ANDHRA CEMENTS LIMITED

Regd Office: Durga Cements Works, Durgapuram, Dachepalli, Guntur, A.P. 522 414

Recommendations of the Committee of Independent Directors (IDC) on the Open Offer to Equity Shareholders of Andhra Cements Ltd (Target Company) by Jaypee Development Corporation Ltd (Acquirer) for acquisition of upto 76,315,328 equity shares under Regulation 26 (7) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

1	Date	18.01.2012
2	Name of the Target Company (TC)	ANDHRACEMENTSLIMITED
3	Details of the Offer pertaining to TC	Open Offer is being made by the Acquirer to equity shareholders of the TC for Acquiring upto 76,315,328 fully paid-up Equity Shares of face value ofRs 10/- of the TC at a price of Rs 12/- (Rupees twelve only) per equity share payable in cash in terms of Regulation 26 (7) of SEBI (Substantial Acquisition of Shares andTakeovers) Regulations,2011,as amended.
4	Name of the acquirer and PAC with the acquirer	Acquirer is Jaypee Development Corporation Ltd., a part of the Jaypee Group and wholly owned subsidiary of Jaypee Ventures Private Ltd.There is no Person Acting in Concert with the Acquirer.
5	Name of the Manager to the offer	Corporate Professionals Capital Pvt Ltd, D-28, South Extn. Part 1,New Delhi 110 049, INDIA. Telephone: +91 11 40622200; Facsimile: +91 11 40622201; Emai IID : manoj@indiacp.com,ruchi@indiacp.com Website: www.corporateprofessionals.com
6	Members of the Committee of Independent Directors ("IDC")	1) Shri Kailash Nath Bhandari, 2) Shri Raj Kumar Bhargava, 3) Dr. Sushil Chandra. Shri Kailash Nath Bhandari is Chairman of the Committee
7	IDC Member's relationship with the TC (Director, Equity shares owned, any other contract/relationship), if any	1) Shri Kailash Nath Bhandari is a Director and holds no equity share of TC, 2) Shri Raj Kumar Bhargava is a Director and holds no equity share of TC, 3) Dr. Sushil Chandra is a Director and holds no equity share of TC\if any
8	Trading in the Equity shares/other securities of the TC by IDC Members	None of the IDC Members have done any trading in Equity Shares / other securities of the TC since their appointment
9	IDC Member's relationship with the acquirer (Director, Equity shares owned any other contract / relationship), if any.	None of the IDC Members is Director in Acquirer or hold any equity shares of Acquirer nor have any relationship with the Acquirer.
10	Trading in the Equity shares/other securities of the acquirer by IDC Members	None of the IDC Members have done any trading in Equity Shares/other securities of the Acquirer since their appointment
11	Recommendation to the Open offer, as to whether the offer , is or is not, fair and reasonable	IDC believes that Open Offer is fair and reasonable
12	Summary of reasons for recommendation	The committee considered the following facts: Andhra Cements Ltd (TC) was under the ambit of BIFR.In January 2010, the Company came out of the preview of BIFR but again started facing severe liquidity crunch. The production activities at its factories are suspended for over last five quarters. Consequent to this, the Company is facing severe liquidity crisis leading to stoppage of supply of materials and services, disconnection of power and termination of agreement thereof, non-paymentof employee related costs, etc. and thereby affecting the business operations of theCompany. The Company has incurred net loss of Rs.24.60 crore during the financial year ended 30.06.2011 (15 months) and its networth reduced to Rs.124.86 crore as on that date which is below the paid - up capital of the Company. In order to overcome the liquidity crisis and revive the operations, the Company requires infusion of substantial investment. The Company could not raise funds through further borrowings in view of the huge borrowing of the Company (over Rs.450 crore as on 30.06.2011). Hence, for revival of the Company, infusion of further equity capital can be the only viable option. However, the promoters are not in a position to infuse any further funds into the Company. The Acquirer is a part of Jaypee Group which is financially very strong and well reputed and also has business knowledge and experience in cement Industry. The Acquirer has agreed to make investment of Rs.177 crore in the Company for its revival by way of subscribing to 14.75 crore equityshares of Rs.10 each at a premium of Rs.2 per share. Hence the Committee is of the view that the allotment of equity shares and change in control the Company is in the interest of the Company and its investors. The price of Offer, being more than the ruling market price and in compliance with the applicable regulations can be considered as fair and reasonable
13	Details of Independent Advisors, if any	Nil
14	Any other matter to be highlighted	Nil

To the best of our knowledge and belief, after making proper enquiry, the information contained in or accompanying this statement is, in all material respect, true and correct and not misleading, whether by omission of any information or otherwise, and includes all the information required to be disclosed by the TC under the Takeover Code.

For Andhra Cements Ltd.,

Sd/-

(K.N. Bhandari)
Chairman – Committee of Independent Directors

Place: New Delhi
Date : 18.01.2012

ANDHRA CEMENTS LTD.