	Mrs. Amita Birla	3,00,000/-	-	2,60,000
4.	Mr. Rajeev Jhawar	6,50,000/-	-	-
5.	Mr. Vinod Kumar Dhall	12,00,000/-	-	-
6.	Mr. Rabindranath Jhunjhunwala	8,50,000/-	-	-
7.	Mr. Janat Shah	9,50,000/-	-	-
8.	Mr. Swapan Dasgupta	6,00,000/-	-	-

\* For attending the Board Meetings, Audit Committee Meeting, Stakeholders Relationship Committee Meeting, Corporate Social Responsibility Committee Meeting, Nomination & Remuneration cum Compensation Committee Meeting and separate meetings of Independent Directors.

The Company has not granted stock options to Non-Executive Directors.

Apart from receiving directors' remuneration, no director except Mr. Rabindranath Jhunjhunwala, who is partner in Khaitan & Co. and Mr. Vinod Kumar Dhall, who is the Executive Chairman of the Competition Practice at Talwar Thakore & Associates ('TT & A') have any pecuniary relationship with the Company. The details of transactions entered into with Khaitan & Co. and TT & A are given in form AOC-2 that forms an integral part of this Annual Report.

### PERFORMANCE EVALUATION

Pursuant to the provisions of the Act and SEBI LODR Regulations, the Board has carried out the performance evaluation of its own performance, the directors individually, Chairman as well as the evaluation of the working of its Audit Committee, Nomination & Remuneration cum Compensation Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee. The performance evaluation was done using questionnaires, covering amongst others, composition of Board, receipt of regular inputs and information, functioning, performance & structure of Board Committees, skill set, knowledge & expertise of directors, preparation & contribution at Board Meetings, leadership etc. The performance evaluation of the respective Committees and that of Independent and Non-Independent Directors was done by the Board excluding the director being evaluated.

### INDEPENDENT DIRECTORS' MEETING

1 (one) meeting of the Independent Directors of the Company

was held on 9<sup>th</sup> November, 2016 without the attendance of Non-Independent Directors and Members of Management. Independent Directors discussed the matters specified in Schedule IV of the Act and SEBI LODR Regulations.

The salient roles and responsibilities associated with the Independent Directors Meeting include, but are not limited to the following:

- Review the performance of Non-Independent Directors and the Board of Directors as a whole;
- Review the performance of the Chairperson of the listed entity, taking into account the views of Executive Directors and Non-Executive Directors;
- Assess the quality, quantity and timeliness of flow of information between the management of the listed entity and the Board of Directors that is necessary for the Board of Directors to effectively and reasonably perform their duties.

The performance evaluation of Non-Independent Directors, the Chairman and the Board was done by the Independent Directors using individual questionnaires, covering amongst others, composition of Board, receipt of regular inputs and information, functioning, performance & structure of Board Committees, skill set, knowledge & expertise of directors, preparation & contribution at Board Meetings, leadership etc. As part of the performance evaluation process, the performance evaluation of Non-Independent Directors, the Chairman and the Board was done by the Independent Directors.

### GENERAL BODY MEETINGS

(a) Location and time of last three Annual General Meetings are as under:

Financial year	Date	Day	Time	Venue	Special Resolutions Passed
2013-14	9 <sup>th</sup> August, 2014	Saturday	2:00 P.M	Unit-VIII, Plot No.7, Bhoinagar, Bhubaneswar-751012, Odisha	(i) Revision in remuneration of Managing Director (ii) Fixing the limit of borrowings (iii) Amendment to Articles of Association
2014-15	25 <sup>th</sup> July, 2015	Saturday	2:00 P.M	Unit-VIII, Plot No.7, Bhoinagar, Bhubaneswar-751012, Odisha	(i) Re-appointment of Mr. Desh Deepak Khetrpal as the Managing Director & CEO of the Company (ii) Create, offer, issue and allot options under Employee Stock Option Scheme
2015-16	23 <sup>rd</sup> July, 2016	Saturday	2:00 P.M	Unit-VIII, Plot No.7, Bhoinagar, Bhubaneswar-751012, Odisha	(i) Fixing of remuneration of Mr. Desh Deepak Khetrpal, Managing Director & CEO (DIN 02362633) of the Company

### (b) Extraordinary General Meeting (EGM)

During the financial year, no Extraordinary General Meeting was held.

### (c) Details of resolution passed through postal ballot, the person who conducted the postal ballot exercise and details of the voting pattern

During the financial year, no resolution was put through Postal Ballot.

### MEANS OF COMMUNICATION

**Results:** The financial results are generally published in 'The Economic Times' and 'Utkal Mail' in vernacular language.

**Website:** The financial results are posted on the Company's website viz. www.orientcement.com.

**News Release, Presentations:** The press releases/official news, detailed presentation made to media, analysts, institutional investors etc. are displayed on the Company's website. Official Media Releases are also sent to the stock exchanges before dissemination to the media.

**Intimation to the Stock Exchanges:** The Company intimates

the Stock Exchanges on all price sensitive information or such other matters which in its opinion are material and of relevance to the Investors.

**SEBI Complaints Redress System (SCORES):** The investor complaints are processed in a centralized web-based complaints redress system. The salient features of this system are: Centralized database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.

**Designated Exclusive email-id:** The Company has designated the following email-id for investor servicing: investors@orientcement.com. Investors can also mail their queries to Registrar and Transfer Agent at admin@mcsregistrars.com.

### GENERAL SHAREHOLDER INFORMATION

#### Financial Year

The financial year covers the period starting from 1<sup>st</sup> April and ending on 31<sup>st</sup> March.

### Financial Calendar

<b>Board Meeting for consideration of unaudited quarterly results for the financial year ended 31<sup>st</sup> March, 2018</b>	Within forty five days from the end of the quarter, as stipulated under the SEBI LODR Regulations.
<b>Board Meeting for consideration of audited results for the financial year ending 31<sup>st</sup> March, 2018</b>	Within sixty days from the end of the last quarter, as stipulated under the SEBI LODR Regulations
<b>Book Closure date</b>	Monday, 18 <sup>th</sup> day of September 2017 to Saturday, 23 <sup>rd</sup> day of September, 2017 (both days inclusive)
<b>Dividend payment date</b>	11 <sup>th</sup> day of October, 2017
<b>Day, date, time and venue of Annual General Meeting</b>	Saturday, 23 <sup>rd</sup> day of September, 2017, 2:00 P.M, Unit - VIII, Plot No. 7, Bhoinagar, Bhubaneswar - 751012, Odisha

**Listing**

Equity Shares of the Company are currently listed on the following Stock Exchanges:

BSE Limited (BSE)  
1<sup>st</sup> Floor

New Trading Ring, Rotunda Building, P.J.Tower,  
Dalal Street, Fort, Mumbai – 400001

National Stock Exchange of India Limited (NSE)  
Exchange Plaza, C-1, Block G, 5<sup>th</sup> Floor,  
Bandra Kurla Complex  
Bandra (E), Mumbai – 400051

The annual listing fees for the financial year 2016-17, as applicable, have been paid to both BSE and NSE. The Company's stock codes are:

**BSE 535754**

**NSE ORIENTCEM**

**Payment of Depository fees**

Annual Custody/Issuer fee for the financial year 2016-17 has been paid by the Company to NSDL and CDSL. The ISIN No. of the Company on both NSDL and CDSL is INE 876N01018.

**Market price data (April 2016-March 2017)**

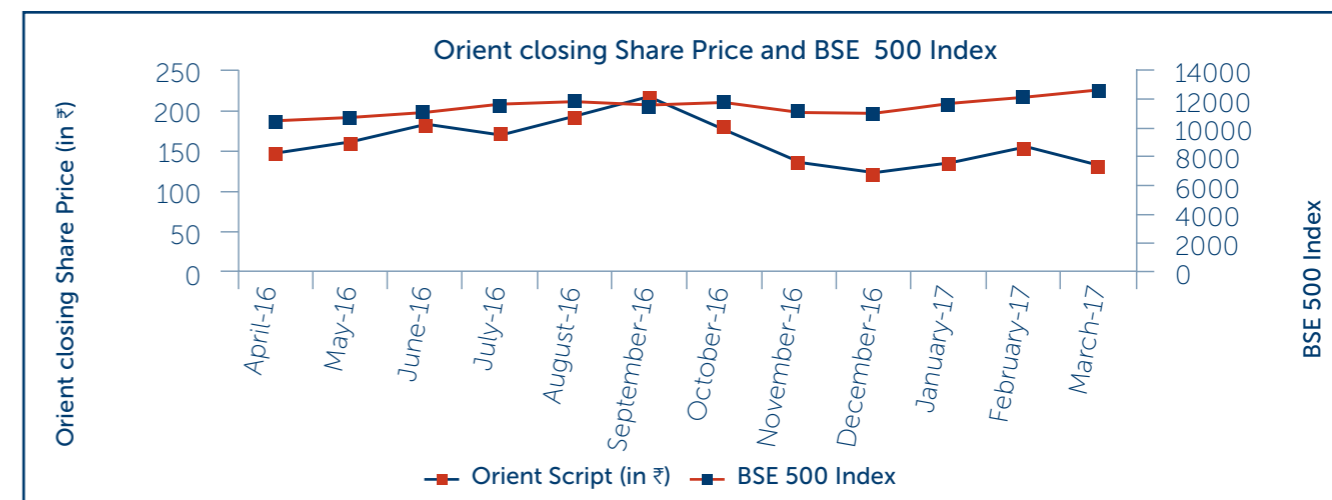
**Bombay Stock Exchange (BSE)**

Month	High Price (₹)	Low Price (₹)
April 2016	159.45	146.20
May 2016	163.45	142.60
June 2016	185.25	155.30
July 2016	185.00	160.00
August 2016	210.00	157.00
September 2016	218.30	189.95
October 2016	241.00	162.00
November 2016	180.45	121.75
December 2016	139.00	114.80
January 2017	143.00	123.00
February 2017	157.70	131.00
March 2017	156.50	124.65

**Performance in comparison to BSE Sensex**

**Orient share price on BSE vis-à-vis BSE sensex April 2016-March 2017**

Month	BSE (Closing price) (₹)	BSE 500 Index
April 2016	147.55	10,406.12
May 2016	160.80	10,761.49
June 2016	182.95	11,029.45
July 2016	170.70	11,585.96
August 2016	193.10	11,834.89
September 2016	214.95	11,700.65
October 2016	179.60	11,878.89
November 2016	135.90	11,195.09
December 2016	122.70	11,036.44
January 2017	134.45	11,659.94
February 2017	154.65	12,176.95
March 2017	131.35	12,631.90



**Share Transfer System and other related matters**

The Company's shares are traded on the Stock Exchanges, compulsorily in dematerialized mode. The dematerialized shares are transferred directly to the beneficiaries by the Depositories. Share transfer forms (SH-4) for shares held in physical mode which are received by the Company, complete in all respects are promptly processed and the share certificates are returned to the transferees within a period of fifteen days from the date of receipt of transfer. Share transfer forms which are incomplete or where the Company has noticed irregularities in the document are immediately returned to the transferees.

Members holding shares in physical form are advised that SEBI has made it mandatory that a copy of the PAN card

of the transferor(s), transferee(s), surviving joint holders / legal heirs be submitted to the Company while obtaining the services of transfer, transposition, transmission and issue of duplicate share certificates.

The shareholders holding shares in physical form are requested to get their shares dematerialized at the earliest, as the Company's Shares are required to be compulsorily traded at Stock Exchanges in dematerialized form only.

The Company obtains half-yearly certificate of compliance related to the share transfer formalities from a Company Secretary in Practice as required under SEBI LODR Regulations and files a copy of the certificate with the Stock Exchanges on or before the due date.

**Shareholding Pattern as on 31<sup>st</sup> March, 2017**

Sr. No.	Category	No. of shares held	Percentage of shareholding (%)
<b>(A) Shareholding of Promoter and Promoter Group</b>			
1.	Indian	7,68,29,922	37.50
2.	Foreign	0	0
<b>Total shareholding of Promoter and Promoter Group</b>		<b>7,68,29,922</b>	<b>37.50</b>
<b>(B) Public shareholding</b>			
1.	Institutions	6,71,39,882	32.77
2.	Central Government/ State Government(s)/ President of India	0	0
3.	Non-Institutions	6,08,98,956	29.73
<b>Total Public shareholding</b>		<b>12,80,38,838</b>	<b>62.50</b>
<b>(C) Shares held by Custodians and against which Depository Receipts have been issued</b>			
1.	Promoter and Promoter Group	0	0
2.	Public	0	0
<b>TOTAL (A) + (B) + (C)</b>		<b>20,48,68,760</b>	<b>100.00</b>



Distribution of shareholding as on 31<sup>st</sup> March, 2017

From-To	No. of shares		Percentage of total no. of shares
	Number	%	
1-500	27,08,291	1.32	
501-1000	24,28,724	1.19	
1001-2000	26,39,997	1.30	
2001-3000	15,24,227	0.74	
3001-4000	11,64,290	0.56	
4001-5000	10,70,467	0.52	
5001-10000	35,78,744	1.74	
10001-50000	69,77,357	3.41	
50001-100000	33,85,956	1.65	
Above 100001	17,93,90,707	87.57	

**Dematerialization of shares and liquidity**

Trading in equity shares of the Company is permitted only in dematerialized form. To facilitate trading in equity shares of the Company in dematerialized form, the Company has made arrangements with both the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Shareholders can open an account with any Depository Participant registered with one of these two Depositories.

Members holding shares in physical mode are urged in their own interest to hold these shares in dematerialized form with any Depository Participant.

As on 31<sup>st</sup> March, 2017, 99.23 % of the equity shares of the Company are held by 25,212 equity shareholders in the dematerialized form and the balance 0.77% is held by 548 equity shareholders in physical form.

Entire equity shareholding of the promoters in the Company is held in dematerialized form.

**Outstanding Global Depository Receipts or American Depository Receipts or Warrants or any Convertible Instruments, conversion date and likely impact on equity**

The Company has not issued any GDRs/ ADRs/ Warrants etc. during the financial year 2016-17.

As on 31<sup>st</sup> March, 2017, a total of 16,48,900 options were outstanding under "Orient Cement Employee Stock Option Scheme 2015". Each option is convertible into one equity share of ₹1 each.

**Commodity price risk or foreign exchange risk and hedging activities**

The Company is not exposed to foreign exchange risk and commodity price risk. Further, the Company is not carrying out any hedging activities.

**Plant Locations**

The Company's plants are located at:

**Devapur:**

P.O. Devapur Cement Works  
Dist. Adilabad - 504218 (Telangana)

**Jalgaon:**

Nashirabad, Dist. Jalgaon (MS)

**Chittapur:**

Village : Itaga, Malkhaid Road, Taluka Chittapur,  
Dist. Kalburagi, Karnataka – 585292

**Registrar & Transfer Agent**

MCS Share Transfer Agent Limited is acting as the Registrar and Transfer Agent (RTA) for handling the shares related matters both in physical as well as dematerialized mode. All work relating to equity shares is being handled by them. Shareholders are therefore, advised to send all their correspondence directly to the RTA. The address for communication is:

**MCS Share Transfer Agent Limited**

F-65, Okhla Industrial Area,  
Phase-I, New Delhi-110 020  
Telephone: 011 - 41406149-52  
Email: admin@mcsregistrars.com

However, for the convenience of shareholders, correspondence relating to shares received by the Company is forwarded to the RTA for necessary action thereon.

**Address for correspondence with the Company**

Ms. Deepanjali Gulati  
Company Secretary  
Birla Tower, 3<sup>rd</sup> Floor,  
25, Barakhamba Road, New Delhi-110 001  
Telephone: 011 - 42092253

**Exclusive email ID for investors:**

The Company has designated an e-mail ID to enable the Members and Investors to correspond with the Company. The e-mail ID is investors@orientcement.com

**GO GREEN INITIATIVE**

To contribute towards a greener environment, the Company proposes to send documents like Shareholders Meeting Notice/other Notices, Audited Financial Statements, Directors' Report, Auditors' Report or any other document, to members in electronic form at the e-mail address provided by them and/ or made available to the Company by the Depositories.

The shareholders having shares in physical form are requested to register their e-mail addresses with us or our Registrar, at the address given in this report, to enable us to send any document, notice, communication, annual report, etc. through e-mail.

The shareholders holding shares in dematerialized form are requested to register their e-mail addresses with their respective Depository Participant for the above purpose.

**COMMUNICATION BY MEMBERS**

Members who hold shares in dematerialized form should correspond with the Depository Participant with whom they maintain their Demat Account(s) for queries relating to shareholding, change of address, updation of bank details for electronic credit of dividend, etc. However, queries relating to non-receipt of dividend or non-receipt of annual reports of the Company should be addressed to the Company.

Members who hold shares in physical form should address their queries to the Company for change of address, change in bank details, processing of unclaimed dividend, issue of duplicate share certificates signed by the first named Member, as per the specimen signature registered with the Company. The Company may also, with a view to safeguard the interest of its members and that of the Company, request for additional supporting documents such as certified copies of PAN Cards and other proof of identity and/or address.

Members are requested to indicate their DP ID & Client ID / Ledger Folio number in their correspondence with the Company and also to provide their email addresses and telephone numbers to facilitate prompt response from the Company.

**CHANGE OF ADDRESS**

Members holding equity share(s) in physical form are requested to notify the change of address/dividend mandate, if any, to the Company's Registrar & Transfer Agent, at the address mentioned above.

The Securities and Exchange Board of India has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding equity

share(s) in dematerialized form are requested to submit their PAN and notify the change of address/dividend mandate, if any, to their respective Depository Participant (DP). Members holding shares in physical form can submit their PAN and notify the change of address/dividend mandate, if any, to the Company/Registrar & Transfer Agent.

**PENDING INVESTORS' GRIEVANCES**

Any Member / Investor, whose grievance has not been resolved satisfactorily, may kindly write to the Company Secretary with a copy of the earlier correspondence.

**DISCLOSURES**

**(a) Disclosures on materially significant related party transactions that may have potential conflict with the interest of the Company at large**

All the transactions entered into with Related Parties as per the Act and Regulation 23 of the SEBI LODR Regulations during the financial year 2016-17 were in the ordinary course of business and on an arm's length basis and do not attract provisions of section 188 of the Act. Further, there was no material related party transaction which required shareholders approval and was required to be disclosed quarterly along with the compliance report on Corporate Governance.

The required statements / disclosures with respect to the related party transactions are placed before the Audit Committee on regular basis. Suitable disclosures as required by the Accounting Standards have been made in the notes to the Financial Statements.

Further, the Company has not entered into any transaction of a material nature with Promoters, the Directors or the Management or relatives, etc. that may have any potential conflict with the interest of the Company.

The Company has formulated a policy relating to the dealing with Related Party Transactions. The same is also uploaded on the website of the Company and can be accessed through the web link: <http://orientcement.com/investors/>.

**(b) Disclosures on material, financial and commercial transactions, where Senior Management have personal interest that may have a potential conflict with the interest of the Company**

No transaction has been entered into during the financial year where Senior Management has personal interest that may have a potential conflict with the interest of the Company.

**(c) Non-compliance by the Company, penalties, strictures imposed by Stock Exchange or SEBI or any Statutory Authority, on any matter related to capital markets during the last three years**

Neither any penalty nor any stricture has been imposed by SEBI, Stock Exchanges or any other Statutory Authority on any matter relating to capital markets, during the last three years.

**(d) Whistle Blower & Vigil Mechanism Policy**

As per section 177 of the Act and Regulation 22 of SEBI LODR Regulations a comprehensive Whistle Blower Policy ("Policy") has been approved and implemented within the organization. The Policy enables the stakeholders (including directors, individual employee(s) & their representative bodies, vendors and suppliers) to report concerns about illegal or unethical practices, unethical behaviour, actual or suspected, fraud or violation of the Company's Code of Conduct or Ethics Policy. Adequate safeguards are provided against victimization to those who avail of the mechanism and access to the Chairman of the Audit Committee in exceptional cases. This Policy safeguards whistleblowers from reprisals or victimization. The Policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination will be meted out to any person for a genuinely raised concern.

The Whistle Blower Policy is available on Company's website and can be accessed through the web link: <http://orientcement.com/investors/>.

It is hereby confirmed that no personnel has been denied access to the Audit Committee.

**The contact details of the Designated Officer for Vigil Mechanism is:**

Company Secretary  
E-mail ID-whistleblower@orientcement.com

**The contact details of the Chairman of the Audit Committee for Vigil Mechanism are:**

Chairman of the Audit Committee  
Birla Tower,  
3<sup>rd</sup> Floor, 25, Barakhamba Road,  
New Delhi - 110 001

**(e) Compliance with mandatory requirements**

The Company has complied with all the mandatory requirements of SEBI LODR Regulations.

**(f) Compliance with non-mandatory provisions**

**The Board** – The Chairman of the Company is a Non-Executive Director and does not maintain the Chairman's office at the Company's expenses.

**Shareholders Rights** – As per SEBI LODR Regulations, the financial results were made available on the Company's website [www.orientcement.com](http://www.orientcement.com).

**Audit Qualifications** – There was no qualification by the Auditors on the financial statements of the Company.

**Separate posts of Chairman and CEO** – The Company has separate posts of Chairman and Managing Director & CEO.

**Reporting of Internal Auditor** – The Audit Committee is briefed through discussions and presentations of the observations, review, comments, recommendations etc. through an Internal Audit presentation made by the Internal Auditor of the Company.

**(g) Disclosure of accounting treatment in preparation of financial statements**

The Company has followed the guidelines of Accounting Standards notified under the Act as laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements. The significant accounting policies which are consistently applied have been set out in the "Notes to the financial statements".

**WEBSITE**

The Company is maintaining a functional website viz: [www.orientcement.com](http://www.orientcement.com) and is disseminating the following information on its website, as required under SEBI LODR Regulations:

- Details of its business;
- Terms and conditions of appointment of Independent Director;
- Composition of various committees of Board of Directors;
- Code of conduct of Board of Directors and Senior Management Personnel;
- Whistle Blower Policy;
- Policy on dealing with related party transactions;
- Policy for determination of Materiality of Event;
- Archival Policy;
- Dividend Distribution Policy;
- Nomination & Remuneration policy for Directors, KMPs & Senior Management;
- Corporate Social Responsibility Policy;
- Code of Practices and Procedures for UPSI;
- Details of familiarization programs imparted to the Independent Directors;
- Email address for grievance redressal and contact information of Compliance Officer
- Financial information including notice of meeting of Board of Directors to be held for discussion of financial results, annual reports and shareholding pattern

**NOMINATION FACILITY**

The shareholders holding shares in physical form may, if they so want, send their nomination(s), as per section 72 of the Act read with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014, in form SH-13, which can be obtained from the Company's Registrar and Transfer Agent. Those holding shares in dematerialized form may contact their respective Depository Participant (DP) to avail the Nomination facility.

**RECONCILIATION OF SHARE CAPITAL AUDIT**

As required by Securities Exchange Board of India, quarterly audit of the Company's share capital is being carried out by Company Secretary in Practice with a view to reconcile the total share capital admitted with National Securities Depository Limited (NSDL), Central Depository Services (India) Limited (CDSL) and held in physical form, with the

issued and listed capital. The Company files this audit report with the Stock Exchanges on or before the due date.

**DIVIDEND AND OTHER RELATED MATTERS**

The Company provides the facility for direct credit of the dividend to the members bank account. SEBI LODR Regulations also mandate Companies to credit the dividend to the members electronically. Members are therefore urged to avail of this facility to ensure safe and speedy credit of their dividend into their bank account through the banks' "Automated Clearing House" mode. Members who hold shares in dematerialized mode should inform their Depository Participant, whereas members holding shares in physical form should inform the Company of the banking account details allotted to them by their bankers. In cases where the banking details are not available, the Company will issue dividend warrants to the members.

S.No.	Description	Number of Shares / Shareholders
1.	Total number of shareholders in the Suspense Account at the beginning of the financial year	168
2.	Total number of outstanding equity shares in the Suspense Account lying at the beginning of the financial year	7,33,410
3.	Number of shareholders who approached the Company for transfer of shares and to whom shares were transferred from Suspense Account during the financial year	0
4.	Number of shares transferred from Suspense Account to Beneficiary Account during the financial year	0
5.	Total number of shareholders in the Suspense Account at the end of the financial year	168
6.	Total number of outstanding equity shares in the Suspense Account lying at the end of the financial year	7,33,410

Further, the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

Members may note that the lawful claimant in respect of these shares will be able to claim such shares and the dividend thereof till such time as they remain in the "ORIENT CEMENT LTD-UNCLAIMED SUSPENSE ACCOUNT".

**CODE OF CONDUCT**

The Company has also adopted a Code of Conduct ("Code") for the members of the Board of Directors and Senior Management, and all the Directors and Senior Functionaries as defined in the said Code. The Code provides their annual confirmation of compliance with the Code. The Code is available on Company's website and can be accessed through the web link: <http://orientcement.com/investors/>. The role and responsibilities of Independent Directors as prescribed in Schedule IV of the Companies Act, 2013 and/or prescribed in SEBI LODR Regulations forms part of the appointment letters issued to the Independent Directors.

Further, the Company is required to transfer dividends which have remained unpaid / unclaimed for a period of seven years from the date the dividend has become due for payment to the Investor Education & Protection Fund (IEPF) established by the Government. During the year no unclaimed dividend is due for transfer to IEPF. The information on unclaimed dividend is posted on the website of the Company [www.orientcement.com](http://www.orientcement.com).

**UNCLAIMED SHARES**

The Company has opened a Demat Suspense Account- "ORIENT CEMENT LTD-UNCLAIMED SUSPENSE ACCOUNT" and unclaimed equity shares have been transferred to this Account of the Company and shall be transferred to the concerned shareholder upon making a claim to the Company or its' Registrar & Transfer Agent. Details of the account are as under:

**POLICIES & CODE AS PER SEBI INSIDER TRADING REGULATIONS**

In accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has formulated and approved (i) an Insider Trading Code to regulate dealing in the securities of the Company by Designated Persons in compliance with the regulations; and (ii) a Policy for Fair Disclosure of Unpublished Price Sensitive Information.

The Insider Trading Policy of the Company covering code of practice and procedures for fair disclosure of unpublished price sensitive information is available on Company's website <http://www.orientcement.com/wp-content/uploads/2016/05/Code-of-Practices-and-Procedures-for-Fair-Disclosure-of-UPSI.pdf>.

**BOARD FAMILIARIZATION PROGRAM**

A formal letter of appointment is given to Independent Directors at the time of their appointment detailing the terms and conditions of their appointment, expectations,

roles, functions, duties and responsibilities. At the Board and Committee Meetings, the Independent Directors are familiarized with the Company's business performance, operations, projects, market share, financial parameters, working capital management, fund flows, change in senior management, major litigation(s), compliance(s) etc. They are also appraised about risk assessment and mitigation processes.

With a view to familiarize the Independent Directors with the Company's operations, the Managing Director & CEO has a personal discussion with the newly appointed director. The above initiatives help the director to understand the Company, its business and the regulatory framework in which the Company operates and equips him / her to effectively fulfil his / her role as a director of the Company.

The details of programs for familiarization of the Independent Directors are available on the Company's website and can be accessed through the web link: <http://orientcement.com/investors/>.

#### CEO/CFO CERTIFICATION

The Managing Director & CEO and Chief Financial Officer certification as stipulated in the Regulation 17(8) of SEBI LODR Regulations was placed before the Board along with financial statement(s) for the year ended 31<sup>st</sup> March, 2017. The Board reviewed and took the same on record. The said certificate forms part of the Annual Report.

By order of the Board of Directors  
For Orient Cement Limited

Place: New Delhi  
Date: 5<sup>th</sup> May, 2017

CK. Birla  
Chairman  
(DIN 00118473)

## Annexure-I Nomination & Remuneration Policy

### 1. INTRODUCTION

A transparent, fair and reasonable process for determining the appropriate remuneration at all levels of the Company is required to ensure that shareholders remain informed and confident in the management of the Company. To harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 and the Rules made thereunder and the Listing Agreement as amended from time to time, this policy on nomination and remuneration of Directors (including Non-Executive Directors) of the Board of Directors, the Key Managerial Personnel and Senior Management has been formulated by the Committee and approved by the Board of Directors. This Policy shall act as a guideline for determining, *inter-alia*, qualifications, positive attributes and independence of a director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors (including Non-Executive Directors), Key Managerial Personnel and Senior Management Personnel.

### 2. OBJECTIVE OF THE POLICY

- (a) The objective of this Policy is to outline a framework to ensure that the Company's remuneration levels are aligned with industry practices and are sufficient to attract and retain competent directors on the Board, KMPs and the Senior Management Personnel of the quality required, while allowing fair rewards for the achievement of key deliverables and enhanced performance. The key objectives of this Policy include:
  - (i) guiding the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management;
  - (ii) evaluating the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
  - (iii) recommending to the Board the remuneration payable to the Directors, Key Managerial Personnel and setting forth a policy for determining remuneration payable to Senior Management Personnel.
- (b) While determining the remuneration for the Directors (including Non-Executive Directors) and KMPs and the Senior Management Personnel, regard should be made to prevailing market conditions, business performance and practices in comparable companies, also to financial and commercial health of the Company as well as prevailing laws and government/other guidelines, to ensure that pay structures are appropriately aligned and the level of remuneration remain appropriate.

- (c) While designing the remuneration package it should be ensured:
  - (i) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the person, to ensure the quality required to run the Company successfully;
  - (ii) there is a balance between fixed and incentive pay, reflecting short and long term performance objectives appropriate to the working of the Company and its goals.
- (d) Some part of the remuneration package may be linked to the achievement of corporate performance targets of the Company and a strong alignment of interest with stakeholders.
- (e) The Committee may consult with the chairman of the Board as it deems appropriate.
- (f) The Committee shall observe the set of principles and objectives as envisaged under the Companies Act, 2013 ("Act") (including section 178 thereof), Rules framed there under and clause 49 of the Listing Agreement including, *inter-alia*, principles pertaining to determining qualifications, positive attributes, integrity and independence.
- (g) In this context, the following policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors at its meeting held on 5<sup>th</sup> November, 2014.

### 3. EFFECTIVE DATE

This policy shall be effective from the date of its adoption by the Board.

### 4. DEFINITIONS

- (a) In this Policy unless the context otherwise requires:
  - (i) **'Board of Directors'** or **'Board'**, in relation to the Company, means the collective body of the directors of the Company.
  - (ii) **'Committee'** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
  - (iii) **'Company'** means **"Orient Cement Limited"**.
  - (iv) **'Independent Director'** means a director referred to in section 149(6) of the Companies Act, 2013 read with clause 49 of the Listing Agreement.
  - (v) **'Key Managerial Personnel'** (KMP) shall have the meaning ascribed to it in the Act and the Rules made thereunder.

(vi) 'Non-Executive Directors' includes Independent Directors.

(vii) 'Policy' means this Nomination and Remuneration policy.

(viii) 'Senior Management Personnel' for this purpose shall mean personnel of the Company who are members of its core management team excluding Board of Directors. It would comprise all members of management one level below the Executive Director(s), including the functional heads.

(b) Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 and/ Listing Agreement as may be amended from time to time shall have the meaning respectively assigned to them therein.

## 5. APPLICABILITY

This Policy is applicable to:

- (i) Directors, including Non- Executive Directors
- (ii) Key Managerial Personnel
- (iii) Senior Management Personnel

## 6. MEMBERSHIP

- (a) The Committee shall consist of such number of directors as is required under applicable laws.
- (b) Membership of the Committee shall be disclosed in the Annual Report and on the website of the Company.
- (c) Term of the Committee shall be continuous unless terminated by the Board of Directors.

## 7. CHAIRMAN

- (a) Chairman of the Committee shall be an Independent Director.
- (b) Chairperson of the Company (whether Executive or Non Executive) may be appointed as a member of the Committee but shall not be the Chairman of the Committee.
- (c) Chairman of the Nomination and Remuneration Committee meeting shall be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

## 8. FREQUENCY OF MEETINGS

The meeting of the Committee shall be held at such intervals as may be required.

## 9. COMMITTEE MEMBERS' INTERESTS

- (a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- (b) The Committee may invite such executives, as it

considers appropriate, to be present at the meetings of the Committee.

## 10. SECRETARY

The Company Secretary of the Company shall act as Secretary of the Committee.

## 11. QUORUM

The quorum necessary for transacting business at a meeting of the Committee shall be two members of the Nomination and Remuneration Committee.

## 12. VOTING

- (a) Matters arising for determination at Committee Meetings shall be decided by a majority of votes of members present. Any such decision shall for all purposes be deemed a decision of the Committee.
- (b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

## 13. RESPONSIBILITY OF THE COMMITTEE

- (a) The Committee is responsible for:
  - (i) formulating criteria for determining qualifications, positive attributes and independence of a Director for the purpose of this Policy;
  - (ii) advising the Board on issues concerning principles for remuneration and other terms of employment including remuneration for the Directors (including Non-Executive Directors), KMPs and the Senior Management;
  - (iii) monitoring and evaluating programs for variable remuneration, both on-going and those that have ended during the year, for the Directors (including Non-Executive Directors), KMPs and the Senior Management;
  - (iv) monitoring and evaluating the application of this Policy;
  - (v) monitoring and evaluating current remuneration structures and levels in the Company; and
  - (vi) any other responsibility as determined by the Board.

## 14. APPOINTMENT OF DIRECTORS, KMP OR SENIOR MANAGEMENT PERSONNEL

- (a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP and Senior Management Personnel.
- (b) A person should possess adequate qualifications, expertise and experience for the position he/ she is considered as in Director, Key Managerial Personnel or Senior Management Personnel. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient /

satisfactory for the concerned position.

- (c) Appointment of Directors, KMP's and Senior Management Personnel are subject to compliance of provisions of the Companies Act, 2013 and compliance of clause 49 of the Listing Agreement.
- (d) The appointment as recommended by the Nomination and Remuneration Committee further requires the approval of the Board.

## 15. REMUNERATION

### (a) Remuneration to Executive Directors, Directors other than Executive Director and KMP :

- (i) The remuneration/ compensation/ commission etc. to Directors and KMP will be determined by the Committee and recommended to the Board for approval. The remuneration/ compensation/ commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- (ii) The remuneration and commission to be paid to Directors shall be as per the statutory provisions of the Companies Act, 2013, and the Rules made there under for the time being in force.
- (iii) Increments to the existing remuneration/ compensation structure of Directors and KMP shall be recommended by the Committee to the Board which should be within the slabs approved by the shareholders in the case of Directors.
- (iv) Where any insurance is taken by the Company on behalf of its Directors and KMP for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.
- (v) Remuneration to Executive Director and KMP

Fixed pay:

- Executive Directors and KMP shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the NRC Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.
- The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

Variable components:

- The Executive Director and KMP participate in a

performance linked variable pay scheme which will be based on the individual and Company performance for the year, pursuant to which the Executive Director and KMP are entitled to performance-based variable remuneration.

- (vi) Remuneration to Directors other than Executive Director:

Sitting Fees:

- The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

Limit of Remuneration /Commission:

- Remuneration /Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013.
- (vii) Provisions for excess remuneration:
  - If any Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company.
  - The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

### (b) Remuneration to Senior Management Personnel:

- (i) The Nomination and Remuneration Committee has authorized the Managing Director to determine from time to time the remuneration payable to Senior Management Personnel including their increments. The powers of the Nomination and Remuneration Committee in this regard have been delegated to the Managing Director.
- (ii) The Board of Directors shall from time to time be intimated of the remuneration payable to the Senior Management Personnel.
- (iii) Where any insurance is taken by the Company on behalf of its Senior Management Personnel for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the

premium paid on such insurance shall be treated as part of the remuneration.

Fixed pay:

- Senior Management shall be eligible for a monthly remuneration as may be approved by the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the Rules made there under for the time being in force.
- The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Committee.

Variable components:

- The Senior Management Personnel participate in a performance linked variable pay scheme which will be based on the individual and Company's performance for the year, pursuant to which the Senior Management are entitled to performance-based variable remuneration.

## 16. POLICY ON BOARD DIVERSITY

- The Board of Directors shall have the optimum combination of Directors from the different areas/ fields like production, management, quality assurance, finance, sales and marketing, research and development, Human Resources etc or as may be considered appropriate.
- The Board shall have atleast one Board member who has accounting or related financial management expertise.

## 17. REMOVAL

The Committee may recommend to the Board with reasons recorded in writing, removal of a Director, KMP and Senior Management Personnel subject to the provisions and compliance of the applicable Act, Rules and Regulations, if any.

## 18. DISCLOSURE OF INFORMATION

This Policy shall be disclosed in the Board's report.

## 19. DEVIATION FROM THE POLICY

The Board may, in individual or collective case, deviate from this Policy, in its absolute discretion, if there are particular reasons to do so. In the event of any departure from the Policy, the Board shall record the reasons for such departure in the Board's minutes.

## 20. AMENDMENTS TO THE POLICY

The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit.

*In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.*

## Annexure-II Corporate Social Responsibility Policy

### 1. INTRODUCTION

- Corporate Social Responsibility ("CSR") at Orient Cement Limited ("Company" or "OCL") portrays the deep symbiotic relationship that the Company enjoys with the communities it is engaged with. As a responsible corporate citizen, we try to contribute for social and economic development on regular basis. We believe that to succeed, an organization must maintain highest standards of corporate behaviour towards its employees, consumers and societies in which it operates. We are of opinion that CSR underlines the objective of bringing about a difference and adding value in our stakeholder's lives.
- This CSR Policy shall operate as the corporate social responsibility policy of the Company for the purposes of section 135 of the Companies Act, 2013 and the Rules made thereunder including the Companies (Corporate Social Responsibility Policy) Rules 2014 ("CSR Rules") as amended from time to time.

### 2. APPLICABILITY

- Orient Cement Limited CSR Policy has been formulated in consonance with section 135 of the Companies Act, 2013 read with the CSR Rules notified by the Ministry of Corporate Affairs, Government of India.
- This Policy shall apply to all CSR projects / programs undertaken by the Company in India as per the Companies Act, 2013.
- This policy is adopted by Board of Directors on 5<sup>th</sup> November, 2014.

### 3. DEFINITIONS

"Act" means the Companies Act, 2013, as amended from time to time.

"Board" means the Board of Directors of the Company.

"Company" means 'Orient Cement Limited'.

"CSR" means Corporate Social Responsibility.

"CSR Committee" means Corporate Social Responsibility Committee of the Company constituted by the Board.

"CSR Rules" means Companies (Corporate Social Responsibility Policy) Rules 2014 and amendments thereon.

"CSR Policy" means this Policy.

"CSR Expenditure" shall include all expenditure including

contribution to corpus, for projects or programs relating to CSR activities approved by the Board on the recommendation of its CSR Committee

"Net profit" shall have the meaning ascribed to it in the Act.

"NGO" means non-governmental organisation.

### 4. VISION AND POLICY STATEMENT

- Through sustainable measures, it actively contributes to the social, economic and environmental development of the community in which the Company operates ensuring participation from the community and thereby create value for the nation.
- The CSR Committee will annually recommend the CSR programs and projects to the Board for its approval. The Board of Directors of the Company through its CSR Committee will plan and monitor the expenditure of CSR activities.

### 5. CSR PROGRAMS AND PROJECTS

- The Company proposes to adopt one or more of the following CSR activities as prescribed by applicable laws, including Schedule VII of the Companies Act, 2013, as amended from time to time:
  - eradicating hunger, poverty and malnutrition, promoting health care (including preventive health care) and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;
  - promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
  - promoting gender equality empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
  - ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;

- (v) protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
  - (vi) measures for the benefit of armed forces veterans, war widows and their dependents;
  - (vii) training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports;
  - (viii) contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
  - (ix) contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government; and
  - (x) rural development projects.
- (b) The CSR activities shall be undertaken within the territory of the Republic of India.
- (c) The Company's CSR projects and programs will be undertaken by the Company by itself or with joint and collaborative efforts of other companies.
- (d) The CSR projects and programs may also be implemented through registered public charitable trusts, not-for-profit companies set up under section 25 of the Companies Act, 1956 (corresponding to section 8 of the Companies Act, 2013) through recognized and reputed NGOs and similar entities.

## 6. CSR COMMITTEE

- (a) The CSR policy and programs shall be implemented, managed and supervised by the CSR committee appointed by the Board.
- (b) The CSR Committee shall comprise at least such number of directors as is mandatorily required by applicable laws.
- (c) The Committee shall *inter alia*:
  - (i) Formulate and update the CSR Policy which will be approved by the Board;
  - (ii) Decide the CSR activities to be taken up by the Company in accordance with this Policy;
  - (iii) Decide the amount to be allocated for each project or activity;
  - (iv) Oversee and monitor the progress of the initiatives rolled out under this Policy; and
  - (v) Submit a report, to the Board on all CSR activities undertaken during the financial year
- (d) The Committee shall meet at least once in a financial year.

## 7. FINANCIAL OUTLAY FOR CSR ACTIVITIES

- (a) Every year, the Company shall with the approval of its Board make a budgetary allocation for CSR activities/ projects for the year. The budgetary allocation will be based on the profitability of the Company and the requirements of applicable laws.
- (b) The Company expects to spend the budgeted amount allocated for CSR activities/ projects planned for each financial year, within that year. If for any reason, the budget of a year remains unutilized, the same would not lapse and would be carried forward to the next year for expenditure on CSR activities, which were planned for implementation in the previous year, but could not be completed due to some reason. The CSR Committee and the Board of Directors will disclose the reasons for not being able to spend the entire budgeted amount on the CSR activities as planned for that year.
- (c) The amount allocated for emergency needs but not utilized in the year of its allocation may be carried forward to the next year for utilization for CSR activities.
- (d) Any surplus arising out of the CSR activities, projects or programs shall not form part of the business profits of the Company.

## 8. IMPLEMENTATION

- (a) The Company will integrate its CSR plans and strategy with its business plans and strategies. For effective implementation, long-term CSR plans will be broken down into medium-term and short-term plans. Each plan recommended by the CSR Committee should specify the CSR activities planned to be undertaken for each year, define the responsibilities of the designated authorities to be engaged in this task, and also prescribe the measurable and the expected outcome and social/ environmental impact of the CSR activities.
- (b) The Company recognizes that the period of implementation of its long term CSR projects can extend over several years depending upon the expected outcomes/ impact thereof. While planning for such long term projects, the CSR Committee would estimate the total cost of each project and recommend to the Board of Directors of the Company that the Company should commit such amount for long term expenditure till the completion of the project.
- (c) Each long term project will be broken up into annual targets and activities to be implemented sequentially on a yearly basis, and the budget would have to be allocated for the implementation of these activities and achievement of targets set for each successive year, till the final completion of the project.
- (d) Where the CSR activities are closely aligned with the business strategy and the Company possesses core

competence to do it, the Company may take up the implementation of CSR project with its own manpower and resources, if the CSR Committee is confident of its organisational capability to execute such projects.

- (e) If in the opinion of the CSR Committee, the implementation of CSR projects requires specialised knowledge and skills, and if the Company does not have such expertise in-house, and dedicated staff to carry out such activities, the CSR Committee may recommend to avail the services of external specialized agencies for the implementation of such CSR projects.
- (f) In the event an external agency is engaged for the purposes of the CSR initiatives of the Company, the Company will need to enter into an agreement with the relevant executing/implementing external agency, setting out the terms and conditions of the engagement of the external agency.

## 9. MONITORING

- (a) The Company recognizes that monitoring is critical for assessment of the progress as regards timelines, budgetary expenditure and achievement of targets. Monitoring may be done periodically with the help of identified key performance indicators, the periodicity being determined primarily by the nature of key performance indicators.
- (b) Monitoring will be done in project mode with continuous feedback mechanism, and recourse always available for mid-course correction in implementation, whenever required.
- (c) The performance of the Company's CSR activities would be monitored on the basis of their achievement of annual targets and the utilization of their annual budgets for the activities planned and the targets set for each year.
- (d) Implementation and monitoring of the CSR activities will be overseen by the CSR Committee. The monitoring and evaluation may be assigned by the CSR Committee to an independent external agency for the sake of objectivity and transparency.

- (e) If the projects are being implemented by external agencies, the Company may in consultation with CSR Committee designate special executives for this purpose.

## 10. INFORMATION DISSEMINATION

- (a) The Company's engagement in this domain is disseminated on its website, annual reports and its in-house journals as and when deem fit.
- (b) Further the contents of the CSR Policy shall be disclosed in the Directors' Report and the same shall also be displayed on the Company's website.

## 11. GENERAL

- (a) In case of any doubt with regard to any provision of this CSR Policy and also in respect of matters not covered herein, a reference should be made to the CSR Committee. In all such matters, the interpretation and decision of the CSR Committee shall be final.
- (b) All provisions of the CSR Policy would be subject to revision/amendment in accordance with the applicable laws.
- (c) The Company reserves the right to modify, cancel, add, or amend this CSR Policy.

## 12. REVIEW OF THE POLICY

The CSR Committee shall review the CSR Policy from time to time based on the changing needs and make suitable modifications as may be necessary with the approval of the Board.

*In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.*

## Annexure-III Dividend Distribution Policy

### 1. BACKGROUND, PURPOSE, OBJECTIVES AND SCOPE

The equity shares of the Company are listed on National Stock Exchange of India Limited and BSE Limited. SEBI vide its Notification No. SEBI/LAD-NRO/GN/2016-17/008 dated 8<sup>th</sup> July, 2016 has amended the Listing Regulations by inserting Regulation 43A in order to make it mandatory to have a Policy in place by the top five hundred listed companies based on their market capitalization. Considering the provisions of the aforesaid Regulation 43A, the Board of the Company recognizes the need to lay down a broad framework for considering decisions by the Board of the Company, with regard to distribution of dividend to its shareholders and/ or retaining or plough back of its profits. The Policy also sets out the circumstances and different factors for consideration by the Board at the time of taking such decisions of distribution or of retention of profits, in the interest of providing transparency to the shareholders. The intent of the Policy is to broadly specify the following:

- The circumstances under which the shareholders of the Company may or may not expect dividend;
- Internal and external factors including financial parameters that shall be considered while declaring dividend;
- Policy as to how the retained earnings shall be utilized;
- Parameters that shall be adopted with regard to various classes of shares.

Any deviation on elements of this Policy in extraordinary circumstances, when deemed necessary in the interests of the Company, along with the rationale will be disclosed in the Annual Report by the Board.

The Board of Directors of the Company in its meeting held on 4<sup>th</sup> February, 2017 has approved this Dividend Distribution Policy of the Company which endeavors for fairness, consistency and sustainability while distributing profits to the shareholders.

### 2. EFFECTIVE DATE

This Dividend Distribution Policy is effective w.e.f. 4<sup>th</sup> February, 2017

### 3. DEFINITIONS

“Act” shall mean the Companies Act, 2013 including the Rules made thereunder, as amended from time to time.

“Board” or “Board of Directors” shall mean the Board of Directors of the Company.

“Company” means Orient Cement Limited.

“Dividend” includes any interim dividend and shall mean Dividend as defined under the Companies Act, 2013.

“Listing Regulations” shall mean the “Securities and Exchanges Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015” and the amendments thereto.

“Policy” shall mean this Dividend Distribution Policy.

“SEBI” shall mean Securities and Exchange Board of India.

### 4. PARAMETERS AND FACTORS FOR DECLARATION OF DIVIDEND

#### (I) Financial parameters and Internal Factors

- Working capital requirements
- Profits earned during the year
- Profit available for distribution
- Past dividend payout ratio/ trends
- Earnings per share(EPS)
- Cost of Borrowing
- Capital expenditure requirement
- Business expansion, growth and acquisition
- Creation of contingency fund
- Investment in joint-ventures, associates and subsidiaries
- Agreements with lending institutions/ debenture trustees etc.
- Likelihood of crystallization of contingent liabilities, if any

#### (II) External Factors

- Statutory provisions and guidelines
- Economic environment
- Capital markets
- Global conditions
- Dividend payout ratio of competitors

### 5. CIRCUMSTANCES UNDER WHICH DIVIDEND PAYOUT MAY OR MAY NOT BE EXPECTED

The decision of dividend payout shall, majorly be based on the aforesaid factors considering the balanced interest of the shareholders & the Company. The shareholders of the Company may not expect dividend under the following circumstances:-

- Proposed expansion plans including capital expenditure for existing operations, requiring higher capital allocation
- Decision to undertake any acquisitions, amalgamation,

merger, joint ventures, new product launches etc. which requires significant capital outflow

- Requirement of higher working capital for the purpose of business of the Company
- Proposal for buyback of securities
- In the event of loss or inadequacy of profit

### 6. MANNER OF UTILISATION OF RETAINED EARNINGS

The Board may decide to plough back the earnings for a particular financial year(s) to ensure the availability of funds for any of the following purpose:-

- Expansion plans
- Modernization plans
- Diversification/ acquisition of business
- Plant expansion & diversification
- Replacement of capital assets
- Mitigate dependence on external debts
- High financial leverage
- Other such criteria as the Board may deem fit from time to time

### 7. PARAMETERS FOR VARIOUS CLASSES OF SHARES

The holders of the equity shares of the Company, as on the record date, are entitled to receive dividends. Since the Company has issued only one class of equity shares with equal voting rights, all the members of the Company are entitled to receive the same amount of dividend per share. The Policy shall be suitably revisited at the time of issuance of any new class of shares depending upon the nature and guidelines thereof.

### 8. PROCEDURE

- The Chief Financial Officer in consultation with Managing Director & CEO of the Company shall recommend any amount to be declared/ recommended as dividend to the Board of the Company.
- The agenda of the Board where dividend declaration/ recommendation is proposed shall contain the rationale of the proposal.
- Pursuant to the provisions of the applicable laws and

this Policy, interim dividend approved by the Board will be confirmed by the shareholders and final dividend, if any, recommended by the Board, will be subject to shareholders approval, at the ensuing Annual General Meeting of the Company.

- The Company shall ensure compliance of provisions of applicable laws, the Act, SEBI Rules and Regulations and this Policy in relation to dividend declared by the Company.

### 9. POLICY EXCLUSION:

The Policy shall not be applicable in the following circumstances:-

- Any distribution of cash as an alternative to payment of dividend by way of buyback of equity shares
- Distribution of dividend in kind, i.e. by issue of fully or partly paid bonus shares or other securities
- Determination and declaration of dividend on preference shares, if any.

### 10. DISCLOSURES

The Dividend Distribution Policy shall be disclosed in the Annual Report and on the website of the Company i.e. at [www.orientcement.com](http://www.orientcement.com).

### 11. GENERAL

- The Policy would be subject to revision/ amendment in accordance with the guidelines as may be issued by Ministry of Corporate Affairs, Securities Exchange Board of India or such other regulatory authority as may be authorized, from time to time, on the subject matter.
- The Company reserves its right to alter, modify, cancel, add, delete or amend any of the provisions of this Policy.
- In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

## Managing Director & CEO and Chief Financial Officer Certification

We, the undersigned, in our respective capacities as Managing Director & CEO and Chief Financial Officer of Orient Cement Limited ("the Company") to the best of our knowledge and belief certify that:

- (a) We have reviewed financial statements and the cash flow statement for the financial year ended 31<sup>st</sup> March, 2017 and that to the best of our knowledge and belief, we state that:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and in compliance with existing accounting standards, applicable laws and regulations.
- (b) We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or 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 internal control systems of the Company pertaining to financial reporting of the Company and have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.
- (d) We have indicated, wherever applicable, to the Auditors and the Audit Committee:
  - (i) significant changes, if any, in internal control over financial reporting during the year;
  - (ii) significant changes, if any, in the accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over the financial reporting.

For Orient Cement Limited

Place: New Delhi  
Date: 5<sup>th</sup> May, 2017

D. D. Khetrpal  
Managing Director & CEO  
(DIN 02362633)

Sushil Gupta  
Chief Financial Officer  
(FCA-044924)

## Compliance with Code of Conduct

As provided under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for Directors and Senior Management for the financial year ended 31<sup>st</sup> March, 2017.

For Orient Cement Limited

Place: New Delhi  
Date: 5<sup>th</sup> May, 2017

D. D. Khetrpal  
Managing Director & CEO  
(DIN 02362633)

# Business Responsibility Report for the financial year 2016-17

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company	L26940OR2011PLC013933		
2. Name of the Company	Orient Cement Limited		
3. Registered address	Birla Tower, 3 <sup>rd</sup> Floor, 25, Barakhamba Road, New Delhi-110001		
4. Website	www.orientcement.com		
5. E-mail id	sushil.gupta@orientcement.com		
6. Financial year reported	1 <sup>st</sup> April, 2016 - 31 <sup>st</sup> March, 2017		
7. Sector(s) that the Company is engaged in (industrial activity code-wise)			
Group	Class	Sub class	Description
239	2394	23941	Manufacture and sale of cement
8. List three key products/services that the Company manufactures/provides (as in balance sheet)	The Company manufactures cement of two kinds viz: Ordinary Portland Cement (OPC) & Pozzolana Portland Cement (PPC)		
9. Total number of locations where business activity is undertaken by the Company			
(a) Number of International Locations (Provide details of major 5)	Nil		
b) Number of National Locations	13 States		
10. Markets served by the Company – Local/State/ National/International	National		

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (INR)	₹2,048.69 lacs
2. Total Turnover (INR)	₹2,17,127.81 lacs
3. Total profit after taxes (INR)	(₹3,209.85 lacs)
4. Total Spending on Corporate Social Responsibility (CSR)	The Company has spent ₹414.36 lacs during the financial year 2016-17 on CSR activities
5. List of areas in which expenditure in 4 above has been incurred:-	<ol style="list-style-type: none"> <li>a. Healthcare,</li> <li>b. Infrastructure development and</li> <li>c. Education</li> </ol>

## SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies?	No
2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	N.A
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with; participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	The suppliers, vendors, agents, consultants, contractors and third parties (more than 60%), who have business relationships with the Company, are contractually bound to abide by the Code of Conduct, Whistle Blower Policy and performance standards. In this capacity they are involved & participate in the Business Responsibility initiatives of the Company.



**SECTION D: BR INFORMATION**

1. Details of Director/Directors responsible for BR

(a) Details of the Director/Director responsible for implementation of the BR policy/policies

1. DIN Number	02362633
2. Name	Mr. Desh Deepak Khetrpal
3. Designation	Managing Director & CEO

(b) Details of the BR head

1. DIN Number (if applicable)	N.A
2. Name	Mr. Sushil Gupta
3. Designation	Chief Financial Officer
4. Telephone number	011-42092246
5. e-mail id	sushil.gupta@orientcement.com

2. Principle-wise (as per NVGs) BR Policy/ policies( Reply in Y/N):

The National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These briefly are as under:-

- P1 – Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
- P2 - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
- P3 - Businesses should promote the well-being of all employees.
- P4 - Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
- P5 - Businesses should respect and promote human rights.
- P6 - Businesses should respect, protect and make efforts to restore the environment.
- P7 - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
- P8 - Businesses should support inclusive growth and equitable development.
- P9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner.

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for.....	Y	Y Note-1	Y	Y	Note-2	Y	Note-8	Y	Note 9
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y		Y		Y	
3.	Does the policy conform to any national/ international standards? If yes, specify? (50 words)	Y	Y Note-3	Y	Y Note-4		Y		Y Note-5	
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Note6	-	N	Y		N		Y	
5.	Does the Company have a specified committee of Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y		Y		Y	
6.	Indicate the link for the policy to be viewed online?	*	**	-	#		***		#	
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y		Y		Y	
8.	Does the Company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y		Y		Y	
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y		Y		Y	
10.	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y Note 7	Y	N	Y		Y		Y	

If answer to Sr. No. 1 against any principle is 'No', please explain why (tick up to 2 options)

1. The Company has not understood the principles.
2. The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles.
3. The Company does not have financial or manpower resources available for the task.
4. It is planned to be done with in next six months.
5. It is planned to be done with in next one year.
6. Any other reason.

\*<http://www.orientcement.com/investor/>

\*\*<http://www.orientcement.com/investor/>

# <http://www.orientcement.com/wp-content/uploads/2016/05/Corporate-Social-Responsibility-Policy.pdf>

\*\*\*<http://www.orientcement.com/investor/>

**Note-1:-** The policy is embedded in the Company's quality & environment policies which *inter alia*, relate to safe & sustainable products.

**Note-2:-** It is planned to be done during the financial year 2017-18.

**Note-3:-** Bureau of Indian Standards (BIS)

**Note-4:-** The policy conforms to guidelines of Companies Act, 2013. In addition, the Policy is also in conformity with the Sustainable Development Goals.

**Note-5:-** The policy conforms to guidelines of Companies Act, 2013. In addition, the Policy is also in conformity with the Sustainable Development Goals.

**Note-6:-** The Code of Conduct for Directors & Senior Management and the Whistle Blower Policy of the Company are approved by the Board of Directors of the Company and are signed by the Managing Director & CEO of the Company.

**Note-7:-** Compliance reports from designated employees are evaluated by the Internal Auditors and are placed before the Audit Committee for review.

**Note-8:-** The need for a formal policy was not identified.

**Note-9:-** The need for a formal policy was not identified. However, the Company has a systematic process for assessing customer needs. It also has a customer complaint redressal system.

3. Governance related to BR

- |   |  |
|---|--|
| <p>(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, annually, more than 1 year</p> <p>(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?</p> | <p>The Managing Director &amp; CEO of the Company assesses the BR performance of the Company on a quarterly basis. This Report forms part of the Annual Report and is placed before the Board of Directors for approval.</p> <p>This is the first year of implementation of the Business Responsibility Report by the Company. The Company will publish the Business Responsibility Report in accordance with SEBI guidelines and it will form part of the Annual Report.</p> <p>The Business Responsibility Report will be published annually. The Report is available on the Company's website: <a href="http://www.orientcement.com">www.orientcement.com</a></p> |
|---|--|

**SECTION E: PRINCIPLE-WISE PERFORMANCE**

**Principle 1- ETHICS, TRANSPARENCY & ACCOUNTABILITY**

**1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/ Others?**

The Company does not have a separate policy relating to ethics, bribery and corruption. However, the policy is embedded in the Company's Codes of Conduct (Code of Conduct for Employees, Code of Conduct for Directors & Senior Management and Supplier Code of Conduct), Whistle Blower Policy, HR policies and various HR practices. The provisions of these Codes and the Whistle Blower Policy are a mandatory condition for the award of any contract as well as initiating or maintaining a business relationship with Orient Cement.

**2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

During the financial year 2016-17, the Company received total of 4 complaints related to ethics, bribery and corruption. No complaint was pending from the previous financial year. All complaints were successfully resolved during the year as on 31<sup>st</sup> March, 2017 through appropriate grievance redressal mechanisms.

Apart from this, the Company has not received any complaint from the shareholders of the Company. No complaint was pending from previous financial year.

**Principle 2- SUSTAINABILITY IN LIFE-CYCLE OF PRODUCT AND SERVICES**

**1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

Three principal products are Ordinary Portland Cement 53 grade (OPC53), Ordinary Portland Cement 43 Grade (OPC43) and Portland Pozzolana Cement (PPC).

As a responsible corporate, the Company is committed to sustainable development and understands its obligations relating to social & environmental concerns. The Company continually seeks ways to conserve the environment and manage finite resources responsibly.

At Orient Cement, we integrate responsible environmental practices into business operations that aim at environment sustainability and inclusive growth. We adopt a pro-active and responsible approach and consciously try to mitigate any impact of our operations on the environment. We also aim at prudent and frugal use of non-renewable natural resources, reduction in air emissions as well as targeted investments in viable technologies that promise sustainable development. As a result of this responsible and pro-active approach, the Company is reputed to be one of the most

efficient manufacturers of cement in India in terms of power and fuel consumption.

The Company follows the following approach to achieve its goal of sustainability:-

- a) The Devapur & Jalgaon units are certified with Quality (ISO 9001), Environment 14001 and operational health and safety (OHSAS 18001) certification. The new integrated cement manufacturing unit at Chittapur is equipped with new state of the art technology and latest energy-efficient equipment.
- b) Energy conservation practices such as installation/ replacement of energy- efficient equipment to reduce the Green House Gases (GHG) emissions and also to increase the resource efficiency.
- c) Use of Biomass – Rice Husk as an Alternate Fuel and Pet coke in the manufacturing process to substitute the consumption of fossil fuel/ coal.
- d) Use of Fly ash (waste material from thermal power plants) to manufacture Portland Pozzolana Cement (PPC) as an environment friendly practice to conserve the environment.
- e) Rain Water Harvesting by conserving rain water in mined out pits for its use in the operations, for augmentation of the ground water level and to support the local biodiversity.
- f) Pollution prevention by installation and proper maintenance of Pollution Control Equipment.
- g) Adequate Green Belt Development for pollution abatement, support to the local biodiversity and increasing the aesthetic and scenic beauty of the plants/ mines site.
- h) Installation of sewage and water treatment plant for treatment of liquid waste and for purifying ground / surface water.

**2. For each such product, provide the details in respect of resource use (energy, water, raw material etc.), reduction during sourcing/production/distribution achieved since the previous year throughout the value chain and reduction during usage by consumers (energy, water) achieved since the previous year?**

The Company is constantly putting considerable efforts into the conservation of energy and water. We are closely monitoring and working on improving our resource, raw material, energy, water, waste and emission footprint as part of our "best in class" manufacturing practices. Our focus on operating efficiencies has led to the Company having one of the lowest specific energy and power consumption metrics in the industry.

**3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?**

The Company's integrated plants are situated close to limestone mines which help to minimize transportation cost. The Company deploys sustainable mining practices. The Company utilizes chemical gypsum (an industrial waste) for the manufacture of cement as well as flyash (a waste product from thermal power plants) in the production of Portland Pozzolana Cement (PPC). The Company utilizes alternative fuel pet coke and rice husk which helps to conserve the finite natural resources. The Company is increasing the usage of Alternate Fuel year on year to decrease dependency on traditional fuel i.e. coal.

**4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

The Company avails services like housekeeping, transportation, vendors, horticulture and like services from suitable sources of supply near our places of work. The Company fosters local and small suppliers for procurement of goods and services in close proximity to its plant locations. As part of the development of local and small suppliers' capacity and capability, a new program called Contractor Safety Management has been introduced in the Company. Training and technical support is being provided to them to improve and build their capability and to educate and improve their performance standards.

**5. Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%).**

The Company utilizes chemical gypsum (an industrial waste) for the manufacture of cement as well as flyash (a waste product from thermal power plants) in the production of

Portland Pozzolana Cement (PPC). The Company also uses biomass – rice husk (waste material) as an alternate fuel and pet coke in the manufacturing process to substitute for the consumption of the fossil fuel/ coal.

**Principle 3 - EMPLOYEE WELL-BEING**

**1. Number of employees**

4188 (direct and indirect) employees.

**2. Number of employees hired on temporary/ contractual/ casual basis**

270 employees are outsourced staff and 2700 workers were hired on a temporary/contractual/casual basis.

**3. Number of permanent women employees**

There are 25 women employees in the management staff and 8 women employees as Wage Board / permanent workers.

**4. Number of permanent employees with disabilities**

4 permanent employees with disabilities are part of the organization.

**5. Employee association that is recognized by management.**

The employee association at Devapur is recognized by the management.

**6. Percentage of permanent employees that are members of this recognized employee association**

All the permanent workmen at Devapur are members of the recognized employee association (100% of permanent workmen in Devapur)

**7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

No.	Category	No. of complaints at the beginning of the financial year	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
a.	Child labour/ forced labour/ involuntary labour	Nil	Nil	Nil
b.	Sexual harassment	Nil	Nil	Nil
c.	Discriminatory employment	Nil	Nil	Nil

**8. What percentage of your under-mentioned employees were given safety & skill up-gradation training in the last year?**

a.	Permanent Employees	76 %
b.	Permanent Women Employees	90 %
c.	Casual/Temporary/Contractual Employees	100%
d.	Employees with disabilities	100%

Orient Cement undertakes significant efforts to enhance its workforce skills levels through various learning and development programs. Various trainings provided to the employees include Functional as well as Health, Safety and Environment trainings. Basic safety induction and training is given to employees at the plants upon their induction into the Company. Further, at the manufacturing locations, specific safety trainings are provided to employees, including the temporary and contractual workforce, based on their job profiles.

#### Principle 4- STAKEHOLDER ENGAGEMENT

##### 1. Has the Company mapped its internal and external stakeholders?

Yes, the Company has mapped its internal and external stakeholders. The major stakeholders identified and classified are:-

- Employees
- Customers
- Shareholders
- Local Communities
- Business partners/ Contractors/ Vendors
- Contract workers
- Project affected people
- Land contributors
- Government Bodies
- Industry Regulators
- Media and Industry Associations

For Orient Cement, maintaining relationship with stakeholders is a business imperative as our business revolves around our stakeholders.

##### 2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?

Yes, Orient Cement has identified the disadvantaged, vulnerable & marginalized stakeholders in its area of operations. These include among others, project affected people, land contributors and local residents.

##### 3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

Orient Cement has paid due attention towards disadvantaged, vulnerable & marginalized stakeholders. Orient Cement puts a conscious effort to engage with such stakeholders, identify their needs/concerns and address them in a phased manner. Based on the needs identified, Orient Cement undertakes several programs to improve health service delivery, rural education, skill development, infrastructural development and economic livelihood. Several initiatives such as health

care, education, infrastructure development, safe drinking water and sanitation, sustainable livelihood etc. are extended to disadvantaged, vulnerable & marginalized stakeholders and to the people living near the Company's manufacturing units. To achieve the same, we have a well-established CSR policy.

#### Principle 5- PROMOTION OF HUMAN RIGHTS

##### 1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/ Contractors/ NGOs/Others?

The Company does not have a formal policy on Human Rights. The formal policy will be put in place during the financial year 2018, however all aspects of human rights are taken into consideration while taking any business decision.

##### 2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

There were no complaints regarding breach of human rights during the reporting period.

#### Principle 6- ENVIRONMENTAL PROTECTION

##### 1. Does the policy related to Principle 6 cover only the Company or extend to the Group/Joint Ventures/Suppliers/ Contractors/ NGOs/others.

As per Orient Cement's Supplier Code of Conduct, the vendors, agents, consultants, contractors and any other third party, who have a business relationship with Orient Cement, have to ensure the compliance with all governmental laws related to Environment and Health & Safety. Compliance with these laws is mandatory for Orient Cement's vendors, agents, consultants, contractors and any other third party.

##### 2. Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.

At Orient Cement, we believe that Environmental and Social sustainability is imperative to the well-being of our planet and to human development and responsible corporates like us have to assume a responsible and pro-active role in contributing to the sustainability imperative. With increasing population and urbanization, demand for natural resources is increasing rapidly. Therefore, organizations involved in the cement industry have the responsibility to generate lasting innovations to protect both the industry's future viability and the health of our environment. It is necessary for those involved in the cement industry to manage emissions, eliminate waste and take responsibility for enhancing the quality of life on our planet. With this philosophy in our mind, we constantly identify and implement practices that satisfy the goals of sustainability in a holistic manner. Producing more and consuming less is the motto of our Company, which is

evidenced by improvement in efficiencies across all aspects of our operations. This will not only benefit our environment but also improve the living standards of our society. It will help our nation's progress, ensuring the development in a rapid yet sustainable manner.

We strive to integrate responsible environmental practices into business operations that aim at environmental management, social development and financial profitability and have taken constant measures towards the same. We consciously aim to mitigate environmental impacts due to our business operations and follow precautionary approach wherever we suspect that our actions might cause harm to environment. We are aiming for responsible use of natural resources, reduction in air emissions, targeted investments in viable technologies that promise sustainable growth that extend beyond mere compliance with the law.

Orient Cement, as a responsible Corporate has assessed the carbon footprint at their Devapur and Jalgaon plants for the year 2015-16. The Company has published its performance voluntarily under the carbon disclosure project (CDP) and this will pave way for our future performance monitoring and evaluation. The report is available on [http://www.orientcement.com/wp-content/uploads/2016/08/Orient-Cement-\\_Carbon-Footprint-Report-2015-16rev02.pdf](http://www.orientcement.com/wp-content/uploads/2016/08/Orient-Cement-_Carbon-Footprint-Report-2015-16rev02.pdf).

##### 3. Does the Company identify and assess potential environmental risks? Y/N

Yes, the Company has a mechanism to identify and assess potential environment risks in its plants. The Company is following ISO 14001 standards to mitigate the potential environmental risks at Devapur and Jalgaon. Environment and Safety management programs are initiated for the mitigation of identified environment aspects as well as safety hazards.

Moreover, the critical environment risks are identified as a part of the Company's risk management identification process and these feature in the Company's risk library. The Company regularly reviews its environmental risks and undertakes initiatives to mitigate them.

For us, the environmental performance improvement remains an important pillar of our business success. We are committed towards Environmental, Health and Safety (EHS) management. We also continuously focus on improving resource efficiency in clinker and cement production by optimising energy usage, utilizing waste in production processes and targeting higher alternative fuel and raw material usage. In the process, we also endeavor to minimize our impact on climate, water and air.

##### 4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?

The recently commissioned Chittapur cement plant of the Company uses all the latest technologies available. Cross Belt Analysers are installed in the limestone and raw material feeding circuit for optimum utilization of natural resources. The raw material grinding is achieved with vertical roller mills in finish mode which consumes substantially less electrical energy when compared with conventional ball mill grinding. The preheater is designed with low pressure cyclones for better utilisation of heat energy and kiln burner is provided with multi-channel burner. The clinker cooler is of the latest generation that uses less cooling air i.e. less electrical energy when compared with conventional coolers. The cooler drives are also of the hydraulic type. The complete pyro system is designed for the best and lowest heat energy consumption possible. The cement grinding circuit consists of vertical roller mills in closed circuit so that the cement grinding can be carried out with the optimum electrical energy when compared with conventional ball mill grinding. The quality control systems of latest generation are in place to optimize consumption of various raw materials.

Orient Cement is active in managing its GHG emissions. The Company is utilising power plant waste i.e. fly ash to manufacture Pozzolana Portland Cement as much as possible and system is designed for the same with one of the best and most accurate feeding systems. The Company is using petcoke as fuel as much as possible which is a by-product from crude oil refineries.

##### 5. Has the Company undertaken any other initiatives on-clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

Orient Cement has taken numerous initiatives to implement clean & green technology and from an energy efficiency perspective. Some of these include: -

- a) The energy efficiency activities in the plant are ongoing. Please refer to Annexure 7 of the Directors' Report of the Annual Report for conservation of energy initiatives. The same is also available on Company's website: [www.orientcement.com](http://www.orientcement.com).
- b) The Chittapur cement plant uses the latest dry process technology with the latest machinery and methodology.
- c) The Company utilizes chemical gypsum (an industrial waste) for the manufacture of cement and flyash (waste from thermal power plants) in the production of Portland Pozzolana Cement (PPC).
- d) The Company uses Biomass – Rice Husk (waste material) as an alternate fuel and pet coke in the manufacturing process to substitute the consumption of the fossil fuel/ coal.
- e) The Company has constructed 15 check dams at various locations around the plant in Devapur. Rain water harvesting system has been developed at the

Jalgaon plant. A huge pond is being maintained for the collection of rain water at the Chittapur plant. Orient Cement has developed a Reservoir – "Maisamma Sagar" at the Devapur Plant for collecting rain water in the lower most benches during the monsoon season. This is being used for plantation activities & spraying on roads for suppressing dust besides being used in the power plant & cement plant. The rain water harvesting fulfils the requirement of the mines, power plant and cement plant. This huge reservoir/lake recharges the ground water table of surrounding areas and supports the existence of local flora and fauna. Many bird species can be seen in the area using different habitats extensively for foraging, nesting and roosting in the surrounding vegetation. Fishes in the water reservoir help in maintaining an aquatic ecosystem.

f) The Company is continuously concentrating on improving its productivity in terms of production, power consumption and thermal energy consumption. The electrical equipment used in the plant is made energy efficient through usage of Variable Frequency Drives (VFDs). Our focus on operating efficiencies has led to the Company having one of the lowest specific energy and power consumption metrics in the industry.

g) In Chittapur Plant all the electrical drives are of latest IE3 class having the highest energy efficiency. Most of the plant drives where speed control is necessary are provided with Variable Frequency Drives so as to optimize the electrical energy utilisation. All the raw material and fuel storage areas are completely covered to prevent dust and leaching due to rain water which also reduces the energy utilisation.

h) The Company has installed a sewage treatment plant and a water treatment plant at Chittapur.

**6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

Yes, the emissions/ waste generated by the Company are within the permissible limits as prescribed by CPCB/ SPCBs and are reported.

**7. Number of show cause/legal notices received from CPCB/ SPCB which is pending (i.e. not resolved to satisfaction) as on end of financial year.**

No show cause /legal notice from CPCB / SPCB has been received by any of the Orient Cement's manufacturing plants during the financial year.

**Principle 7- RESPONSIBLE PUBLIC POLICY ADVOCACY**

**1. Is your Company a member of any trade and chamber or association? If yes, name only those major ones that your business deals with.**

The Company is member of Cement Manufacturers

Association, Cement Sustainability Initiative (CSI), under the aegis of the World Business Council for Sustainable Development (WBCSD), National Human Resource Development (NHRD), Employer's Federation of Southern India (EFI) and National Safety Council (NSC).

**2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes / No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

Yes, the broad areas are Economic Reforms, Environment & Energy issues and Sustainable Business Principles.

**Principle 8- INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT**

**1. Does the Company have specified program/ initiatives/projects in pursuit of the policy related to Principle 8? If yes, details thereof.**

We believe in being a good corporate citizen by helping communities and being instrumental in supporting their progress. Towards this objective, we have a well-established policy framework and implementation mechanism which reflects our objective of economic and social development to create a positive impact in our neighbouring communities. Beyond constantly creating value through our operations and initiatives, we are committed to the socio-economic development of communities around us.

The Company has specific programs/ initiatives/ projects in pursuance of its CSR objectives. The Company has adopted a CSR policy which has been aligned with the requirements of the Companies Act, 2013 and our thrust areas are well aligned to the schedule VII of section 135 of the Companies Act, 2013. The Company has carried out CSR Programs in pursuance of inclusive development, primarily focusing on education, infrastructure development and healthcare support. Focused efforts are made in the identified community development areas to achieve the desired outcomes. Orient Cement's presence has resulted in notable economic improvement of the areas where it has its manufacturing plants. Apart from numerous business opportunities that Orient Cement creates for the local vendors/ suppliers, Orient also undertakes multiple CSR initiative for the local communities. The focus of all such initiatives has been to improve the quality of life of local residents.

**2. Are the programs/ projects undertaken through in-house team/own foundation/ external NGO/government structures/any other organization?**

Orient Cement has a Board level CSR Committee constituted under the Companies Act, 2013 which assists the Board in discharging social responsibilities. It formulates and monitors implementation framework of "Corporate Social

Responsibility Policy", observes practices of Corporate Governance at all levels and provides remedial measures wherever necessary.

Under the framework of its CSR Policy, the Company undertakes social programs/ projects on an ongoing basis. The programs/projects are undertaken through in-house teams to ensure that Orient Cement achieves success in effectively translating the Company's vision of promoting inclusive growth successfully in a focused manner and under the Company's direct supervision.

**3. Have you done any impact assessment of your initiative?**

The Company monitors the impact of its CSR initiatives on an ongoing basis and has noted positive outcomes and benefits for the people in and around the Company's plants. Just as an example, a Reverse Osmosis plant (RO) provided in Devapur village has resulted in the reduction in waterborne diseases over a period of 6-8 months since inception.

During financial year 2016-17, the Company has, like in previous years, made significant contributions towards promotion of education and social good by providing primary healthcare support in the vicinity of its plants. In the area of Education, in the school run by the Company in Devapur, both primary and secondary, about 1500 students are studying on an average per year. It has hugely impacted the quality of life of the villagers in the vicinity.

The Company has three full time doctors including a lady doctor in the dispensary to treat people from the nearby villages.

**4. What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?**

During the year under review, the Company has spent an amount of ₹1,129.85 lacs on community development projects. The Company has been working for community development around the Company's manufacturing locations focusing mainly on education, healthcare, sustainable livelihood, social empowerment and infrastructure development.

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words or so.**

Orient Cement conducts consistent engagement and interaction with the community to ensure that the initiatives undertaken are successfully implemented and addresses specific needs of the community. The Company has taken steps to ensure that the community initiatives benefit the community as per the identified and assessed needs. Projects are evolved out of the identified needs of the communities. This continuous engagement with the communities allows better acceptance and adaptation of the initiatives.

**Principle 9 – PROVIDING VALUE TO CUSTOMERS**

**1. What percentage of customer complaints/consumer cases are pending as on the end of financial year?**

Effective redressal mechanism is in place for addressing customer complaints and handling consumer cases. The Company has a well-defined system of addressing customer complaints. The Company has received 109 complaints during the financial year 2016-17, 100% complaints received were resolved successfully by 31<sup>st</sup> March, 2017.

**2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information).**

Yes, we strictly follow all applicable regulations regarding product labelling. Apart from mandated product information, the Company displays ISO certification and bag manufacturer's name on the products label. The Company also has a website which provides information about its products benefits.

**3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.**

There is no case against Orient Cement during last five years, relating to unfair trade practices, irresponsible advertising and/or anti-competitive behavior as at the end of the financial year.

**4. Did your Company carry out any consumer survey/ consumer satisfaction trends?**

Customer Satisfaction Surveys are conducted periodically to assess the consumer satisfaction levels. It is usually done by hiring an external agency.

# INDEPENDENT AUDITOR'S REPORT

To  
The Members of **Orient Cement Limited**

## Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Orient Cement Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act., read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit

of the Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with 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 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 Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS 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, of the state of affairs of the Company as at March 31, 2017, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

## Emphasis of Matter

Without qualifying our audit opinion, we draw attention to Note 38 to the financial statements regarding remuneration paid / provided to the Managing Director of the Company during the year ended March 31, 2017 which has exceeded the limit prescribed under Section 197 read with Schedule V to the Companies Act, 2013, by ₹444.99 lacs. As informed to us, the Company is in the process of filing waiver

application with the Central Government for the above excess remuneration and pending application and receipt of the approval, no adjustment to financial statements have been made.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1", a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) 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;
  - (c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016;
  - (e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such

controls, refer to our separate Report in "Annexure 2" to this report;

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 36 to the Ind AS financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. The Company has provided requisite disclosures in Note 10 to these Ind AS financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. However, as stated in Note 10 to the financial statements, amounts aggregating ₹0.80 lacs as represented to us by the management has been received from transactions (from employees) which are not permitted.

**For S.R. Batliboi & Co. LLP**  
**Chartered Accountants**  
**ICAI Firm Registration Number: 301003E/E300005**

**Place: New Delhi**  
**Date: 5<sup>th</sup> May, 2017**

**per Sanjay Kumar Agarwal**  
**Partner**  
**Membership No.: 060352**

**ANNEXURE 1 REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF ORIENT CEMENT LIMITED AS AT AND FOR THE YEAR ENDED MARCH 31, 2017**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification once in three years 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) According to information and explanations given by the management, the title deeds of immovable properties, included in fixed assets, are held in the name of the Company except title deeds for land (23 cases) aggregating to ₹410.03 lacs as on March 31, 2017 which are still held in the name of demerged Company and yet to be transferred in the Company's name.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of cement, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed dues in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty on custom, duty of excise and value added tax on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ in lacs)	Period to which the amount relates (Financial Year)	Forum where dispute is pending
Central Excise and Customs Act, 1944	Disallowance of Cenvat Credit on input and capital goods	736.80	April 2003 to November 2015	Commissioner (Appeals) / CESTAT
A. P. Sales Tax / A. P. VAT Act / Central Sales Tax Act, 1956	Demand on second sales and freight charges realised separately by raising debit invoices and other matters	211.47	1983-84 to 2004-05	Commissioner / Appellate Dy. Commissioner / Sales tax Appellate Tribunal / High Court
Tamil Nadu / Karnataka / Maharashtra VAT Act	Non-submission of forms, penalty, etc.	53.83	1996-97, 2004-05 and 2008-09	Joint Commissioner

- (viii) According to information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks or government. The Company did not have any outstanding dues in respect of a financial institutions or debenture holders during the year.
- (ix) According to the information and explanations given by the management, term loans were applied for the purpose for which the loans were obtained. The Company has not raised any money way of initial public offer / further public offer / debt instruments during the year.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, we report that the remuneration paid / provided to the Managing Director of the Company during the year ended March 31, 2017 is in excess of the limits prescribed under Section 197 read with Schedule V to the Companies Act, 2013, by ₹444.99 lacs. As informed to us by the management, the Company is in the process of filing waiver application with the Central Government for the above excess remuneration and pending such approval, no steps have been taken by the Company for securing refund of the above excess remuneration. Our report includes an Emphasis of Matter in this respect.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order

- are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence not commented upon.
- (xv) According to information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

**For S.R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 301003E/E300005

**per Sanjay Kumar Agarwal**  
Partner  
Membership No.: 060352

**Place: New Delhi**  
**Date: 5<sup>th</sup> May, 2017**

## ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF ORIENT CEMENT LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Orient Cement Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017,

based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.R. Batliboi & Co. LLP  
Chartered Accountants  
ICAI Firm Registration Number: 301003E/E300005

Place: New Delhi  
Date: 5<sup>th</sup> May, 2017

per Sanjay Kumar Agarwal  
Partner  
Membership No.: 060352

## Balance Sheet

as at 31st March, 2017

Particulars	Note No.	(₹ in Lacs)		
		31st March 2017	31st March 2016	1st April 2015
<b>I) ASSETS</b>				
<b>1) NON-CURRENT ASSETS</b>				
a) Property, plant and equipment	3	2,23,042.14	2,13,808.99	79,606.43
b) Capital work-in-progress		9,810.97	23,937.49	1,31,616.83
c) Intangible assets	4	6,521.90	6,843.89	594.70
d) Intangible assets under development		-	-	332.51
e) Financial assets				
(i) Loans	5	12.74	11.91	8.76
(ii) Other financial assets	6	379.52	115.89	84.61
f) Other assets	7	3,435.74	2,330.96	5,070.93
	(A)	<b>2,43,203.01</b>	<b>2,47,049.13</b>	<b>2,17,314.77</b>
<b>2) CURRENT ASSETS</b>				
a) Inventories	8	14,665.99	13,504.24	10,509.18
b) Financial assets				
(i) Trade receivables	9	10,553.14	9,209.08	8,242.07
(ii) Cash and cash equivalents	10	6,292.01	3,620.23	4,126.65
(iii) Bank balances other than (ii) above	11	1,962.49	156.55	144.03
(iv) Loans	5	0.82	0.93	3.19
(v) Other financial assets	6	2,651.15	2,294.16	1,827.48
c) Current tax assets (net)	12	263.04	591.79	531.71
d) Other assets	7	8,837.39	13,208.60	13,307.67
	(B)	<b>45,226.03</b>	<b>42,585.58</b>	<b>38,691.98</b>
<b>TOTAL ASSETS (A)+(B)</b>		<b>2,88,429.04</b>	<b>2,89,634.71</b>	<b>2,56,006.75</b>
<b>II) EQUITY AND LIABILITIES</b>				
<b>1) EQUITY</b>				
a) Equity share capital	13	2,048.69	2,048.69	2,048.69
b) Other equity	14	96,669.46	1,01,958.15	97,901.69
	(C)	<b>98,718.15</b>	<b>1,04,006.84</b>	<b>99,950.38</b>
<b>LIABILITIES</b>				
<b>2) NON-CURRENT LIABILITIES</b>				
a) Financial Liabilities				
(i) Borrowings	15	1,18,849.02	1,23,927.82	1,05,946.72
b) Long term provisions	16	5,041.45	5,479.88	1,428.17
c) Deferred tax liabilities (net)	17	7,495.42	10,990.05	12,471.12
	(D)	<b>1,31,385.89</b>	<b>1,40,397.75</b>	<b>1,19,846.01</b>
<b>3) CURRENT LIABILITIES</b>				
a) Financial Liabilities				
(i) Borrowings	15	10,000.00	4,567.96	4,041.10
(ii) Trade Payables	18	23,697.89	19,430.77	11,029.53
(iii) Other current financial liabilities	19	16,682.57	14,521.22	17,156.79
b) Other current liabilities	20	5,837.38	5,114.42	3,228.36
c) Provisions	16	2,063.56	1,313.81	492.47
d) Current tax liabilities (net)	21	43.60	281.94	262.11
	(E)	<b>58,325.00</b>	<b>45,230.12</b>	<b>36,210.36</b>
<b>TOTAL LIABILITIES (F) (D)+(E)</b>		<b>1,89,710.89</b>	<b>1,85,627.87</b>	<b>1,56,056.37</b>
<b>TOTAL EQUITY AND LIABILITIES (C)+(F)</b>		<b>2,88,429.04</b>	<b>2,89,634.71</b>	<b>2,56,006.75</b>
Significant accounting policies	2			

The accompanying notes are an integral part of the financial statements.

As per our report of the even date.

For S.R. Batliboi & Co. LLP  
Firm registration number:301003E/E300005  
Chartered Accountants

For and on behalf of Board of Directors

CK. Birla  
Chairman  
(DIN 00118473)

D.D. Khetrpal  
Managing Director & CEO  
(DIN 02362633)

per Sanjay Kumar Agarwal  
Partner  
Membership No.: 060352

Place: New Delhi  
Date: 5<sup>th</sup> May, 2017

S. Gupta  
Chief Financial Officer  
(FCA 044924)

D. Gulati  
Company Secretary  
(FCS 5304)

## Statement of Profit & Loss

for the year ended 31st March, 2017

Particulars	Note No.	(₹ in Lacs)	
		31st March 2017	31st March 2016
<b>I) INCOME</b>			
Revenue from operations	22	2,17,127.81	1,69,163.28
Other income	23	1,227.74	755.40
<b>Total income (I)</b>		<b>2,18,355.55</b>	<b>1,69,918.68</b>
<b>II) EXPENSES</b>			
Cost of raw materials consumed	24	26,460.78	21,074.92
(Increase)/ decrease in inventories of finished goods and work in progress	25	908.59	(190.90)
Excise duty on sale of goods		29,613.80	22,920.47
Employee benefits expense	26	12,128.59	8,978.23
Finance costs	27	13,533.51	5,444.22
Depreciation and amortisation expenses	28	12,153.59	7,781.79
Other expenses	29	1,30,204.75	97,824.59
<b>Total expenses (II)</b>		<b>2,25,003.61</b>	<b>1,63,833.32</b>
<b>III) Profit/(loss) before tax (I)-(II)</b>		<b>(6,648.06)</b>	<b>6,085.36</b>
<b>IV) Tax Expense</b>	17		
(1) Current Tax		-	1,309.86
(2) MAT Credit		-	(1,286.25)
(3) Deferred Tax		(3,438.21)	(174.31)
		(3,438.21)	(150.70)
<b>V) Profit/(Loss) for the year (III)-(IV)</b>		<b>(3,209.85)</b>	<b>6,236.06</b>
<b>VI) Other Comprehensive Income</b>			
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>			
Re-Measurement gains/(losses) on defined benefit plans		(163.03)	(59.26)
Income tax effect		56.42	20.51
<b>Other Comprehensive Income, net of tax</b>		<b>(106.61)</b>	<b>(38.75)</b>
<b>VII) Total Comprehensive Income for the year (V)+(VI)</b>		<b>(3,316.46)</b>	<b>6,197.31</b>
<b>Earnings per share:</b>			
(1) Basic		(1.57)	3.04
(2) Diluted		(1.57)	3.04
Significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of the even date.

For S.R. Batliboi & Co. LLP  
Firm registration number:301003E/E300005  
Chartered Accountants

For and on behalf of Board of Directors

CK. Birla  
Chairman  
(DIN 00118473)

D.D. Khetrpal  
Managing Director & CEO  
(DIN 02362633)

per Sanjay Kumar Agarwal  
Partner  
Membership No.: 060352

Place: New Delhi  
Date: 5<sup>th</sup> May, 2017

S. Gupta  
Chief Financial Officer  
(FCA 044924)

D. Gulati  
Company Secretary  
(FCS 5304)



## Cash Flow Statement

for the year ended 31st March, 2017

(₹ in Lacs)

	31st March 2017	31st March 2016
<b>(A) OPERATING ACTIVITIES :</b>		
Profit before tax	(6,648.06)	6,085.36
<b>Adjustments to reconcile profit before tax to net cash flows :</b>		
Depreciation and Amortisation expenses	12,153.59	7,781.79
Finance costs	13,533.51	5,444.22
(Profit)/Loss on sale/discard of fixed assets (net)	86.35	(0.46)
Bad debts / advances written off (net of reversals)	2.44	2.45
Provision for doubtful debts & advances	22.29	5.36
Provision for mining restoration costs	-	6.22
Unspent liabilities and unclaimed balances adjusted	(839.84)	(432.62)
Employee stock option scheme	493.52	324.90
Interest Income on debts, deposits, advances	(218.71)	(137.57)
<b>Working Capital Adjustments :</b>		
Increase in trade payable and other liabilities	6,781.35	12,286.55
Increase/(Decrease) in provisions	148.28	(361.54)
Increase in inventories	(1,161.75)	(2,995.06)
Decrease in trade receivables and other assets	1,433.88	134.74
<b>CASH GENERATED FROM OPERATIONS:</b>	<b>25,786.85</b>	<b>28,144.34</b>
Income tax (paid) / refund (net)	90.40	(1,350.11)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>25,877.25</b>	<b>26,794.23</b>
<b>(B) INVESTING ACTIVITIES :</b>		
Purchase of Property, plant and equipment and Intangibles (including work in progress)	(10,701.61)	(37,219.79)
Proceeds from sale of Property, plant and equipment	88.53	17.14
Payments for term deposits with banks	(2,120.82)	(1.84)
Proceeds from maturity of term deposits with banks	70.00	-
Interest Received	252.36	60.18
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(12,411.54)</b>	<b>(37,144.31)</b>

## Cash Flow Statement (contd.)

for the year ended 31st March, 2017

(₹ in Lacs)

	31st March 2017	31st March 2016
<b>(C) FINANCING ACTIVITIES :</b>		
Proceeds from long term borrowings	-	17,905.04
Repayment of long term borrowings	(8.37)	(116.60)
Movement in short term borrowings (net)	5,432.04	526.86
Interest paid	(13,763.96)	(6,016.57)
Dividends Paid (including dividend distribution tax)	(2,453.64)	(2,455.07)
<b>NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES</b>	<b>(10,793.93)</b>	<b>9,843.66</b>
<b>NET INCREASE / (DECREASE) IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<b>2,671.78</b>	<b>(506.42)</b>
Cash & Cash Equivalents at the beginning of the year	3,620.23	4,126.65
<b>Cash &amp; Cash Equivalents at the end of the year</b>	<b>6,292.01</b>	<b>3,620.23</b>

The accompanying notes are an integral part of the financial statements.

As per our report of the even date.

For S.R. Batliboi & Co. LLP  
Firm registration number:301003E/E300005  
Chartered Accountants

For and on behalf of Board of Directors

CK. Birla  
Chairman  
(DIN 00118473)

D.D. Khetrapal  
Managing Director & CEO  
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per Sanjay Kumar Agarwal  
Partner  
Membership No.: 060352

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D. Gulati  
Company Secretary  
(FCS 5304)

Place: New Delhi  
Date: 5<sup>th</sup> May, 2017

## Statement of Changes in Equity

for the year ended 31st March 2017

### A) Equity Share Capital

	No. in Lacs	₹ in Lacs
Equity Shares of ₹1 each issued, subscribed and fully paid		
At 1st April, 2015	2,048.69	2,048.69
At 31st March, 2016	2,048.69	2,048.69
At 31st March, 2017	2,048.69	2,048.69

### B) Other Equity

Particulars	Reserves and Surplus			Total
	General Reserve	Employee Stock Options Outstanding	Retained Earnings	
<b>As at 1st April, 2015</b>	<b>71,056.95</b>	<b>-</b>	<b>26,844.74</b>	<b>97,901.69</b>
Profit for the year	-	-	6,236.06	6,236.06
Other comprehensive income	-	-	(38.75)	(38.75)
<b>Total comprehensive income</b>	<b>71,056.95</b>	<b>-</b>	<b>33,042.05</b>	<b>1,04,099.00</b>
Share based payments (note 33)	-	324.90	-	324.90
Dividend	-	-	2,048.69	2,048.69
Dividend Distribution Tax	-	-	417.06	417.06
<b>As at 31st March, 2016</b>	<b>71,056.95</b>	<b>324.90</b>	<b>30,576.30</b>	<b>1,01,958.15</b>
Profit / (Loss) for the year	-	-	(3,209.85)	(3,209.85)
Other comprehensive income	-	-	(106.61)	(106.61)
<b>Total comprehensive income</b>	<b>71,056.95</b>	<b>324.90</b>	<b>27,259.84</b>	<b>98,641.69</b>
Share based payments (note 33)	-	493.52	-	493.52
Dividend	-	-	2,048.69	2,048.69
Dividend Distribution Tax	-	-	417.06	417.06
<b>As at 31st March, 2017</b>	<b>71,056.95</b>	<b>818.42</b>	<b>24,794.09</b>	<b>96,669.46</b>

As per our report of the even date.

For S.R. Batliboi & Co. LLP  
Firm registration number:301003E/E300005  
Chartered Accountants

per Sanjay Kumar Agarwal  
Partner  
Membership No.: 060352

Place: New Delhi  
Date: 5<sup>th</sup> May, 2017

For and on behalf of Board of Directors

CK. Birla  
Chairman  
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Company Secretary  
(FCS 5304)

## Notes to the financial statements

as at and for the year ended 31st March 2017

### 1 CORPORATE INFORMATION

Orient Cement Limited ("the Company") is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on National and Bombay Stock exchanges in India. The cement undertaking of Orient Paper & Industries Limited (OPIL) had been transferred to the Company on a going concern basis w.e.f. 1st April, 2012, pursuant to the scheme of arrangement approved by the Hon'ble Orissa High Court.

The Company is primarily engaged in the manufacture and sale of Cement and its manufacturing facilities at present are located at Devapur in Telangana, Chittapur in Karnataka and Jalgaon in Maharashtra. The Company's new green field integrated cement plant at Chittapur in Karnataka had commenced commercial production w.e.f. 26th September 2015 in the previous year.

### 2 BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015.

For all periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ("Indian GAAP"). These financial statements for the year ended 31 March 2017 are the first financial statements, the Company has prepared in accordance with Ind AS.

### 2.1 Summary of Significant Accounting Policies

#### (a) Property, plant and equipment

The Company regards the Previous GAAP carrying value for all of its property, plant and equipment as deemed cost at the transition date, viz., 1 April 2015.

Capital work in progress, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Statement of Profit and Loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Land and buildings are measured at cost less accumulated depreciation on buildings and impairment losses, if any.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of the asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

Depreciation is provided under straight line basis using the estimated useful lives of the assets as follows -

Class of Asset	Useful Lives estimated by the management
Factory Buildings	30 years
Non-Factory Buildings	5 to 60 years
Railway Sidings	15 years
Plant and equipment	5 to 40 years
Furniture & Fixtures	8 to 10 years
Computers	3 years
Office Equipment	5 years
Vehicles	10 years

## Notes to the financial statements (Contd.) as at and for the year ended 31st March 2017

Depreciation on fixed assets added / disposed-off during the year is provided on pro-rata basis with reference to the date of addition/disposal. The management has estimated, supported by technical assessment by experts, the useful lives of certain plant and equipment as 10 to 20 years. These lives are lower than those indicated in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

### (b) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the Statement of Profit and Loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss.

A summary of the policies applied to the Company's intangible assets is, as follows:

Class of Intangible Asset	Useful Lives estimated by the management	Amortisation method used
Specialized Software	3 years	Amortised on a straight-line basis over the period of the Agreement
Mining Rights	10 to 50 years	Amortised on a straight-line basis over the period of the Licence / Agreement

### (c) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease.

#### Where the Company is lessee

A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable

## Notes to the financial statements (Contd.) as at and for the year ended 31st March 2017

certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

#### Where the Company is the lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the Statement of Profit and Loss.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

### (d) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the borrowings and exchange differences to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the year they occur.

### (e) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit and Loss.

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit and Loss.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

## Notes to the financial statements *(Contd.)* as at and for the year ended 31st March 2017

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

### (f) Government grants

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to the Statement of Profit and Loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities in respect of loans / assistances received subsequent to the date of transition.

### (g) Inventories

Raw materials and stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials and stores and spares is determined on moving weighted average method.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty and is determined on annual weighted average basis.

Saleable scrap, whose cost is not identifiable, is valued at net realisable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

### (h) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the "principal" in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Based on the Educational Material on Ind AS 18 issued by the ICAI, the Company considers that recovery of excise duty flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty. However, Sales tax/ value added tax (VAT) is not received by the Company on its own account. It is collected on behalf of the government and accordingly, it is excluded from revenue.

The following specific recognition criteria must also be met before revenue is recognized:

## Notes to the financial statements *(Contd.)* as at and for the year ended 31st March 2017

### Sale of goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

### Sale of power

Revenue from sale of power is recognised when delivered and is measured based on rates as per bilateral contractual agreements with buyers / at rate arrived at based on the principles laid down under the relevant tariff regulations as notified by the regulatory bodies, as applicable.

### (i) Foreign currency transactions and balances

The financial statements are presented in INR, which is the Company's functional currency.

Foreign currency transactions are initially recorded at functional currency spot rates at the date the transaction first qualifies for recognition.

Foreign currency monetary items are translated using the functional currency spot rates prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

Exchange differences arising on the settlement or translation of monetary items are recognized in the Statement of Profit and Loss in the period in which they arise.

### (j) Retirement and other employee benefits

Retirement benefit in the form of Provident Fund and Superannuation Schemes are defined contribution schemes. The Company has no obligation, other than the contribution payable to the respective funds. The Company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Gratuity liability is funded defined benefit obligation and is provided for on the basis of actuarial valuation done on projected unit credit method at the balance sheet date.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

The Company treats accumulated leaves expected to be carried forward beyond twelve months, as long term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the end of each financial year. The Company presents the leave as current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement beyond 12 months after the reporting date. Where the Company has unconditional legal and contractual right to defer the settlement for the period beyond 12 months, the same is presented as non-current liability. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred.

## Notes to the financial statements (Contd.)

as at and for the year ended 31st March 2017

### (k) Income taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to or recovered from the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised outside Statement of Profit and Loss is recognised outside Statement of Profit and Loss (either in other comprehensive income or in equity). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside Statement of Profit and Loss is recognised outside Statement of Profit and Loss (either in other comprehensive income or in equity).

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as deferred tax asset only to the extent it is probable that sufficient taxable profit will be available to allow all or part of MAT credit to be utilised during the specified period, i.e., the period for which such credit is allowed to be utilised.

### (l) Segment reporting

#### Identification of segments

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which the customers of the Company are located.

#### Allocation of common costs

Common allocable costs are allocated to each segment on a case to case basis applying the ratio, appropriate to each relevant case. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segment on a reasonable basis, are included under the head "Unallocated".

#### Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

#### Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

### (m) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

## Notes to the financial statements (Contd.)

as at and for the year ended 31st March 2017

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

### (n) Provisions

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

### (o) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

### (p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

### (q) Employee stock options

Certain employees of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. The cost is recognised, together with a corresponding increase in reserves, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

### (r) Excise Duty & Custom Duty

Excise duty on Finished goods stock lying at the factories is accounted for at the point of manufacture of goods and accordingly, is considered for valuation of finished goods stock lying in the factories as on the Balance Sheet date. Similarly, customs duty on imported materials in transit / lying in bonded warehouse is accounted for at the time of import / bonding of materials. Excise duty is included in the revenue and is shown as expense.

## Notes to the financial statements (Contd.)

as at and for the year ended 31st March 2017

### (s) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### Financial assets

##### Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

##### Subsequent measurement

Subsequent measurement of financial assets is described below -

##### *Debt instruments at amortised cost*

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

##### *Equity investments*

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income, subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of investment.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

##### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

#### Financial liabilities

##### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

## Notes to the financial statements (Contd.)

as at and for the year ended 31st March 2017

### Subsequent measurement

#### *Loans and borrowings*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit and Loss when the liabilities are derecognised.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

#### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

## Notes to the financial statements (Contd.)

as at and for the year ended 31st March 2017

3 PROPERTY, PLANT AND EQUIPMENT										(₹ in Lacs)
	Freehold Land (a)&(b)	Factory Buildings	Non-Factory Buildings	Railway Sidings	Plant and equipment	Furniture and fixtures	Office Equipments	Vehicles	Computers	Total
<b>Cost</b>										
At 1st April 2015 (Refer note c)	13,141.10	1,514.38	3,066.09	515.15	60,172.86	471.58	122.68	309.47	293.12	79,606.43
Additions	754.59	3,417.06	8,037.46	-	1,28,812.91	179.51	53.31	28.82	363.28	1,41,646.94
Disposals	-	-	-	-	-	3.59	0.34	12.60	0.15	16.68
<b>At 31st March 2016</b>	<b>13,895.69</b>	<b>4,931.44</b>	<b>11,103.55</b>	<b>515.15</b>	<b>1,88,985.77</b>	<b>647.50</b>	<b>175.65</b>	<b>325.69</b>	<b>656.25</b>	<b>2,21,236.69</b>
Additions	274.44	1,447.46	3,696.83	-	15,372.05	105.59	26.63	55.65	131.03	21,109.68
Disposals	-	-	-	-	156.31	7.48	0.20	11.91	-	175.90
<b>At 31st March 2017</b>	<b>14,170.13</b>	<b>6,378.90</b>	<b>14,800.38</b>	<b>515.15</b>	<b>2,04,201.51</b>	<b>745.61</b>	<b>202.08</b>	<b>369.43</b>	<b>787.28</b>	<b>2,42,170.47</b>
<b>Depreciation</b>										
Charge for the year (2015-2016)	-	144.74	537.29	149.79	6,128.00	173.62	39.24	75.87	179.15	7,427.70
<b>At 31st March 2016</b>	<b>-</b>	<b>144.74</b>	<b>537.29</b>	<b>149.79</b>	<b>6,128.00</b>	<b>173.62</b>	<b>39.24</b>	<b>75.87</b>	<b>179.15</b>	<b>7,427.70</b>
Charge for the year	-	186.08	870.04	21.47	10,176.33	156.45	41.57	63.77	185.94	11,701.65
Disposals	-	-	-	-	0.29	0.69	0.04	-	-	1.02
<b>At 31st March 2017</b>	<b>-</b>	<b>330.82</b>	<b>1,407.33</b>	<b>171.26</b>	<b>16,304.04</b>	<b>329.38</b>	<b>80.77</b>	<b>139.64</b>	<b>365.09</b>	<b>19,128.33</b>
<b>Net book value</b>										
<b>At 31st March 2017</b>	<b>14,170.13</b>	<b>6,048.08</b>	<b>13,393.05</b>	<b>343.89</b>	<b>1,87,897.47</b>	<b>416.23</b>	<b>121.31</b>	<b>229.79</b>	<b>422.19</b>	<b>2,23,042.14</b>
<b>At 31st March 2016</b>	<b>13,895.69</b>	<b>4,786.70</b>	<b>10,566.26</b>	<b>365.36</b>	<b>1,82,857.77</b>	<b>473.88</b>	<b>136.41</b>	<b>249.82</b>	<b>477.10</b>	<b>2,13,808.99</b>
<b>At 1st April 2015</b>	<b>13,141.10</b>	<b>1,514.38</b>	<b>3,066.09</b>	<b>515.15</b>	<b>60,172.86</b>	<b>471.58</b>	<b>122.68</b>	<b>309.47</b>	<b>293.12</b>	<b>79,606.43</b>

- a. Includes ₹1,027.68 lacs (31st March 2016: ₹1,015.68 lacs, 1st April 2015: ₹940.76 lacs) the mutation whereof in the Company's name is pending.
- b. Includes ₹410.03 lacs (31st March 2016: ₹410.03 lacs, 1st April 2015: ₹172.19 lacs) which are still in the name of demerged company and yet to be transferred in the Company's name.
- c. For Property, plant and equipment existing on 1st April 2015 i.e its date of transition to Ind AS, the Company has used previous GAAP values as deemed cost. Subsequent measurement is at cost. The accumulated depreciation netted of as on 1st April 2015 is as below.

PROPERTY, PLANT AND EQUIPMENT										(₹ in Lacs)
	Freehold Land	Factory Buildings	Non-Factory Buildings	Railway Sidings	Plant and equipment	Furniture and fixtures	Office Equipments	Vehicles	Computers	Total
Gross block	13,141.10	2,465.66	4,169.64	2,313.56	1,06,228.02	1,001.13	226.56	607.10	723.71	1,30,876.48
Accumulated depreciation	-	951.28	1,103.55	1,798.41	46,055.16	529.55	103.88	297.63	430.59	51,270.05
<b>Net block</b>	<b>13,141.10</b>	<b>1,514.38</b>	<b>3,066.09</b>	<b>515.15</b>	<b>60,172.86</b>	<b>471.58</b>	<b>122.68</b>	<b>309.47</b>	<b>293.12</b>	<b>79,606.43</b>

- d. For charge created on Property, plant and equipment of the Company towards borrowings, refer note 15.

## Notes to the financial statements (Contd.)

as at and for the year ended 31st March 2017

4 INTANGIBLE ASSETS			(₹ in Lacs)
	Computer software	Mining Rights	Total
<b>Gross block</b>			
At 1st April 2015 (Refer note a)	-	594.70	594.70
Additions	577.99	6,073.45	6,651.44
<b>At 31st March 2016</b>	<b>577.99</b>	<b>6,668.15</b>	<b>7,246.14</b>
Additions	76.46	53.49	129.95
<b>At 31st March 2017</b>	<b>654.45</b>	<b>6,721.64</b>	<b>7,376.09</b>
<b>Amortization</b>			
Charge for the year (2015-2016)	146.70	255.55	402.25
<b>At 31st March 2016</b>	<b>146.70</b>	<b>255.55</b>	<b>402.25</b>
Charge for the year	198.74	253.20	451.94
<b>At 31st March 2017</b>	<b>345.44</b>	<b>508.75</b>	<b>854.19</b>
<b>Net book value</b>			
<b>At 31st March 2017</b>	<b>309.01</b>	<b>6,212.89</b>	<b>6,521.90</b>
<b>At 31st March 2016</b>	<b>431.29</b>	<b>6,412.60</b>	<b>6,843.89</b>
<b>At 1st April 2015</b>	<b>-</b>	<b>594.70</b>	<b>594.70</b>

- a. For Intangible assets existing on 1st April 2015 i.e its date of transition to Ind AS, the Company has used previous GAAP values as deemed cost. Subsequent measurement is at cost.

The accumulated depreciation netted of as on 1st April 2015 is as below.

INTANGIBLE ASSETS			(₹ in Lacs)
	Computer software	Mining Rights	Total
Gross block	27.03	1,314.60	1,341.63
Accumulated amortization	27.03	719.90	746.93
<b>Net block</b>	<b>-</b>	<b>594.70</b>	<b>594.70</b>

Notes to 3 & 4 - During the year, the Company has capitalised the following expenses to cost of Property, plant and equipment / capital work-in-progress

EXPENSES TO COST OF PROPERTY, PLANT AND EQUIPMENT / CAPITAL WORK-IN-PROGRESS				(₹ in Lacs)
	31st March 2017	31st March 2016	1st April 2015	
<b>a) Pre-Operative &amp; Trial Run Expenses:</b>				
Rent & Hire Charges	-	76.29		
Salary & Wages	494.79	1,068.35		
Contribution to Provident & Other Funds	10.06	60.46		
Gratuity	-	18.92		
Employees Welfare Expenses	-	54.97		
Consultancy charges	26.08	280.16		
Insurance	-	100.07		
Interest	297.53	6,716.37		
Other Borrowing cost	-	44.04		
Depreciation	-	48.16		
Mining lease renewal	-	35.69		
Power & Fuel	-	80.49		
Miscellaneous Expenses	82.42	1,167.80		
	<b>910.88</b>	<b>9,751.77</b>		
b) Add: Balance brought forward from previous year	4,262.48	8,922.89		
c) Less: Allocated to Fixed Assets / Capital work-in-progress during the year	4,429.91	14,412.18		
d) Balance pending allocation included in Capital work-in-progress (a+b-c)	<b>743.45</b>	<b>4,262.48</b>		<b>8,922.89</b>

## Notes to the financial statements (Contd.)

as at and for the year ended 31st March 2017

### 5 LOANS

	(₹ in Lacs)		
	31st March 2017	31st March 2016	1st April 2015
<b>At amortised Cost</b>			
<b>Non-current</b>			
<b>Unsecured, considered good</b>			
Loans to employees	12.74	11.91	8.76
	<b>12.74</b>	<b>11.91</b>	<b>8.76</b>
<b>Current</b>			
<b>Unsecured, considered good</b>			
Loans to employees	0.82	0.93	3.19
	<b>0.82</b>	<b>0.93</b>	<b>3.19</b>
<b>Total Loans</b>	<b>13.56</b>	<b>12.84</b>	<b>11.95</b>

### 6 OTHER FINANCIAL ASSETS

	(₹ in Lacs)		
	31st March 2017	31st March 2016	1st April 2015
<b>Non-current</b>			
Deposit with original maturity for more than 12 months	262.66	5.66	5.66
Security deposits	116.86	110.23	78.02
Interest accrued on loans, deposits etc.	-	-	0.93
	<b>379.52</b>	<b>115.89</b>	<b>84.61</b>
<b>Current</b>			
Interest accrued on loans, deposits etc.	101.27	134.92	56.60
Claims & refunds receivable	2,549.88	2,159.24	1,770.88
	<b>2,651.15</b>	<b>2,294.16</b>	<b>1,827.48</b>
<b>Total</b>	<b>3,030.67</b>	<b>2,410.05</b>	<b>1,912.09</b>

### 7 OTHER ASSETS

	(₹ in Lacs)		
	31st March 2017	31st March 2016	1st April 2015
<b>Non-current</b>			
<b>Unsecured, considered good, except where otherwise stated</b>			
<b>Capital advances</b>			
Considered good	212.27	265.93	1,563.27
Considered doubtful	43.27	43.27	43.27
	<b>255.54</b>	<b>309.20</b>	<b>1,606.54</b>
Less : Provision for doubtful advances	43.27	43.27	43.27
	<b>(A) 212.27</b>	<b>265.93</b>	<b>1,563.27</b>
<b>Trade &amp; other deposits</b>	<b>(B) 1,633.59</b>	<b>1,438.67</b>	<b>2,375.66</b>

## Notes to the financial statements (Contd.)

as at and for the year ended 31st March 2017

	(₹ in Lacs)		
	31st March 2017	31st March 2016	1st April 2015
<b>Advance recoverable in cash or kind</b>			
Considered good	22.34	22.34	26.27
Considered doubtful	25.65	25.65	25.65
	47.99	47.99	51.92
Less : Provision for doubtful advances	25.65	25.65	25.65
	<b>(C) 22.34</b>	<b>22.34</b>	<b>26.27</b>
<b>Balances with excise, customs, port trusts and other government authorities</b>			
Deposits against demand under dispute	1,416.93	485.30	467.29
Prepaid expenses	150.61	118.72	125.23
	<b>(D) 1,567.54</b>	<b>604.02</b>	<b>1,105.73</b>
<b>Total (A+B+C+D)</b>	<b>3,435.74</b>	<b>2,330.96</b>	<b>5,070.93</b>
<b>Current</b>			
<b>Unsecured, considered good, except where otherwise stated</b>			
Advance to suppliers / service providers			
Considered good	5,054.45	4,043.65	3,130.45
Prepaid expenses	344.09	189.51	244.57
Balances with excise, customs, port trusts and other government authorities	3,344.21	8,767.50	8,991.11
Claims / refunds recoverable	94.64	207.94	889.20
Trade & other deposits	-	-	52.34
	<b>8,837.39</b>	<b>13,208.60</b>	<b>13,307.67</b>
<b>Total other assets</b>	<b>12,273.13</b>	<b>15,539.56</b>	<b>18,378.60</b>

### 8 INVENTORIES

	(₹ in Lacs)		
	31st March 2017	31st March 2016	1st April 2015
<b>Valued at Lower of Cost and Net Realisable Value</b>			
Raw materials	1,542.78	850.60	375.16
Work-in-progress	1,434.18	1,640.22	1,874.95
Finished goods	733.11	1,528.05	818.90
Stores and spares (refer note a)	10,901.12	9,379.92	7,160.44
<b>At net realisable value</b>			
Scrap	54.80	105.45	279.73
	<b>14,665.99</b>	<b>13,504.24</b>	<b>10,509.18</b>
The above includes stock in transit:			
Raw materials	94.93	-	-
Work-in-progress	213.94	-	221.23
Stores and spares	778.40	107.87	6.08
	<b>1,087.27</b>	<b>107.87</b>	<b>227.31</b>

a. Includes stock of coal and pet coke ₹3,809.38 lacs (31st March 2016: ₹4,149.13 lacs, 1st April 2015: ₹3,454.18 lacs).

b. Inventories are pledged against the borrowings obtained by the Company as referred in note 15.



## Notes to the financial statements (Contd.)

as at and for the year ended 31st March 2017

### 9 TRADE RECEIVABLES

	(₹ in Lacs)		
	31st March 2017	31st March 2016	1st April 2015
Secured, considered good	1,111.80	997.01	886.32
Unsecured, considered good	9,441.34	8,212.07	7,355.75
Doubtful	121.78	99.49	94.13
	<b>10,674.92</b>	<b>9,308.57</b>	<b>8,336.20</b>
Less : Provision for doubtful debts	121.78	99.49	94.13
	<b>10,553.14</b>	<b>9,209.08</b>	<b>8,242.07</b>

- a. Trade receivables are non-interest bearing and are generally on terms of 0 to 90 days.  
 b. Trade receivables are pledged against the borrowings obtained by the Company as referred in note 15.  
 c. For ageing analysis of trade receivables, refer note 42.

### 10 CASH AND CASH EQUIVALENTS

	(₹ in Lacs)		
	31st March 2017	31st March 2016	1st April 2015
Balances with banks:			
- On current accounts	6,266.58	3,615.47	3,534.20
Cheques on hand	21.51	-	590.28
Cash on hand	3.92	4.76	2.17
	<b>6,292.01</b>	<b>3,620.23</b>	<b>4,126.65</b>

The details of Specified Bank Notes (SBN) held and transacted during the period 08.11.2016 to 30.12.2016 are as below:

	(₹ in Lacs)		
	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	* 7.49	0.48	7.97
(+) Permitted receipts	-	11.09	11.09
(+) Non-permitted receipts	0.80	-	0.80
(-) Permitted payments	-	7.66	7.66
(-) Amount deposited in Banks	8.29	-	8.29
<b>Closing cash in hand as on 30.12.2016</b>	<b>-</b>	<b>3.91</b>	<b>3.91</b>

- \* The closing cash in hand as on 08.11.2016 includes ₹2.79 lacs being amount held by the employees of the Company on imprest account on that date.

## Notes to the financial statements (Contd.)

as at and for the year ended 31st March 2017

### 11 OTHER BANK BALANCES

	(₹ in Lacs)		
	31st March 2017	31st March 2016	1st April 2015
On savings bank account	0.11	0.11	0.11
In Post office savings bank account	0.06	0.06	0.06
On unpaid dividend accounts *	75.73	63.62	52.94
Deposits with original maturity for more than 3 months but less than 12 months	1,873.75	10.83	10.00
Deposits with original maturity for more than 12 months	12.84	81.93	80.92
	<b>1,962.49</b>	<b>156.55</b>	<b>144.03</b>

- \* earmarked for payment of unpaid dividend only  
 Receipts/Pass Books for ₹1,868.17 lacs (31st March 2016: ₹75.83 lacs) are lodged with Government Departments/Banks as security.

### 12 CURRENT TAX ASSETS (NET)

	(₹ in Lacs)		
	31st March 2017	31st March 2016	1st April 2015
Advance payment of income tax and tax deducted at source after adjusting provisions	263.04	591.79	531.71
	<b>263.04</b>	<b>591.79</b>	<b>531.71</b>

### 13 EQUITY SHARE CAPITAL

	31st March 2017		31st March 2016		1st April 2015	
	No. in lacs	₹ in Lacs	No. in lacs	₹ in Lacs	No. in lacs	₹ in Lacs
Authorized share capital	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00
Issued, subscribed and fully paid-up	2,048.69	2,048.69	2,048.69	2,048.69	2,048.69	2,048.69

There is no change in the number of shares in current year and corresponding previous year.

#### a) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

During the year ended 31st March 2017, the amount of per share dividend recognised as distribution to equity shareholders was ₹1.00 per share (31st March 2016: ₹1.00 per share).

The Board of Directors, in its meeting on 5th May 2017, have proposed a final dividend of ₹0.50 per equity share for the financial year ended 31st March 2017. The proposal is subject to the approval of shareholders at the forthcoming Annual General Meeting and if approved would result in a cash outflow of approximately ₹1,232.88 lacs including corporate dividend tax.

## Notes to the financial statements (Contd.)

as at and for the year ended 31st March 2017

### b) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	31st March 2017		31st March 2016		1st April 2015	
	No. in lacs	% holding in the Class	No. in lacs	% holding in the Class	No. in lacs	% holding in the Class
<b>Equity shares of ₹1 each fully paid</b>						
Central India Industries Limited	491.44	23.99	491.44	23.99	491.44	23.99
Shekhavati Investments and Traders Limited	123.21	6.01	123.21	6.01	123.21	6.01

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

### c) Equity shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:-

	(₹ in Lacs)		
	31st March 2017	31st March 2016	1st April 2015
Equity shares allotted to the shareholders of the Demerged Company pursuant to scheme of arrangement	2,048.69	2,048.69	2,048.69

### d) For details of shares reserved for issue under the Employee Stock Option Plan (ESOP) of the Company, refer note 33.

#### 14 OTHER EQUITY

	(₹ in Lacs)		
	31st March 2017	31st March 2016	1st April 2015
<b>General reserve</b>	71,056.95	71,056.95	71,056.95
<b>Employee Stock Options Outstanding</b>			
Balance as per last financial statements	324.90	-	
Add: Charge for the year (note 33)	493.52	324.90	
	<b>818.42</b>	<b>324.90</b>	<b>-</b>
<b>Retained Earnings</b>			
Opening Balance	30,576.30	26,844.74	
Add/(Less) : Profit/(Loss) for the year	(3,209.85)	6,236.06	
Less : Other Comprehensive Income for the year	106.61	38.75	
Less : Dividend	2,048.69	2,048.69	
Less : Dividend distribution tax	417.06	417.06	
<b>Closing Balance</b>	<b>24,794.09</b>	<b>30,576.30</b>	<b>26,844.74</b>
<b>Total</b>	<b>96,669.46</b>	<b>1,01,958.15</b>	<b>97,901.69</b>

## Notes to the financial statements (Contd.)

as at and for the year ended 31st March 2017

#### 15 BORROWINGS

	Effective Interest rate %	Maturity	(₹ in Lacs)		
			31st March 2017	31st March 2016	1st April 2015
<b>Non-current borrowings</b>					
<b>Term loans</b>					
<b>From bank</b>					
Secured bank loan	9.65 - 9.99	2017-2031	1,14,544.36	1,19,522.27	1,01,532.79
<b>From other parties</b>					
Deferred sales tax loan (Unsecured)	-	2012-2023	4,304.66	4,405.55	4,413.93
			<b>1,18,849.02</b>	<b>1,23,927.82</b>	<b>1,05,946.72</b>
<b>Current maturity of long term loans</b>					
Secured bank loan			4,800.00	-	-
Deferred sales tax loan (Unsecured)			100.89	8.37	116.60
			<b>4,900.89</b>	<b>8.37</b>	<b>116.60</b>
<b>Total non-current borrowings</b>			<b>1,23,749.91</b>	<b>1,23,936.19</b>	<b>1,06,063.32</b>
Less : Amount disclosed under the head "other current financial liabilities"			4,900.89	8.37	116.60
<b>Net non-current borrowings</b>			<b>1,18,849.02</b>	<b>1,23,927.82</b>	<b>1,05,946.72</b>
<b>Current borrowings</b>					
<b>Loan repayable on demand</b>					
Cash credit from a bank (Secured)			-	4,567.96	4,041.10
<b>Commercial paper (unsecured)</b>					
From a bank			10,000.00	-	-
<b>Total current borrowings</b>			<b>10,000.00</b>	<b>4,567.96</b>	<b>4,041.10</b>

- Term Loans from Banks are secured by way of a first ranking pari passu mortgage on all the immovable properties both present and future and first ranking pari passu charge on all the movable fixed assets of Chittapur taluka unit at Gulbarga District. Further, the above loans are secured by way of a second charge on all the current assets of the above unit.  
The above loans are repayable in 56 quarterly installments ranging from 1% to 2.5% of the loan amount and repayment starting from 30th June, 2017 and ending on 31st March, 2031. The above loans carry interest @ 9.55% to 9.65% p.a (31st March, 2016: 9.85% to 10.55%, 1st April 2015: 10.55%).
- Deferred sales tax loan is interest free and payable in 26 unequal installments, starting from February, 2012 and ending on January, 2023.
- Cash credit from a bank is secured by way of first charge on all the stock and book debts of the Company. The cash credit is repayable on demand and carries interest @ 8.35% to 9.50% p.a. (31st March 2016: 9.50% to 10.70%, 1st April 2015: 10.70% to 10.95%).
- Commercial papers from a bank are availed for periods ranging from 90 to 180 days and carries interest @ 6.50% to 7.70% p.a.

## Notes to the financial statements (Contd.)

as at and for the year ended 31st March 2017

### 16 PROVISIONS

	(₹ in Lacs)		
	31st March 2017	31st March 2016	1st April 2015
<b>Non-current</b>			
Provision for gratuity (note 32)	1,535.40	1,082.11	1,389.97
Provision for mining restoration costs	96.58	44.42	38.20
Provision for rehabilitation & resettlement obligation relating to mines	3,409.47	4,353.35	-
	<b>5,041.45</b>	<b>5,479.88</b>	<b>1,428.17</b>
<b>Current</b>			
Provision for gratuity (note 32)	75.97	66.67	42.38
Provision for leave benefits	545.79	431.38	450.09
Provision for rehabilitation & resettlement obligation relating to mines	1,441.80	815.76	-
	<b>2,063.56</b>	<b>1,313.81</b>	<b>492.47</b>

#### Provision for Mining Restoration Costs

The activities of the Company involve mining of land taken under lease. In terms of relevant statutes, the mining areas would require restoration at the end of the mining lease. The future restoration expenses are affected by a number of uncertainties, such as, technology, timing etc. As per the requirement of IND AS 37, the management has estimated such future expenses on best judgment basis and provision thereof has been made in the accounts. The table below gives information about movement in mining restoration cost provisions.

	(₹ in Lacs)		
	31st March 2017	31st March 2016	1st April 2015
Opening balance	44.42	38.20	
Arisen during the year	47.99	6.22	
Utilized	-	-	
Unwinding of discount	4.17	-	
Closing balance	<b>96.58</b>	<b>44.42</b>	<b>38.20</b>
<b>Current</b>	-	-	-
<b>Non-current</b>	96.58	44.42	38.20

#### Provision for Rehabilitation & Resettlement obligation relating to mines

In terms of Environment clearance given by Ministry of Environment, Forest and Climate Change (MOEF) for the Company's integrated plant at Chittapur, Karnataka, the Company is required to spend ₹7,261.62 lacs on socio economic welfare measures. As per the requirement of Ind AS 37, provision thereof has been made in the accounts. The table below gives information about movement in rehabilitation & resettlement cost provisions.

	(₹ in Lacs)		
	31st March 2017	31st March 2016	1st April 2015
Opening balance	5,169.11	-	
Arisen during the year	-	5,169.11	
Utilized	715.48	-	
Unwinding of discount	397.64	-	
Closing balance	<b>4,851.27</b>	<b>5,169.11</b>	-
<b>Current</b>	1,441.80	815.76	-
<b>Non-current</b>	3,409.47	4,353.35	-

## Notes to the financial statements (Contd.)

as at and for the year ended 31st March 2017

### 17 INCOME TAX

Income tax expense in the Statement of Profit and Loss comprises:

	(₹ in Lacs)	
	31st March 2017	31st March 2016
Current tax (includes Income tax for earlier years ₹ Nil (31st March 2016 : ₹23.61 lacs))	-	1,309.86
MAT Credit	-	(1,286.25)
Deferred tax	(3,438.21)	(174.31)
<b>Income tax expense / (Credit)</b>	<b>(3,438.21)</b>	<b>(150.70)</b>

Entire deferred income tax for the year ended 31st March 2017 and 31st March 2016 relates to origination and reversal of temporary differences.

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:

	(₹ in Lacs)	
	31st March 2017	31st March 2016
Profit / (Loss) before income tax	(6,648.06)	6,085.36
Enacted tax rates in India	34.61%	34.61%
Computed expected tax expense	(2,300.76)	2,106.02
<b>Effect of non-deductible expenses</b>		
Effect of revision of tax rate	-	228.00
CSR expenses disallowed under the Income tax Act, 1961	143.40	121.61
Investment allowance under section 32AC	(966.35)	(2,677.30)
Difference between tax depreciation and book depreciation estimated to be reversed during tax holiday period	(385.74)	-
Others	71.24	70.97
<b>Income tax expense</b>	<b>(3,438.21)</b>	<b>(150.70)</b>

The applicable Indian statutory tax rate for fiscal 2017 and fiscal 2016 is 34.61%.

The tax of significant temporary differences that resulted in deferred income tax assets and liabilities are as follows:

	(₹ in Lacs)		
	31st March 2017	31st March 2016	1st April 2015
<b>Deferred tax liability</b>			
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	34,317.30	26,991.16	13,240.22
<b>Gross deferred tax liability</b>	<b>34,317.30</b>	<b>26,991.16</b>	<b>13,240.22</b>
<b>Deferred tax asset</b>			
Impact of expenditure charged to the Statement of Profit and Loss in the current year but allowed for tax purposes on payment basis in future years	1,120.78	542.13	700.69
Impact of business loss and unabsorbed depreciation	24,335.63	14,101.23	-
Provision for doubtful debts and advances	66.00	58.28	55.42
Provision for mining restoration cost	13.22	13.22	12.99
MAT Credit entitlement	1,286.25	1,286.25	-
<b>Gross deferred tax asset</b>	<b>26,821.88</b>	<b>16,001.11</b>	<b>769.10</b>
<b>Net deferred tax liability</b>	<b>7,495.42</b>	<b>10,990.05</b>	<b>12,471.12</b>

## Notes to the financial statements (Contd.)

as at and for the year ended 31st March 2017

### 18 TRADE PAYABLES

	(₹ in Lacs)		
	31st March 2017	31st March 2016	1st April 2015
Trade payables			
• total outstanding dues of micro enterprises and small enterprises (refer note 39 for details of dues to micro and small enterprises)	266.55	155.30	163.38
• total outstanding dues of creditors other than micro enterprises and small enterprises	23,431.34	19,275.47	10,866.15
	<b>23,697.89</b>	<b>19,430.77</b>	<b>11,029.53</b>

Trade payables are non-interest bearing and normally settled on 0 to 45 day terms.

### 19 OTHER CURRENT FINANCIAL LIABILITIES

	(₹ in Lacs)		
	31st March 2017	31st March 2016	1st April 2015
Payables against purchase of Property, plant and equipment	3,673.21	7,316.96	10,817.64
Current maturities of Long term loans	4,800.00	-	-
Current maturities of Deferred sales tax loan	100.89	8.37	116.60
Interest accrued but not due on borrowings	163.07	214.03	817.98
Unpaid dividend	75.73	63.62	52.94
Trade & other deposits	7,837.29	6,888.84	5,322.03
Other miscellaneous	32.38	29.40	29.60
	<b>16,682.57</b>	<b>14,521.22</b>	<b>17,156.79</b>

### 20 OTHER CURRENT LIABILITIES

	(₹ in Lacs)		
	31st March 2017	31st March 2016	1st April 2015
Advances from customers	1,381.19	997.61	896.92
Statutory dues payable	4,456.19	4,116.81	2,331.44
	<b>5,837.38</b>	<b>5,114.42</b>	<b>3,228.36</b>

### 21 CURRENT TAX LIABILITIES (NET)

	(₹ in Lacs)		
	31st March 2017	31st March 2016	1st April 2015
Provision for Income Tax	43.60	281.94	262.11
	<b>43.60</b>	<b>281.94</b>	<b>262.11</b>

## Notes to the financial statements (Contd.)

as at and for the year ended 31st March 2017

### 22 REVENUE FROM OPERATIONS

	(₹ in Lacs)	
	31st March 2017	31st March 2016
<b>Revenue from operations</b>		
Sale of products (including excise duty)		
Finished goods	2,30,158.07	1,79,386.62
Semi-finished goods	-	18.44
	<b>2,30,158.07</b>	<b>1,79,405.06</b>
Less: Cash discount, rebates, incentives etc.	13,498.53	10,976.48
	<b>2,16,659.54</b>	<b>1,68,428.58</b>
Other operating revenue		
Scrap sales	375.26	391.12
Sale of power	93.01	343.58
<b>Revenue from operations (gross)</b>	<b>2,17,127.81</b>	<b>1,69,163.28</b>

### 23 OTHER INCOME

	(₹ in Lacs)	
	31st March 2017	31st March 2016
<b>Interest income on</b>		
Debts, deposits, advances etc.	218.71	137.57
<b>Other non-operating income</b>		
Insurance & other claims	16.57	98.90
Rent & hire charges	5.69	5.43
Unspent liabilities and unclaimed balances adjusted	839.84	432.62
Profit on sale of fixed assets (net)	-	0.46
Gain on exchange rate fluctuations (net)	34.34	-
Other miscellaneous income	112.59	80.42
	<b>1,227.74</b>	<b>755.40</b>

### 24 COST OF RAW MATERIALS CONSUMED

	(₹ in Lacs)	
	31st March 2017	31st March 2016
Inventory at the beginning of the year	850.60	375.16
Add: Purchases & procurement expenses	27,152.96	21,550.36
	<b>28,003.56</b>	<b>21,925.52</b>
Less: Inventory at the end of the year	1,542.78	850.60
	<b>26,460.78</b>	<b>21,074.92</b>

## Notes to the financial statements (Contd.)

as at and for the year ended 31st March 2017

### 25 (INCREASE)/ DECREASE IN INVENTORIES

	(₹ in Lacs)	
	31st March 2017	31st March 2016
Inventories at the end of the year		
Work-in-progress	1,434.18	1,640.22
Finished goods	733.11	1,528.05
Scrap	54.80	105.45
	<b>2,222.09</b>	<b>3,273.72</b>
Inventories at the beginning of the year		
Work-in-progress	1,640.22	1,874.95
Finished goods	1,528.05	818.90
Scrap	105.45	279.73
	<b>3,273.72</b>	<b>2,973.58</b>
	<b>1,051.63</b>	<b>(300.14)</b>
(Increase)/decrease of excise duty on inventory	(143.04)	109.24
	908.59	(190.90)

### 26 EMPLOYEE BENEFITS EXPENSE

	(₹ in Lacs)	
	31st March 2017	31st March 2016
Salaries, wages and bonus	9,769.38	7,215.11
Contribution to provident and other funds	614.08	421.36
Gratuity expense (note 32)	361.81	326.86
Employee Stock Option Scheme	493.52	324.90
Staff welfare expenses	889.80	690.00
	<b>12,128.59</b>	<b>8,978.23</b>

### 27 FINANCE COSTS

	(₹ in Lacs)	
	31st March 2017	31st March 2016
Interest on debts and borrowings	12,998.86	5,364.03
Other borrowing cost	132.84	80.19
<b>Total interest expense</b>	<b>13,131.70</b>	<b>5,444.22</b>
Unwinding of interest on provisions (note 16)	401.81	-
<b>Total finance cost</b>	<b>13,533.51</b>	<b>5,444.22</b>

### 28 DEPRECIATION AND AMORTIZATION EXPENSES

	(₹ in Lacs)	
	31st March 2017	31st March 2016
Depreciation of tangible assets (note 3)	11,701.65	7,427.70
Amortization of intangible assets (note 4)	451.94	402.25
	12,153.59	7,829.95
Less: Transfer to pre-operative expenses	-	48.16
	<b>12,153.59</b>	<b>7,781.79</b>

## Notes to the financial statements (Contd.)

as at and for the year ended 31st March 2017

### 29 OTHER EXPENSES

	(₹ in Lacs)	
	31st March 2017	31st March 2016
Royalty and cess	6,147.12	5,111.22
Consumption of stores and spares	3,456.74	2,785.05
Handling & other charges to contractors	1,894.83	1,625.43
Power and fuel	52,638.53	39,844.02
Packing, Freight and forwarding charges	44,993.58	31,883.57
Rent & hire charges*	1,550.49	1,178.68
Rates and taxes	328.95	82.70
Insurance	142.87	164.20
Repairs and maintenance		
Plant and machinery	7,395.73	5,802.13
Buildings	556.00	449.33
CSR expenditure	414.36	351.40
Advertising and sales promotion	3,511.82	3,118.80
Commission on sales	1,664.24	1,164.82
Payment to auditor		
As Auditor:		
Audit fee	32.50	32.50
Limited review	19.50	19.50
Tax Audit fee	8.00	8.00
In other capacity:		
For certificates & other services	10.03	13.50
Reimbursement of expenses	3.36	4.50
Payment to cost auditor	2.23	1.35
Professional & consultancy charges	1,752.15	1,359.51
Director's commission	-	60.00
Directors' sitting fees	50.94	36.56
Bad debts / advances written off (net of reversals)	2.44	2.45
Loss on exchange rate fluctuations (net)	-	16.28
Turnover tax & entry tax etc.	216.24	150.81
Provision for doubtful debts & advances	22.29	5.36
Provision for mining restoration costs	-	6.22
Loss on sale/discard of fixed assets (net)	86.35	-
Miscellaneous expenses	3,303.46	2,546.70
	<b>1,30,204.75</b>	<b>97,824.59</b>

### 30 EARNINGS PER SHARE (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

	(₹ in Lacs)	
	31st March 2017	31st March 2016
Profit / (Loss) after tax	(3,209.85)	6,236.06
<b>Net Profit for calculation of basic and diluted EPS</b>	<b>(3,209.85)</b>	<b>6,236.06</b>
Weighted average number of equity shares in calculating basic EPS	2,048.69	2,048.69
<b>Effect of dilution:</b>		
Stock option granted under ESOP	2.30	1.47
Weighted average number of equity shares in calculating diluted EPS	2,050.99	2,050.16
<b>Earnings per equity share [nominal value of share ₹1]</b>		
Basic	<b>(1.57)</b>	<b>3.04</b>
Diluted	<b>(1.57)</b>	<b>3.04</b>

## Notes to the financial statements (Contd.)

as at and for the year ended 31st March 2017

### 31 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

There are no significant areas involving a high degree of judgement or complexity.

#### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

#### Defined benefit plans

The cost of defined benefit gratuity plan and its present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, an employee benefit obligation is highly sensitive to changes in these assumptions particularly the discount rate and estimate of future salary increase. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases are based on expected future inflation rates.

Further details about gratuity obligations are given in Note 32.

#### Share-based payments

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 33.

### 32 GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS

The Company has a defined benefit gratuity plan. The gratuity plan is governed by The Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The scheme is funded with an insurance company in the form of qualifying insurance policy.

The following tables summarize the components of net benefit expense recognized in the Statement of Profit and Loss and the funded status and amounts recognised in the balance sheet for the plan.

## Notes to the financial statements (Contd.)

as at and for the year ended 31st March 2017

### Statement of Profit and Loss

#### Net employee benefit expense recognized in the employee cost

	Gratuity	
	31st March 2017	31st March 2016
Service cost	272.27	233.74
Net Interest cost / (income) on the net defined benefit liability / (asset)	89.54	112.04
<b>Net benefit expense</b>	<b>361.81</b>	<b>345.78</b>
Actual return on plan assets	60.71	32.87

\* Includes ₹NIL (31st March, 2016 : ₹18.92 ) capitalised as preoperative expenses (refer note 3 & 4).

#### Other comprehensive income

	Gratuity	
	31st March 2017	31st March 2016
Actuarial (gains) / losses		
- change in demographic assumptions	-	9.64
- change in financial assumptions	58.47	-
- experience variance (i.e. Actual experience vs assumptions)	86.79	41.70
- others	-	-
Return on plan assets, excluding amount recognised in net interest expense	17.77	7.92
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>163.03</b>	<b>59.26</b>

### Balance Sheet

#### Benefit asset/ liability

	Gratuity		
	31st March 2017	31st March 2016	1st April 2015
Present value of defined benefit obligation	2,492.38	2,155.69	1,953.85
Fair value of plan assets	881.01	1,006.91	521.50
<b>Net asset / (liability)</b>	<b>1,611.37</b>	<b>1,148.78</b>	<b>1,432.35</b>

#### Changes in the present value of the defined benefit obligation are as follows:

	Gratuity	
	31st March 2017	31st March 2016
Opening defined benefit obligation	2,155.69	1,953.85
Current service cost	272.27	233.74
Interest cost	168.02	152.83
Re-measurement (or Actuarial) (gain) / loss arising from:		
- change in demographic assumptions	-	9.64
- change in financial assumptions	58.47	-
- experience variance (i.e. Actual experience vs assumptions)	86.79	41.70
Benefits paid	(248.86)	(236.07)
<b>Closing defined benefit obligation</b>	<b>2,492.38</b>	<b>2,155.69</b>

## Notes to the financial statements (Contd.)

as at and for the year ended 31st March 2017

Changes in the fair value of plan assets are as follows:

	Gratuity	
	31st March 2017	31st March 2016
Opening fair value of plan assets	1,006.91	521.50
Expected return / Investment Income	78.48	40.79
Employers contribution	-	671.42
Benefits paid	(186.61)	(218.88)
Return on plan assets, excluding amount recognised in net interest expense	(17.77)	(7.92)
<b>Closing fair value of plan assets</b>	<b>881.01</b>	<b>1,006.91</b>

The Company expects to contribute ₹400.00 lacs (31st March, 2016 : ₹374.52 lacs) to gratuity in the next year.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Investments with insurer	100%	100%
--------------------------	------	------

The principal assumptions used in determining gratuity obligations for the company's plans are shown below:

	31st March 2017	31st March 2016
Discount rate	7.50%	7.80%
Expected rate of return on assets	7.55%	8.00%
Future salary increases:	7.00%	7.00%
Mortality Rate (% of IALM 06-08)	100%	100%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Defined Contribution Plan:

	31st March 2017	31st March 2016
Contribution to Provident / Pension Funds	503.89	402.73
Contribution to Superannuation Fund	93.56	64.52
	<b>* 597.45</b>	<b>* 467.25</b>

\* Includes ₹10.06 lacs (31st March, 2016 : ₹60.46 lacs) capitalised as preoperative expenses (refer note 3 & 4).

Assumptions Sensitivity analysis for significant assumptions is as below:

Assumptions	Sensitivity level			
	31st March 2017		31st March 2016	
	Discount Rate		Discount Rate	
	1% increase	1% decrease	1% increase	1% decrease
(Decrease)/Increase in gratuity defined benefit obligation	(186.30)	214.76	(144.42)	165.55

Assumptions	Future salary increase	
	Sensitivity level	
	1% increase	1% decrease
(Decrease)/Increase in gratuity defined benefit obligation	213.46	(188.76)

## Notes to the financial statements (Contd.)

as at and for the year ended 31st March 2017

### 33 EMPLOYEE STOCK OPTION SCHEME

The Company provides share-based payment schemes to its employees. The Company had formulated an employee stock option scheme, namely Employee Stock Option Scheme 2015 (ESOP) during the year ended 31st March 2015 for grant of ESOP. The relevant details of the scheme and grant are as below:

On 8th May 2015, the Board of Directors approved the Employee Stock Option Scheme 2015 for issue of stock options to the key employees of the Company. According to the scheme, the employee selected by the remuneration committee from time to time will be entitled to options, subject to satisfaction of the prescribed vesting conditions viz, continuing employment on the rolls of the Company as on 1st April 2015 as well as new employees who replaces the old eligible employee and joins the employment of the Company before 30th June 2017 and continuing employment till grant date. The other relevant terms of the grant are as below:

Vesting Period	40% vest after 3 years 60% vest after 4 years
Exercise Period	4 Years
Expected Life	5.6 Years
Exercise Price (₹)	135
Market price as on 4th August, 2015 (₹)	183.25

The details of the activity under the scheme are as below:

	No. of Options	
	31st March 2017	31st March 2016
Outstanding at the beginning of the year	16,48,900	-
Granted during the year	-	16,48,900
Outstanding at the end of the year	16,48,900	16,48,900
Exercisable at the end of the year	-	-

The weighted average remaining contractual life for the stock options outstanding as at 31st March 2017 is 3.93 years (31st March 2016 4.93 years).

The weighted average fair value of the stock options granted was ₹105.64. The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	31st March 2017	31st March 2016
Dividend yield (%)	0.96%	0.96%
Expected volatility	44.90%	44.90%
Risk-free Interest rate	8%	8%
Weighted average share price (₹)	183.50	183.50
Exercise price (₹)	135	135
Expected life of options granted in years	5.6	5.6

The expected life of the stock is based on current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

## Notes to the financial statements (Contd.)

as at and for the year ended 31st March 2017

### 34 LEASES

#### Operating lease: Company as lessee

Certain office premises, equipments, depots etc are obtained by the Company on operating lease. The lease term is for 1-3 years and renewable for further period either mutually or at the option of the Company. Lease agreements have price escalation clauses. The rent is not based on any contingencies. There are no restrictions imposed by lease arrangements. The leases are cancelable.

	(₹ in Lacs)	
	31st March 2017	31st March 2016
Lease payments made for the year	1,550.49	1,178.68

### 35 CAPITAL AND OTHER COMMITMENTS

Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) ₹765.44 lacs (31st March 2016: ₹2,519.56 lacs, 1st April 2015: ₹16,414.46 lacs).

### 36 CONTINGENT LIABILITIES

	(₹ in Lacs)	
	31st March 2017	31st March 2016
(a) Demands/claims by various Government authorities and others not acknowledged as debts and contested/to be contested by the Company:		
Excise Duty	822.54	3,808.80
Sales Tax	549.55	549.55
Income Tax	98.94	98.94
Escot Charges	20,488.99	17,546.60
Others (including power fuel surcharge adjustment, electricity duty and towards certain vendors and employees)	4,461.49	2,639.04
	<b>26,421.51</b>	<b>24,642.93</b>

\* Based on discussions with the solicitors/ favorable decisions in similar cases/legal opinions taken by the Company, the management believes that the Company has a good chance of success in above-mentioned cases and hence, no provision there against is considered necessary. The timing of outflow of resources is not ascertainable.

### 37 RELATED PARTY DISCLOSURES

#### List of related parties

#### List of key management personnel

Chairman and Non-Executive Director	Mr. CK. Birla
Managing Director & CEO	Mr. D.D. Khetrpal
Other Non-Executive Directors	Mrs. Amita Birla
	Mr. Rajeev Jhawar
	Mr. V.K. Dhall
	Mr. R. Jhunjhunwala
	Mr. Janat Shah
	Mr. Swapan Dasgupta
Chief Financial Officer	Mr. Sushil Gupta
Company Secretary	Mrs. Deepanjali Gulati

## Notes to the financial statements (Contd.)

as at and for the year ended 31st March 2017

### Related party transactions

The details of related parties transactions entered into by the Company for the year ended 31st March 2017 and 31st March 2016, and the details of amounts due to or due from related parties as at 31st March 2017, 31st March 2016 and 1st April 2015 are as follows:

#### Remuneration to key managerial personnel

	(₹ in Lacs)		
	Year Ended	Transaction during the period	Amount owed to related parties
Sitting fees and Commission to Non-Executive Directors	31-Mar-17	50.50	-
	31-Mar-16	96.00	59.50
	1-Apr-15		25.00
<b>Managing Director &amp; CEO</b>			
Salary, bonus and contribution to PF	31-Mar-17	659.68	121.50
Share based payment	31-Mar-17	248.99	-
Salary, bonus and contribution to PF	31-Mar-16	524.09	99.00
Share based payment	31-Mar-16	163.92	-
Salary, bonus and contribution to PF	1-Apr-15		75.00
<b>Chief Financial Officer</b>			
Salary, bonus and contribution to PF	31-Mar-17	158.22	29.01
Share based payment	31-Mar-17	51.99	-
Salary, bonus and contribution to PF	31-Mar-16	137.59	24.00
Share based payment	31-Mar-16	34.23	-
Salary, bonus and contribution to PF	1-Apr-15		15.72
<b>Company Secretary</b>			
Salary, bonus and contribution to PF	31-Mar-17	19.62	1.50
Salary, bonus and contribution to PF	31-Mar-16	15.53	0.80
Salary, bonus and contribution to PF	1-Apr-15		1.16

Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

38. Remuneration paid to the Managing Director & CEO of the Company during the financial year ended March 31, 2017 has exceeded the limit prescribed under Section 197 read with Schedule V of the Companies Act, 2013.

The Company is in the process of applying to Central Government for waiver of excess remuneration amounting to ₹444.99 lacs paid to the Managing Director & CEO of the Company during the financial year 2016-17.



## Notes to the financial statements (Contd.)

as at and for the year ended 31st March 2017

### 39 DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER THE MSMED ACT, 2006

(₹ in Lacs)

	31st March 2017	31st March 2016
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	266.55	155.30
Interest due on above	-	-
	<b>266.55</b>	<b>155.30</b>
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting period	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	-	-

40. The management has considered that the Company has a single reportable segment based on nature of products, production process, regulatory environment, customers and distribution methods. Further, the Company is engaged in single product line of manufacturing and selling cement and its customers and non-current assets are located in India only.

41. Figures for the year ended 31st March, 2017 are inclusive of figures pertaining to the Company's plant at Chittapur, Karnataka which had commenced commercial production with effect from 26th September, 2015 and hence are not comparable with the figures of corresponding year ended 31st March, 2016.

### 42 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's financial liabilities comprise loans and borrowings, security deposits, and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's financial assets include trade and other receivables, cash and cash equivalents.

The Company is exposed to market risk, credit risk and liquidity risk. The Company has a Risk management policy and its management is supported by a Risk management committee that advises on risks and the appropriate financial risk governance framework for the Company. The Risk management committee provides assurance to the Company's management that the Company's risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

## Notes to the financial statements (Contd.)

as at and for the year ended 31st March 2017

### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk, such as commodity price risk and equity price risk. Financial instruments affected by market risk include trade payables, trade receivables, borrowings, etc.

### Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates.

### Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows.

(₹ in Lacs)

		Increase/ decrease in basis points	Effect on profit before tax
31 March 2017	INR	50 basis points	584.78
31 March 2016	INR	50 basis points	201.86

### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. However, the Company's exposure to the risk of changes in foreign exchange rates are not significant as detailed below:

(₹ in Lacs)

	Currency	31st March 2017	31st March 2016
Retention payable (Unhedged)	USD	13.94	14.26
		<b>13.94</b>	<b>14.26</b>

### Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables).

### Trade receivables

Customer credit risk is managed by the respective department subject to Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on individual credit limits as defined by the Company. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis. The calculation is based on historical data of credit losses.

The ageing analysis of the receivables (gross of provision) has been considered from the date the invoice falls due.

(₹ in Lacs)

Trade Receivable	< 30 days	031 - 090 Days	91 to 180 days	> 180 days	Total
Mar-17	6,099.14	3,144.00	527.00	783.00	10,553.14
Mar-16	6,191.83	2,182.48	485.06	349.71	9,209.08
Mar-15	6,236.06	1,569.29	225.81	210.91	8,242.07

## Notes to the financial statements (Contd.)

as at and for the year ended 31st March 2017

### Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations or at a reasonable price. The Company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash credits, bank loans among others.

### Maturity profile of Financial liabilities

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

	(₹ in Lacs)				
Financial Liabilities	0-1 year	2-5 year	5-10 year	Above 10 years	Total
Mar-17					
Borrowings *	21,345.23	66,957.16	90,941.07	45,723.57	2,24,967.03
Trade Payables	23,697.89	-	-	-	23,697.89
Other current financial liabilities	16,682.57	-	-	-	16,682.57
<b>Total</b>	<b>61,725.69</b>	<b>66,957.16</b>	<b>90,941.07</b>	<b>45,723.57</b>	<b>2,65,347.49</b>
Mar-16					
Borrowings *	17,227.96	1,00,521.25	68,736.57	-	1,86,485.78
Trade Payables	19,430.77	-	-	-	19,430.77
Other current financial liabilities	14,521.22	-	-	-	14,521.22
<b>Total</b>	<b>51,179.95</b>	<b>1,00,521.25</b>	<b>68,736.57</b>	<b>-</b>	<b>2,20,437.77</b>
Mar-15					
Borrowings *	14,802.10	74,645.63	83,330.53	-	1,72,778.26
Trade Payables	11,029.53	-	-	-	11,029.53
Other current financial liabilities	17,156.79	-	-	-	17,156.79
<b>Total</b>	<b>42,988.42</b>	<b>74,645.63</b>	<b>83,330.53</b>	<b>-</b>	<b>2,00,964.58</b>

\* including future interest

### 43 CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value and keep the debt equity ratio within acceptable range.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders and issue new shares.

### 44 STANDARDS ISSUED BUT NOT EFFECTIVE

The amendments to standards that are issued, but not yet effective, up to date of issuance of the Company's financial statements are disclosed below.

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment'. The amendments are applicable to the Company from April 1, 2017.

## Notes to the financial statements (Contd.)

as at and for the year ended 31st March 2017

### Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

### Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The company will adopt these amendments from their applicability date.

### 45 FAIR VALUE

The fair value of the financial assets and liabilities approximates their carrying amounts as at the balance sheet date.

### 46 FIRST-TIME ADOPTION OF IND AS

These financial statements, for the year ended 31 March 2017, are the first financial statements, the Company has prepared in accordance with Ind AS. For periods upto and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative periods data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet is prepared as at 1st April 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1st April 2015 and the financial statements as at and for the year ended 31 March 2016.

### Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirement under Ind AS. The Company has applied the following exemption:

- Since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of its property, plant and equipment as recognised in its Indian GAAP financial as deemed cost at the transition date.
- The Company has not applied Ind AS 20 "Accounting for Govt. Grants and Disclosure of Govt. Assistance" retrospectively and has used its previous GAAP carrying amount of deferred sales tax loan at the date of transition to Ind AS as carrying amount on deferred sales tax loan in the balancesheet as at 1st April 2015.

## Notes to the financial statements (Contd.)

as at and for the year ended 31st March 2017

### Reconciliation of Equity as at 1st April, 2015 and 31st March, 2016

Particulars	Footnote Ref. No	31st March 2016			1st April 2015		
		Previous GAAP	Adjustments	Ind AS	Previous GAAP	Adjustments	Ind AS
(₹ in Lacs)							
<b>I) ASSETS</b>							
<b>1) NON-CURRENT ASSETS</b>							
a) Property, plant and equipment	a	2,13,217.27	591.72	2,13,808.99	79,219.33	387.10	79,606.43
b) Capital work-in-progress	e	23,912.69	24.80	23,937.49	1,31,605.29	11.54	1,31,616.83
c) Intangible assets	g	1,752.47	5,091.42	6,843.89	594.70	-	594.70
d) Intangible assets under development		-	-	-	332.51	-	332.51
e) Financial assets							
(i) Loans		11.91	-	11.91	8.76	-	8.76
(ii) Other financial assets		115.89	-	115.89	84.61	-	84.61
f) Other assets	e	2,769.80	(438.84)	2,330.96	5,499.70	(428.77)	5,070.93
	<b>(A)</b>	<b>2,41,780.03</b>	<b>5,269.10</b>	<b>2,47,049.13</b>	<b>2,17,344.90</b>	<b>(30.13)</b>	<b>2,17,314.77</b>
<b>2) CURRENT ASSETS</b>							
a) Inventories	a	14,100.02	(595.78)	13,504.24	10,990.49	(481.31)	10,509.18
b) Financial assets							
(i) Trade receivables		9,209.08	-	9,209.08	8,242.07	-	8,242.07
(ii) Cash and cash equivalents		3,620.23	-	3,620.23	4,126.65	-	4,126.65
(iii) Bank balances other than (ii) above		156.55	-	156.55	144.03	-	144.03
(iv) Loans		0.93	-	0.93	3.19	-	3.19
(v) Other financial assets		2,294.16	-	2,294.16	1,827.48	-	1,827.48
c) Current tax assets (net)		591.79	-	591.79	531.71	-	531.71
d) Other assets	c, e	14,564.05	(1,355.45)	13,208.60	13,357.67	(50.00)	13,307.67
	<b>(B)</b>	<b>44,536.81</b>	<b>(1,951.23)</b>	<b>42,585.58</b>	<b>39,223.29</b>	<b>(531.31)</b>	<b>38,691.98</b>
<b>TOTAL ASSETS (A)+(B)</b>		<b>2,86,316.84</b>	<b>3,317.87</b>	<b>2,89,634.71</b>	<b>2,56,568.19</b>	<b>(561.44)</b>	<b>2,56,006.75</b>
<b>II) EQUITY AND LIABILITIES</b>							
<b>1) EQUITY</b>							
a) Equity Share Capital		2,048.69	-	2,048.69	2,048.69	-	2,048.69
b) Other Equity	a, b, c	99,581.29	2,376.86	1,01,958.15	95,505.58	2,396.11	97,901.69
<b>TOTAL EQUITY (C)</b>		<b>1,01,629.98</b>	<b>2,376.86</b>	<b>1,04,006.84</b>	<b>97,554.27</b>	<b>2,396.11</b>	<b>99,950.38</b>
<b>LIABILITIES</b>							
<b>2) NON-CURRENT LIABILITIES</b>							
a) Financial Liabilities							
(i) Borrowings	e	1,24,403.06	(475.24)	1,23,927.82	1,06,413.93	(467.21)	1,05,946.72
b) Long term provisions	g	1,126.53	4,353.35	5,479.88	1,428.17	-	1,428.17
c) Deferred tax liabilities (net)	c	12,277.15	(1,287.10)	10,990.05	12,503.15	(32.03)	12,471.12
	<b>(D)</b>	<b>1,37,806.74</b>	<b>2,591.01</b>	<b>1,40,397.75</b>	<b>1,20,345.25</b>	<b>(499.24)</b>	<b>1,19,846.01</b>
<b>3) CURRENT LIABILITIES</b>							
a) Financial Liabilities							
(i) Borrowings		4,567.96	-	4,567.96	4,041.10	-	4,041.10
(ii) Trade Payables		19,430.77	-	19,430.77	11,029.53	-	11,029.53
(iii) Other current financial liabilities		14,521.22	-	14,521.22	17,156.79	-	17,156.79
b) Other current liabilities		5,114.42	-	5,114.42	3,228.36	-	3,228.36
c) Provisions	b, g	2,963.81	(1,650.00)	1,313.81	2,950.78	(2,458.31)	492.47
d) Current tax liabilities (net)		281.94	-	281.94	262.11	-	262.11
	<b>(E)</b>	<b>46,880.12</b>	<b>(1,650.00)</b>	<b>45,230.12</b>	<b>38,668.67</b>	<b>(2,458.31)</b>	<b>36,210.36</b>
<b>TOTAL LIABILITIES (F) (D)+(E)</b>		<b>1,84,686.86</b>	<b>941.01</b>	<b>1,85,627.87</b>	<b>1,59,013.92</b>	<b>(2,957.55)</b>	<b>1,56,056.37</b>
<b>TOTAL EQUITY AND LIABILITIES (C)+(F)</b>		<b>2,86,316.84</b>	<b>3,317.87</b>	<b>2,89,634.71</b>	<b>2,56,568.19</b>	<b>(561.44)</b>	<b>2,56,006.75</b>

## Notes to the financial statements (Contd.)

as at and for the year ended 31st March 2017

### Reconciliation of Statement of Profit & Loss for the year ended 31st March, 2016

Particulars	Footnote Ref. No	31st March 2016		
		Previous GAAP	Adjustments	Ind AS
(₹ in Lacs)				
<b>I) INCOME</b>				
Revenue from operations	d(iii), h	1,50,919.00	18,244.28	1,69,163.28
Other income		755.40	-	755.40
<b>Total income (I)</b>		<b>1,51,674.40</b>	<b>18,244.28</b>	<b>1,69,918.68</b>
<b>II) EXPENSES</b>				
Cost of raw materials consumed		21,074.92	-	21,074.92
(Increase)/ decrease in inventories of finished goods and work in progress		(190.90)	-	(190.90)
Excise duty on sale of goods	h	-	22,920.47	22,920.47
Employee benefits expense	d (ii)	9,037.49	(59.26)	8,978.23
Finance costs	e	5,436.27	7.95	5,444.22
Depreciation and amortisation expenses	a, g	7,632.81	148.98	7,781.79
Other expenses	a, d (iii)	1,02,662.19	(4,837.60)	97,824.59
<b>Total expenses (II)</b>		<b>1,45,652.78</b>	<b>18,180.54</b>	<b>1,63,833.32</b>
<b>III) Profit/(loss) before tax (I)-(II)</b>		<b>6,021.62</b>	<b>63.74</b>	<b>6,085.36</b>
<b>IV) Tax Expense</b>				
(1) Current Tax		1,309.86	-	1,309.86
(2) MAT Credit		(1,286.25)	-	(1,286.25)
(3) Deferred Tax	c	(226.00)	51.69	(174.31)
		<b>(202.39)</b>	<b>51.69</b>	<b>(150.70)</b>
<b>V) Profit/(Loss) for the year (III)-(IV)</b>		<b>6,224.01</b>	<b>12.05</b>	<b>6,236.06</b>
<b>VI) Other Comprehensive Income</b>				
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>				
Re-Measurement gains/(losses) on defined benefit plans	d(ii)	-	(59.26)	(59.26)
Income tax effect	c	-	20.51	20.51
<b>Other Comprehensive Income, net of tax</b>		<b>-</b>	<b>(38.75)</b>	<b>(38.75)</b>
<b>VII) Total Comprehensive Income for the year (V)+(VI)</b>		<b>6,224.01</b>	<b>(26.70)</b>	<b>6,197.31</b>

## Notes to the financial statements (Contd.)

as at and for the year ended 31st March 2017

### A) Footnotes to the reconciliation of Equity as at 1st April 2015 and 31st March 2016 and Statement of Profit and Loss for the year ended 31st March 2016

#### a. Depreciation of Property, plant and equipment

Ind AS 16 requires tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and are expected to be used during more than one period, to be classified as property, plant and equipment. Accordingly, items such as spare parts, stand-by equipment and servicing equipment are capitalized when they meet the definition of property, plant and equipment, i.e., if the company intends to use these during more than one period. Otherwise, such items are classified as inventory. At the date of transition to Ind AS, an increase of ₹387.09 lacs was recognised as on 1st April 2015 in property, plant and equipment net of accumulated depreciation due to recognition of spare and other items as property, plant and equipment. For the year ended on 31st March 2016, increase in depreciation was charged in the statement of profit and loss ₹71.33 lacs.

#### b. Dividend

Under Indian GAAP, proposed dividends including Dividend Distribution Taxes (DDT) are recognised as a liability in the period to which they relate, irrespective of when they are approved by the shareholders. Under Ind AS, a proposed dividend is recognised as a liability in the period in which it is declared by the company (usually when approved by shareholders in a general meeting) or paid.

In case of the Company, the declaration of dividend occurs after period end. Therefore, the liability recorded for dividend has been derecognised against retained earnings on 1st April 2015 and recognised in year ended 31st March 2016. The proposed dividend for the year ended on 31st March 2016, recognized under Indian GAAP was reduced from other payables and with a corresponding impact in the retained earnings.

#### c. Deferred tax

The various transitional adjustments lead to temporary differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity. On the date of transition, the net impact on deferred tax liabilities is ₹32.03 lacs.

#### d. Re-classifications

The Company has made following reclassification as per the requirements of Ind-AS:

- i) Assets / liabilities which do not meet the definition of financial asset / financial liability have been reclassified to other asset / liability.
- ii) Re-Measurement gains/(losses) on defined benefit plans on long term employee benefit plans are re-classified from profit and loss to OCI.
- iii) Non-cash incentives considered as separate performance obligations are netted off with revenue under Ind AS. However, under IGAAP the same was classified under 'Other Expenses'.

#### e. Borrowings

Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised upfront and charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.

#### f. Other comprehensive income

Under Indian GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit to profit as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

## Notes to the financial statements (Contd.)

as at and for the year ended 31st March 2017

#### g. Intangible assets

As per the requirements of Ind AS 38, the Company has capitalised ₹5,169.12 lacs (present value) being the cost of socio economic welfare expenditure and provision thereof has been made in the accounts. For more information, refer note 16.

#### h. Sale of Goods

Under Indian GAAP, sale of goods was presented as net of excise duty. However, under Ind AS, sale of goods includes excise duty. Excise duty on sale of goods is separately presented on the face of statement of profit and loss as an expense.

As per our report of the even date.

For S.R. Batliboi & Co. LLP  
Firm registration number:301003E/E300005  
Chartered Accountants

per Sanjay Kumar Agarwal  
Partner  
Membership No.: 060352

Place: New Delhi  
Date: 5<sup>th</sup> May, 2017

For and on behalf of Board of Directors

CK. Birla  
Chairman  
(DIN 00118473)

S. Gupta  
Chief Financial Officer  
(FCA 044924)

D.D. Khetrpal  
Managing Director & CEO  
(DIN 02362633)

D. Gulati  
Company Secretary  
(FCS 5304)



**Orient Cement Limited**

CIN:L26940OR2011PLC013933

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Corporate Office: Birla Tower, 3<sup>rd</sup> Floor, 25, Barakhamba Road, New Delhi-110 001

Tel: 011-42092100, 011-42092190

investors@orientcement.com | www.orientcement.com

**Proxy Form**

(Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Name of the Member(s): .....

Registered Address of the member(s): .....

E-mail ID: ..... Folio No./DP ID & Client ID: .....

I/We, being member(s) of ..... equity shares of Orient Cement Limited, hereby appoint

1. Name: .....  
Address: .....  
E-mail Id: .....  
Signature: ....., or failing him/her

2. Name: .....  
Address: .....  
E-mail Id: .....  
Signature: ....., or failing him/her

3. Name: .....  
Address: .....  
E-mail Id: .....  
Signature: .....

as my/ our proxy to attend and vote (on a poll) for me/ us and my/ our behalf at the 6<sup>th</sup> Annual general meeting of the Company, to be held at Unit VIII, Plot No. 7, Bhoinagar, Bhubaneswar, Odisha-751 012, on Saturday, 23<sup>rd</sup> day of September, 2017 at 2:00 P.M. and at any adjournment thereof in respect of such resolutions as are indicated overleaf:



Resolution No.	Description	Vote(Optional see Note 3) (Please mention no. of shares)		
		For	Against	Abstain
<b>Ordinary business</b>				
1.	To receive, consider and adopt the Financial Statements of the Company for the financial year ended 31 <sup>st</sup> March, 2017			
2.	To declare final dividend			
3.	To appoint a director in place of Mr. Chandrakant Birla (DIN 00118473), who retires by rotation and being eligible, seeks re-appointment			
4.	To ratify the appointment of Statutory Auditors			
<b>Special business</b>				
5.	To appoint Mr. I.Y.R. Krishna Rao (DIN 00481367) as an Independent Director			
6.	To waive the recovery of excess remuneration paid to Mr. Desh Deepak Khetrpal, Managing Director & CEO (DIN 02362633) of the Company for the financial year 2016-17			
7.	To approve the terms of remuneration of Mr. Desh Deepak Khetrpal, Managing Director & CEO (DIN 02362633)			
8.	To approve conversion of loan into equity			
9.	To approve paying commission to directors			
10.	To approve increasing the borrowing limits			
11.	To approve creation of Charges/ Mortgages on the movable and immovable properties of the Company, both present and future, in respect of borrowings			
12.	To fix the remuneration of Mr. Somnath Mukherjee, Cost Auditor of the Company			
13.	To approve raising of funds through issuance of securities.			

Signed this..... day of..... 2017

Affix  
revenue stamp

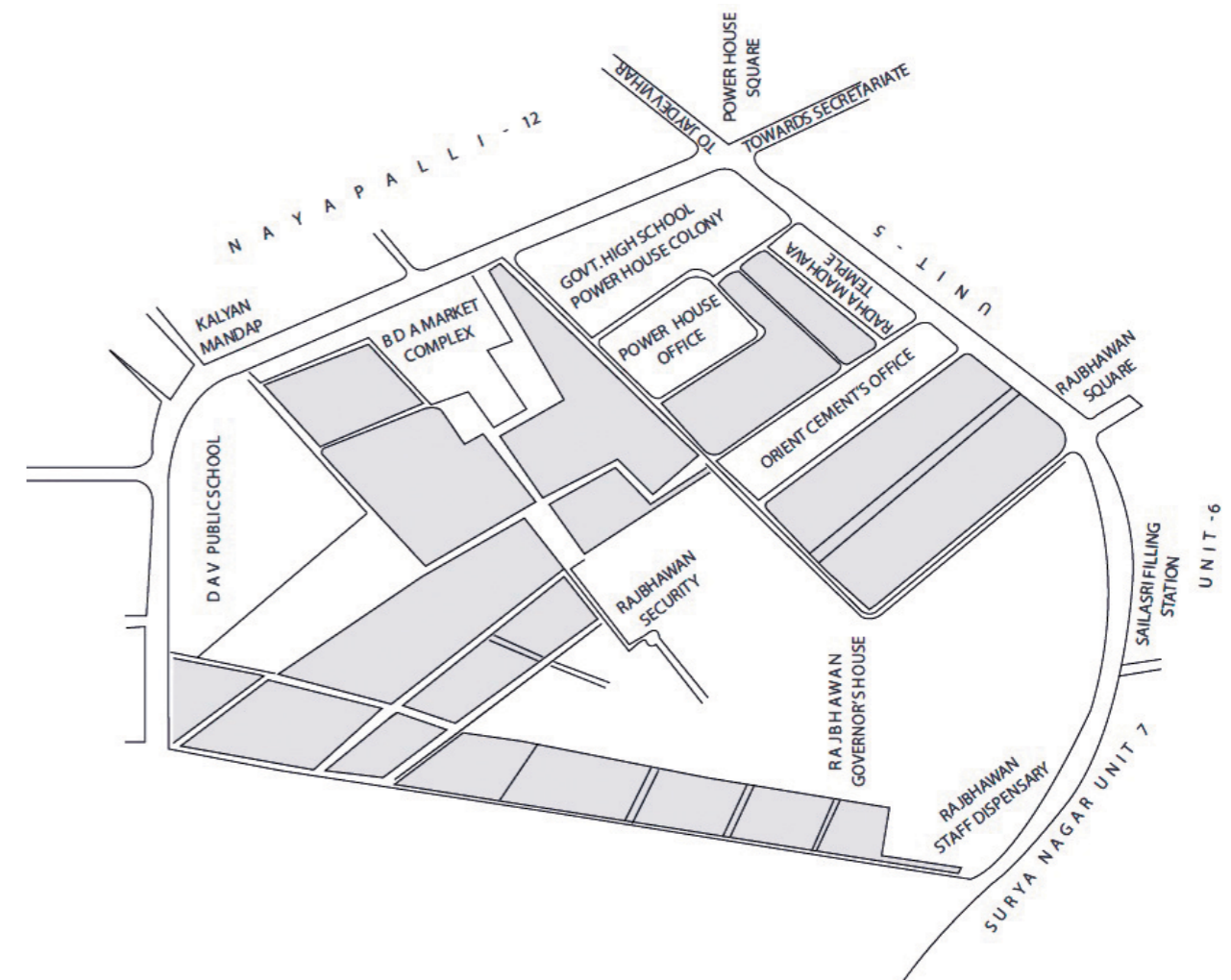
Signature of the member

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. The holder may vote either for or against each resolution.
3. It is optional to indicate your preference. If you leave the for, against or abstain column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/ she may deem appropriate.

### Route Map of the AGM Venue



**Orient Cement Limited**  
CIN : L26940OR2011PLC013933  
Birla Tower, 3<sup>rd</sup> Floor,  
25, Barakhamba Road,  
New Delhi - 110 001  
Tel.: 011-42092100/42092190  
[www.orientcement.com](http://www.orientcement.com)