EXPANDING CAPACITY. BECOMING FUTURE-READY.

PENNA CEMENT INDUSTRIES LIMITED

ANNUAL REPORT 2017-18

Contents

Penna Cement's growth in FY 2017-18

4.24 MTPA
Sales volume
9.19% y-o-y growth

₹1,784.82 Crore
Total Revenue (net of excise duty)
7.62% y-o-y growth

₹391.62 Crore
EBITDA
5.94% y-o-y growth

For further information,
log on to www.pennacement.com

About Penna Cement
Penna Cement Industries Limited (PCIL) is the flagship company of the Penna Group. At PCIL, we offer three distinct categories of cement: Ordinary Portland Cement (OPC), Portland Pozzolana Cement (PPC) and Portland Slag Cement (PSC). We currently have 10 MTPA installed cement production capacity in our six state-of-the-art manufacturing units including two grinding units, and overall 77 MW of captive thermal plant and 17 MW waste heat recovery (WHR) plant capacity. We have significant presence in the key markets of southern and western India, with strategically located production facilities.

We have adopted Strategy 2021, which involves considerable capital expenditure to expand our production capacity and market presence across India. Through these strategic expansion plans, we aim to achieve 16.5 MTPA installed capacity organically and deepen our footprint in eastern and northern India.

About Penna Group
The Penna Group is one of the largest privately held business conglomerates in India. It has a robust commercial footing in 10 Indian states and operates in diverse sectors such as cement, power, infrastructure, aluminium, hospitality and real estate.

At Penna Group, our dedicated team is the driving force. We believe in the welfare of our people and we endeavour to provide them excellent opportunities for learning and growth. We nurture a workplace culture of integrity that serves as the guiding principle of our 3,000+ strong workforce.

Penna Cement Industries Limited (PCIL) is the flagship company of the Penna Group.

Penna Group's journey in the cement industry began in 1991 with the setting up of its first 0.2 MTPA cement plant. The manufacturing unit was located at Talaricheruvu village, south-western Andhra Pradesh, in proximity to Chennai and Bangalore, which were witnessing unprecedented construction growth at that time. Since then, PCIL has grown in various stages, periodically increasing capacities to meet the ever-rising demand in the region.

India's economy is on the cusp of major transformations. The Government of India is introducing policies like Smart Cities, Affordable Housing for All, Make in India, Goods and Services Tax (GST), Real Estate Regulatory Authority (RERA) Act and more foreign investments in construction sector, among others. While some of these like RERA and Smart Cities have a direct impact on the cement industry, there are others like the GST, which are making pan-India markets more accessible. Overall, the Government's focus on developing world-class infrastructure across India has opened up fabulous avenues for the cement industry.

At PCIL, we are geared to leverage these opportunities with Strategy 2021, our two- phased expansion scheme for bolstering capacities and getting future ready.

As one of India's most trusted cement brands, we have made a long journey from 0.2 MTPA manufacturing capacity in 1991 to 10 MTPA in FY 2017-18. Today, we are among India's largest integrated cement manufacturing companies and enjoy significant presence in southern and western India. We have six production units, which are a result of our organic growth in the last 25+ years.

With Strategy 2021 in place, we are ready to capitalise on the emerging market opportunities in the construction and infrastructure space. We have a capital expenditure (capex) outlay commitment of ₹3,400 Crore in the next three years. We intend to establish an integrated manufacturing plant that will enhance our capacity to 16.5 MTPA, along with several grinding units and packaging facilities across India in two phases. Our expansion plans are completely organic in nature and, going forward, will provide us access to various northern and eastern markets by virtue of our enhanced proximity to them.

We believe our continued focus on developing the skillsets of our teams, optimising operations, securing raw material availability and benchmarking quality will help us build for our future.

About the Company

Shaped by excellence

We have established Penna Cement as one of the most trusted cement brands, with significant footprint in southern and western India. Our customers range from homeowners to established real estate developers and from various state governments to global construction majors.

Over the years, we have grown organically by developing in-house expertise and capabilities, across the entire value chain in the cement industry. All our cement plants are equipped with state-of-the-art technology, enabling the Company to deliver superior quality products.

77 MW
Captive thermal power generation capacity

17 MW
Waste Heat Recovery power generation capacity

₹3,400 Crore
Planned capex outlay commitment for three years (From FY 2018-19 to FY 2020-21)

Our vision
To create sustainable value & growth for all stakeholders

Our values
- Focus on customer
- Act with integrity
- Nurture employees
- Pursue excellence
- Care for safety
- Care for community

Our mission
To create energised, competitive, innovative and a winning environment for all stakeholders

10 MTPA
Installed cement capacity

35+ years
Of captive limestone reserves ensuring sustainable production

25+ years
Rich experience in the cement industry

3,000+
Dealers

5.3 MTPA
Installed clinker capacity

1,199
Employee strength

Our credit ratings
Our Long Term Issuer Credit Rating has been affirmed at 'IND AA-' during the year.

Our certifications
ISO 9001:2008 for stringent process quality control

ISO 14001:2004, reflecting advanced environmental management system

OHSAS 18001:2007 certified for occupational hazard and safety management systems

Our offerings
Penna Power
Portland Pozzolana Cement (PPC)

Penna Premium
Ordinary Portland Cement (OPC)

Penna Suraksha
Portland Slag Cement (PSC)

About the Company

Product portfolio

Penna Power – PPC

- Produced by inter-grinding clinker with high-quality processed fly ash, along with gypsum
- Utilised in creating corrosion resistant concrete

Penna Premium – OPC

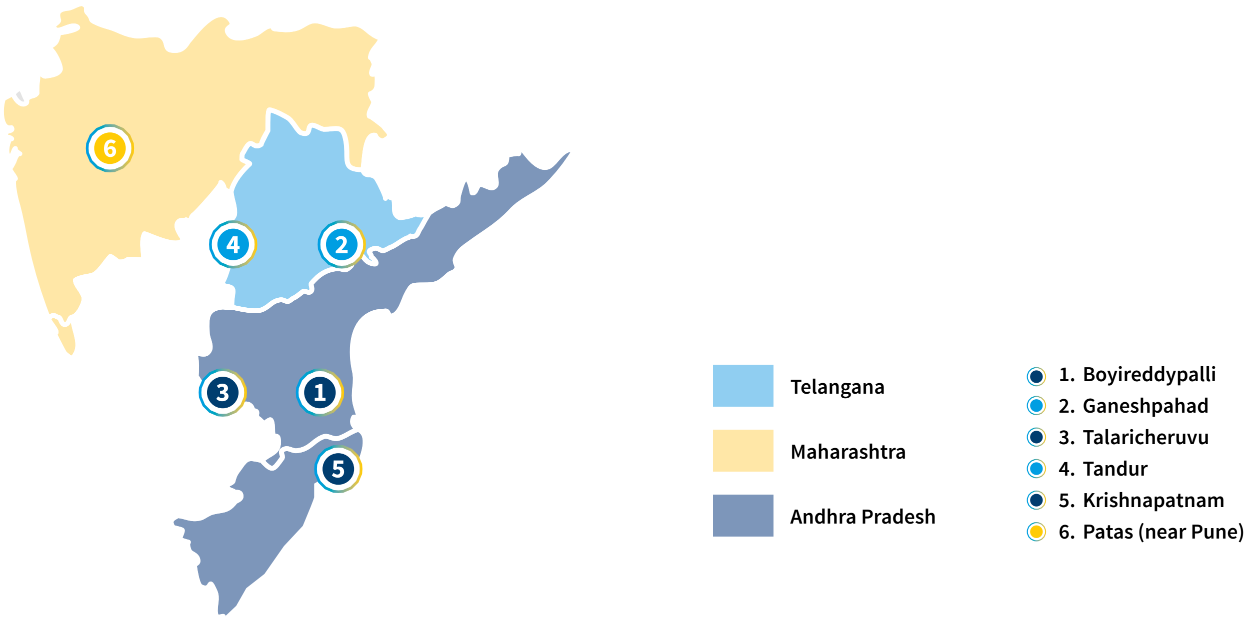
- Manufactured by grinding clinker and gypsum; available in two varieties—Penna Premium OPC 53 Grade Cement and Penna Premium OPC 43 Grade Cement—of 28-day strength
- OPC 53 Grade provides high strength to structures while OPC 43 grade is typically used for civil construction work

Penna Suraksha – PSC

- Made by blending clinker, granulated slag and gypsum in suitable proportions
- Used extensively in mega constructions owing to its strength, durability and sulphate resistance

Manufacturing assets

Our manufacturing facilities are strategically located in India and enjoy backward integration benefits. Moreover, they have access to railway siding, road infrastructure, sea ports and key growth markets.



Plant Capacities

Locations	Capacities	Products	Operations
Boyireddypalli, Andhra Pradesh	Cement 2.0 MTPA, Clinker 1.5 MTPA	OPC, PPC and PSC	Integrated Unit
Ganeshpahad, Telangana	Cement 1.2 MTPA, Clinker 1.0 MTPA	OPC and PPC	Integrated Unit
Talaricheruvu, Andhra Pradesh	Cement 1.8 MTPA, Clinker 1.3 MTPA	OPC, PPC and PSC	Integrated Unit
Tandur, Telangana	Cement 2.0 MTPA, Clinker 1.5 MTPA	OPC and PPC	Integrated Unit
Krishnapatnam, Andhra Pradesh	Cement 2.0 MTPA	OPC and PPC	Grinding Unit
Patas, Maharashtra	Cement 1.0 MTPA	OPC and PPC	Grinding Unit

Raw material security

We have established raw material linkages with enhanced cost controls that enable seamless operations.

Limestone	• Own captive mines near each integrated unit with long-term leases • Enjoy aggregate balance reserves of 475 MT, adequate to support expansion plans
Coal	• Have indigenous fuel supply agreement for all facilities from Singareni Collieries Company Ltd. • Import coal and petcoke for blending from USA and South Africa
Power	• Produce 77 MW coal-based power at Ganeshpahad unit primarily for captive use • Manufacture 17 MW of power from WHR units at Ganeshpahad and Boyireddypalli facilities • Cater to ~74% of power requirement through captive sources

Logistical edge

Road	NH 16, NH 65 and NH 67 facilitate our logistics strategy, providing easy access to both raw materials and consumption centres.
Rail	We have siding facility connecting the nearest railway stations, which helps to source key raw materials and transport finished goods. Boyireddypalli, Ganeshpahad, Tandur, Krishnapatnam and Patas units have their own siding facility. Our Talaricheruvu plant has a railway station within 7 kms.

Our journey so far

Growing sustainably through the years

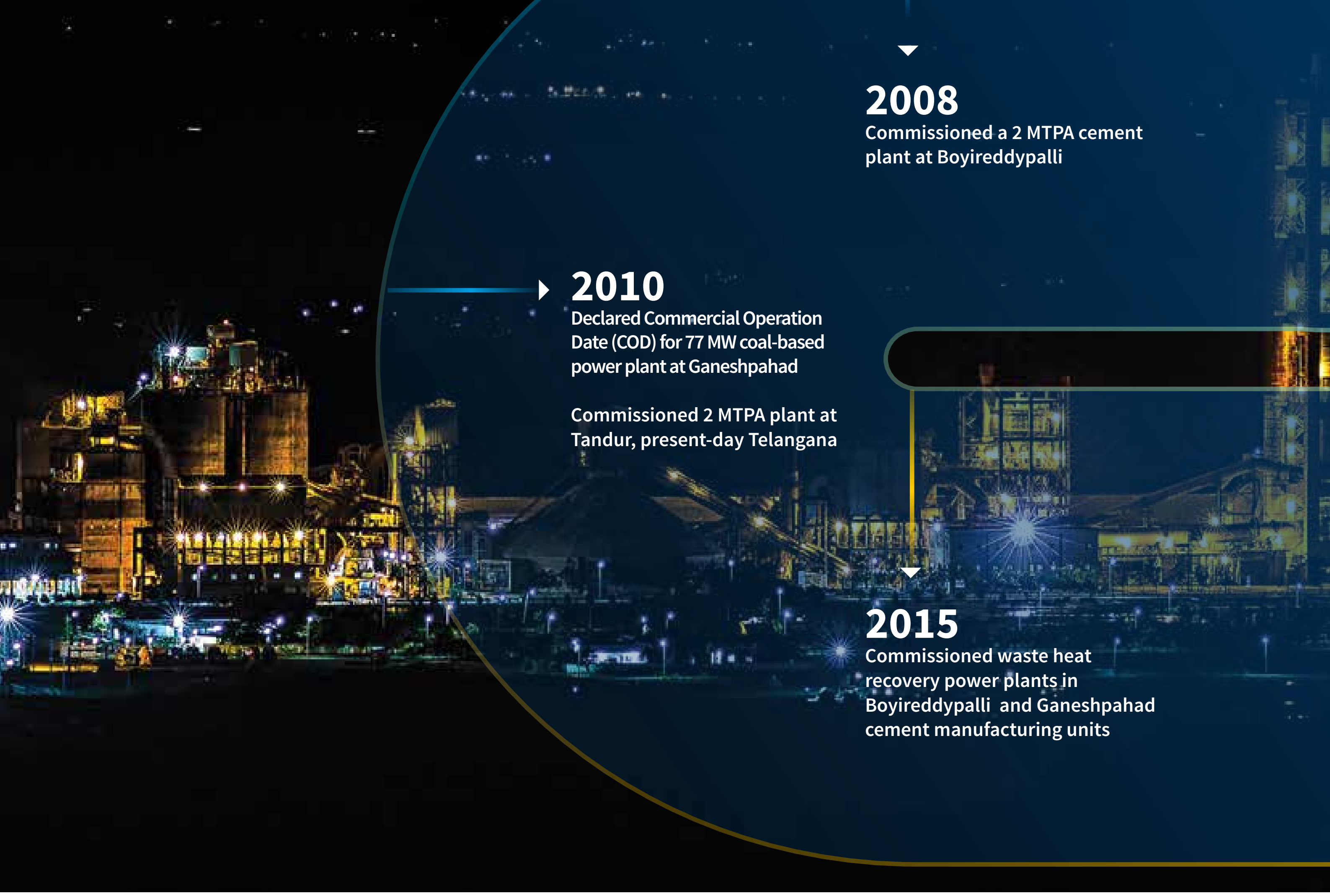
1991
Incorporated PCIL

2008
Commissioned a 2 MTPA cement plant at Boyireddypalli

2010
Declared Commercial Operation Date (COD) for 77 MW coal-based power plant at Ganeshpahad

Commissioned 2 MTPA plant at Tandur, present-day Telangana

2015
Commissioned waste heat recovery power plants in Boyireddypalli and Ganeshpahad cement manufacturing units



1994
Commissioned our first cement manufacturing line at Talaricheruvu

2001
Set up second line, increasing the capacity at Talaricheruvu to 1 MTPA

2002
Commenced Ganeshpahad cement plant with a capacity of 1.2 MTPA

2005
Expanded Talaricheruvu plant to 1.8 MTPA

2016
Undertook extensive expansion strategy, including establishment of new units across India (Krishnapatnam, Cochin, Kolkata, Gopalpur, Pune and Karaikal)

2018
Commissioned Krishnapatnam and Pune grinding unit (GU) and packing terminal at Cochin Port

Chairman and Managing Director's message

Building it right

Dear Shareholders,

It gives me immense pleasure to present the 27th annual report of PCIL. We provide insights into our business operations and growth strategies for sustained value creation through this report.

FY 2017-18 was a defining year for India's economy in many ways. India completely reset its indirect tax system to a comprehensive Goods and Service Tax (GST) and once again retained its spot among the world's fastest growing economies. The acceleration of structural reforms, robust policy framework and focus on infrastructure development are driving the nation's growth impetus. Moreover, recent deregulation measures and efforts to improve the ease of doing business have encouraged foreign investment.

India is the second largest cement producer in the world after China and the cement industry is among the main contributors to the country's GDP. The Government of India's focus on developing infrastructure and housing capacity across the nation is ensuring sustained growth of the cement industry. Multiple factors, including implementation of Real Estate Regulatory Authority (RERA) Act, Housing for All and Smart Cities, among others, are expected to ensure a sustained demand for cement in the long term. Moreover, the implementation of GST has increased market access across India, especially for regional players who are looking to amplify their pan-India presence. Besides, more foreign investment in construction industry will help the cash-intensive accelerate, thereby increasing demand for cement.

Business review

We reinforced our performance during FY 2017-18. Our total revenue stood at ₹1,848.47 Crore (net of excise duty: ₹1,784.82 Crore) in FY 2017-18 vis-à-vis ₹1,888.61 Crore (net of excise duty: ₹1,658.52 Crore) in FY 2016-17, a growth of 7.62% on a comparable basis (net of excise duty), due to increased sales volume, despite challenging market conditions. Our EBITDA increased by 5.94%, to ₹391.62 Crore in FY 2017-18 from ₹369.65 Crore in FY 2016-17. A prudent balance

Our total revenue stood at ₹1,848.47 Crore (net of excise duty: ₹1,784.82 Crore) in FY 2017-18 vis-à-vis ₹1,888.61 Crore (net of excise duty: ₹1,658.52 Crore) in FY 2016-17, a growth of 7.62% on a comparable basis (net of excise duty), due to increased sales volume, despite challenging market conditions.

We intend to follow our time-tested and trusted organic expansion plan for growth. Going forward, we will leverage the emerging opportunities arising in the infrastructure and construction industry to become a pan-India player with 16.5 MTPA capacity.

sheet has helped us become a cash-rich, profitable company, successfully creating value for our shareholders. We recorded 22.05% EBITDA margin in FY 2017-18 that positioned us as one of the lowest cost cement producers in India. Our sales volume stood at 4.24 MTPA with a 9.19 % y-o-y growth owing to higher dispatches.

We started with a 0.2 MTPA capacity in 1991 and in FY 2017-18 we reported an installed capacity of 10 MTPA across six units. We have been consistent performers for more than two decades with a track record of being profitable, year-after-year. Our steady growth has been through organic expansion; and we enjoy market leadership in major regions across southern India, with Andhra Pradesh and Karnataka being our biggest markets. Our strategically located plants, grinding units and innovation laboratories have given us an edge over competition. Besides, we have meticulously streamlined our operations to globally benchmarked best practices. Easy access to railway siding, road infrastructure and sea ports have provided a further impetus to our operational efficiencies.

Planned progress

We intend to follow our time-tested and trusted organic expansion plan for growth. Going forward, we will leverage the emerging opportunities arising in the infrastructure and construction industry to become a pan-India player with 16.5 MTPA capacity. Further, we will continue to utilise our key strengths, including skilled and experienced workforce, innovative work processes and supportive project partners; and focus on reducing project costs to stay on the road to success.

We have strategically divided our expansion plan in two phases. In Phase 1, we will expand our capacities across Kerala, Maharashtra, Odisha, Andhra Pradesh, Puducherry and West Bengal and in Phase 2, we will explore northern markets across Rajasthan, Punjab and Haryana. Additionally, we will continue to focus on implementing cost-effective logistics solutions, enhancing utilisation rates in existing plants and providing cost advantage in target markets.

Before I conclude, I would like to thank our people at PCIL for their hard work and continued support, which helps us perform consistently. In turn, we have always ensured that our people are provided with every opportunity to grow, both, in their personal as well as professional capacity. Our robust people management initiatives help us keep our people motivated 24x7.

I would also like to thank all our stakeholders for continuously supporting us and trusting us in our endeavours, helping us generate value year-on- year. We look forward to growing and strengthening our association with all our stakeholders.

With best regards,

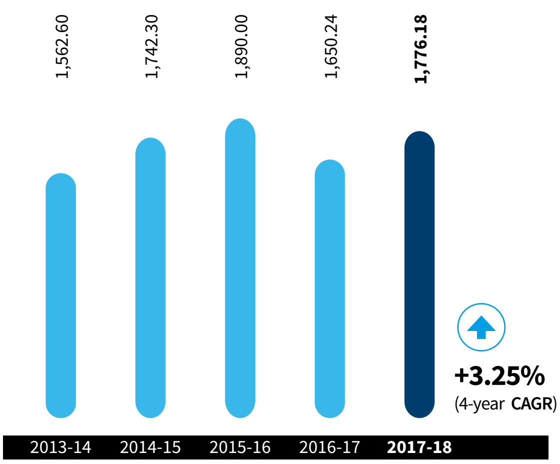
P Prathap Reddy
Chairman & Managing Director

Five-year performance highlights

Steady performance

Operating Revenue (net of excise duty)

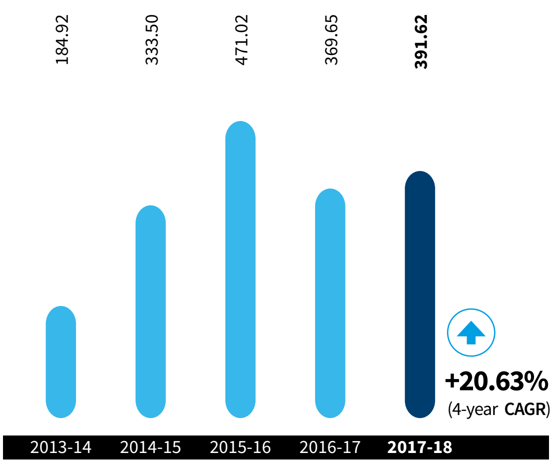
₹ in Crore



Performance: Our growing scale, despite challenging market conditions, has resulted in top-line growth of +7.63% in FY 2017-18 over FY 2016-17.

EBITDA

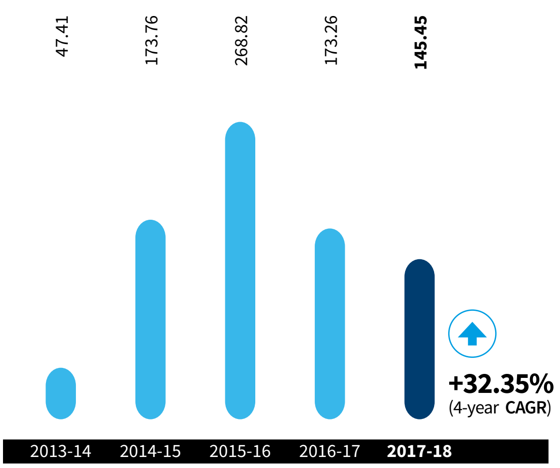
₹ in Crore



Performance: Our EBITDA grew by 4.61% in FY 2017-18 over FY 2016-17, owing to robust sales volume and our ability to optimise business operating costs.

Profit After Tax

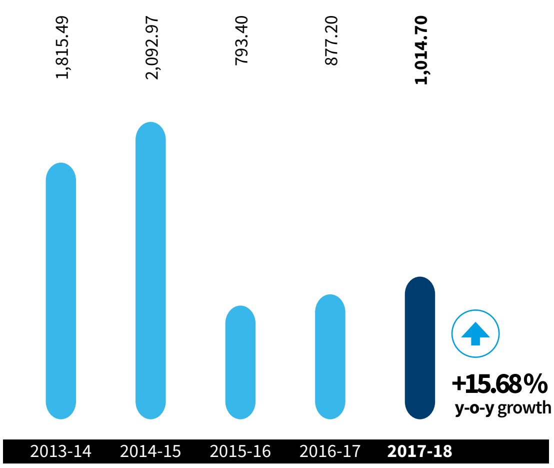
₹ in Crore



Performance: We reported a slight decrease in PAT in FY 2017-18 with respect to FY 2016-17, despite improved operating performance due to higher depreciation and finance costs.

Net Worth

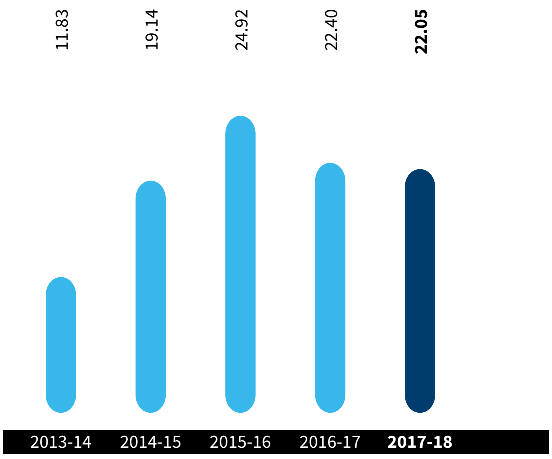
₹ in Crore



Performance: Our increased net worth over the last three years is a testimony to stable earnings over time, indicating a strong financial position.

EBITDA Margin

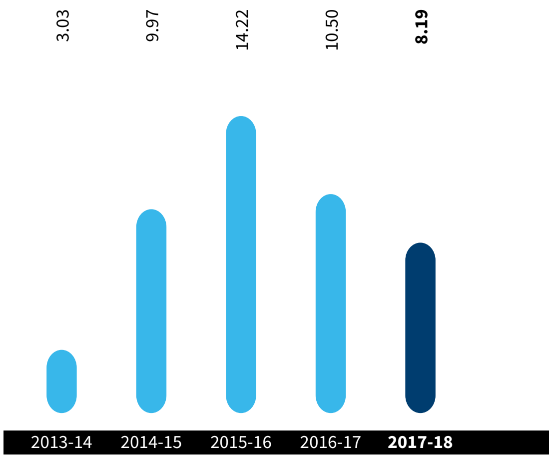
(%)



Performance: Our EBITDA margin has remained relatively stable, with our cost control and operating leverage negating highly competitive external market conditions.

PAT Margin

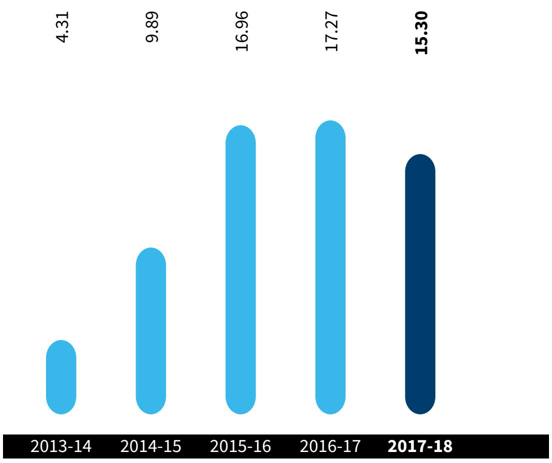
(%)



Performance: Strategic marketing efforts to excite customers and generate higher sales coupled with operational excellence has resulted in a resilient PAT margin, though depreciation and finance costs were higher.

Return on capital employed (RoCE)

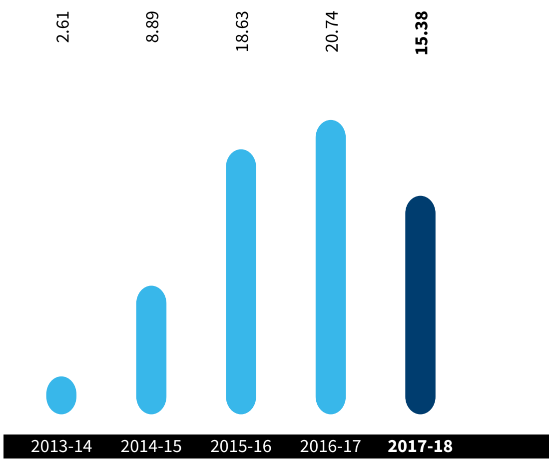
(%)



Performance: Benefits of recent expansion plans, including commissioning of Krishnapatnam and Patas grinding plants, along with Cochin packing terminal, has not accrued in FY 2017-18, which has suppressed ROCE on a y-o-y basis.

Return on Equity (RoE)

(%)



Performance: We prudently invest every rupee in profitable spaces that generate higher returns for shareholders. Higher financing costs incurred for development of new plants has resulted in RoE decrease in FY 2017-18 over FY 2016-17.

Capacity expansion

Strong foundation enabling Strategy 2021

Over the last 25 years, we have grown organically. At present, we operate at 10 MTPA cement capacity. We intend to maintain our growth momentum through robust organic expansions over the next three years. Going forward, we are confident of realising our ambitions through delivering on our strategic blueprints by riding the wave of emerging opportunities in the infrastructure and construction space.

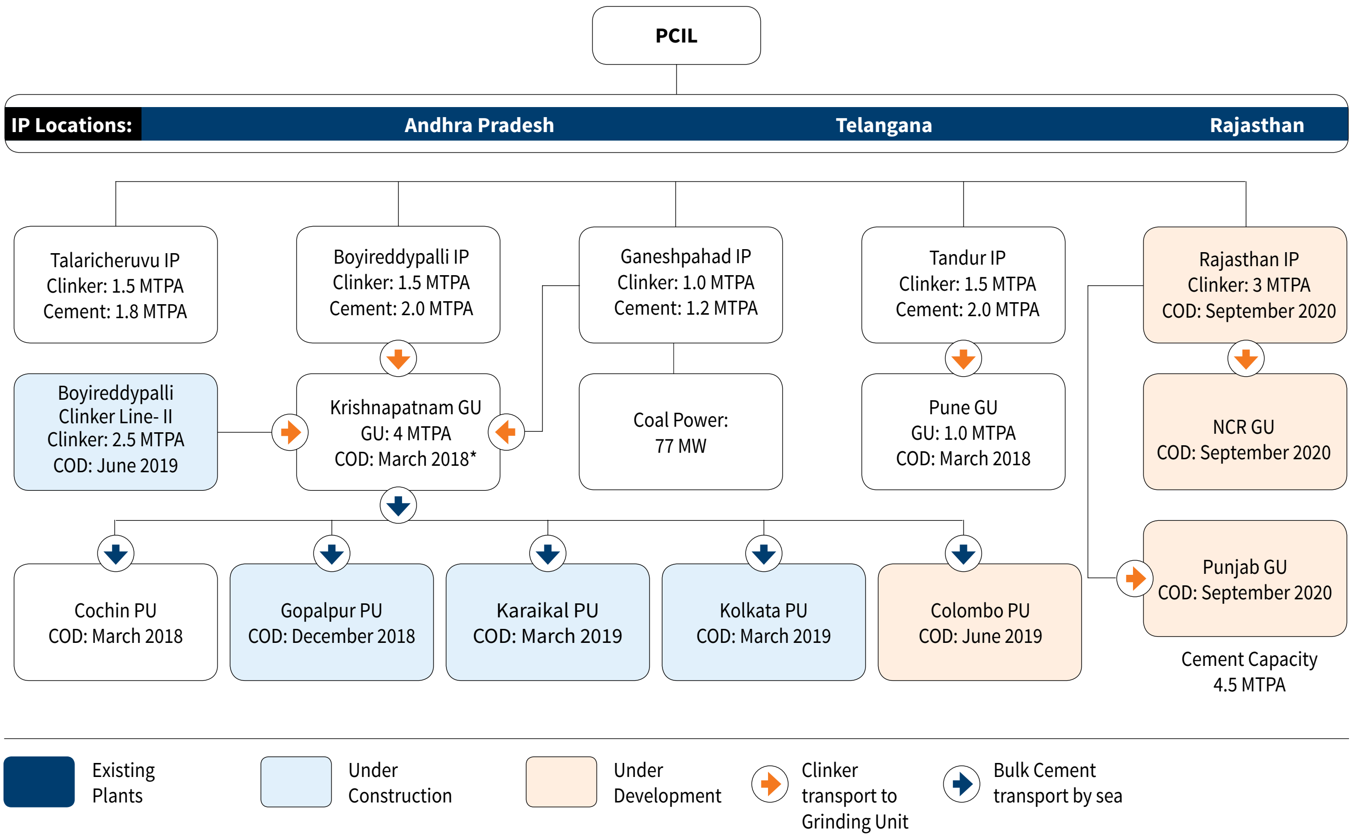
We have a strong in-house project management team that has excellent execution capabilities with consistent capacity expansion track record. Some of our key succees drivers are:

- Retaining an experienced and highly skilled project team
- Implementing innovative work processes and global best practices
- Supporting vendors and contractors as project partners
- Focussing on consistent improvements based on learnings from our earlier projects
- Concentrating on reducing project costs

Expansion outlay

We have embarked on a two-phased expansion roadmap to make PCIL a pan-India player with 16.5 MTPA cement and 10.8 MTPA clicker capacity with a capital outlay of ~₹4,400 Crore.

Expansion blueprint



IP: Integrated plant | GU: Grinding unit | PU: Packing unit
Figures in boxes represent Cement capacities, unless mentioned otherwise
*Represents COD of 2 MTPA; balance 2 MTPA expected COD by March 2019

Phase-wise plans

Phase I

Grinding unit at Krishnapatnam, Andhra Pradesh	• Contracts are signed and Consent for Establishment (CFE) is obtained • Phase I (Grinding unit capacity 2 MTPA) commissioned in March 2018 • Phase II (Grinding unit capacity of 2 MTPA) commissioning by March 2019
Packaging unit at Cochin, Kerala	• Contracts are signed and CFE is obtained • Plant commissioned in March 2018
Packaging unit at Kolkata, West Bengal	• Contracts are signed and CFE is obtained • Plant construction under progress and planned to be commissioned by March 2019
Packaging unit at Gopalpur, Odisha	• Contracts are signed and CFE is obtained • Plant construction under progress and planned to be commissioned by December 2018
Packaging unit at Karaikal, Puducherry	• Advance stages of talks with port authorities and designs finalised • Expected commissioning by March 2019
Grinding unit at Pune, Maharashtra	• Contracts are signed and CFE is obtained • Plant commissioned in March 2018
Clinker capacity expansion at Boyireddypalli , Andhra Pradesh	• Major equipment ordering is done • Construction under progress and expected to be commissioned by June 2019

Phase II

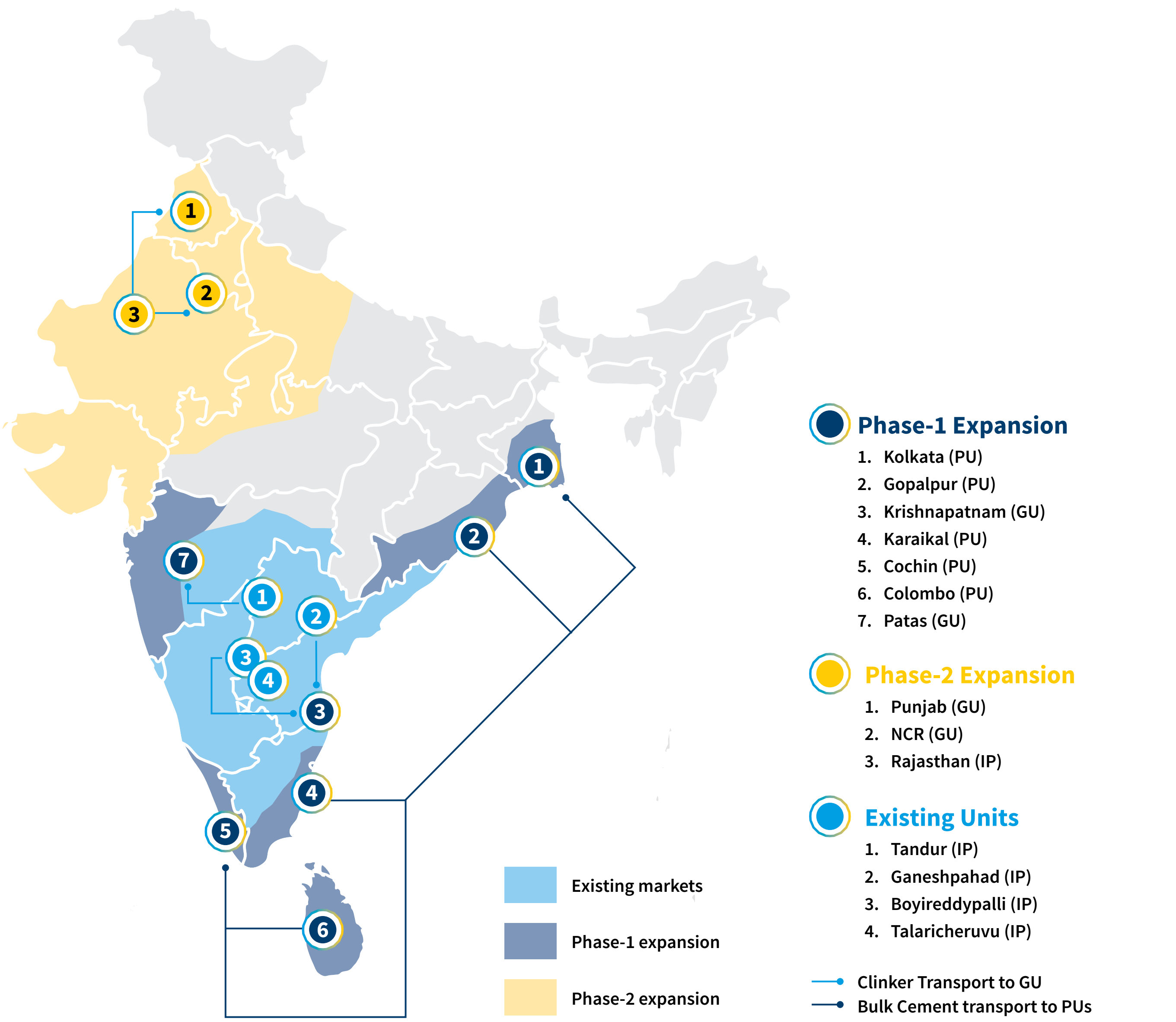
Integrated Cement plant in Rajasthan with two grinding units in Punjab and National Capital Region (NCR)	• Land acquisition for integrated unit completed • Mining licence received for a 247-hectare limestone mine near to proposed integrated unit • Mining licences under process for additional 196-hectare limestone mine near proposed integrated unit • 75% land acquisition for Grinding Unit I completed • In advanced stages of land acquisition for Grinding Unit II • All projects expected to be commissioned by September 2020

Business strategy

Marshalling resources for Strategy 2021

Our expansion strategy is a blend of the time-tested split-grinding manufacturing technique and sea-borne cement transportation, which is our key differentiator. Our growth blueprint optimises production and offers cost advantages in target markets.

Leveraging the locational advantage



IP: Integrated plant | GU: Grinding unit | PU: Packing unit

Map not to scale

Strategy 2021

01
Split-grinding and port- based manufacturing to multiply physical reach

- Setting up of grinding units at Pune and Krishnapatnam port to gain access to Maharashtra and coastal markets
- Increasing clinker capacity at Boyireddypalli by 2.5 MTPA to meet Krishnapatnam GU requirements

02
Implement cost- effective logistic solutions

- Transporting clinker through rail to all split-GUs is 20%-30% cheaper than hauling cement; this is because clinker has lower volume compared to cement
- Implementing dedicated specialised bulk cement carriers and automated port-based packing facilities to reduce logistic cost and enhance physical reach significantly

03
Optimisation of existing operations to enhance cost efficiency

- Installing additional WHR power plants of aggregate 17 MW capacity
- Implementing Pipe Conveyor at Tandur unit for transportation of limestone slurry

04
Reduce dependence on South Indian markets by expanding in high utilisation markets of North India

- Setting up of one IP and two split-GUs to enhance distribution reach to three to four states in North India

Raw materials

Achieving Strategy 2021 through

Securing raw material availability

It is critical to ensure seamless availability of raw materials for uninterrupted operations. Therefore, our priority is to focus on optimally harnessing our captive limestone mines. Simultaneously, we are concentrating on acquiring quality- focussed vendors for other key raw materials.

Limestone

Limestone is a key input in the cement manufacturing process. Its availability and proximity are of vital importance to enhance profits in the cement industry. We possess limestone reserves equivalent to 35 years of consumption and located within 5 km radius from our plants. Our best-in-class mining techniques with controlled blasting, robust material handling and custom-built drilling practices have established a highly cost-efficient mining operations. Our mining division has been consistently winning a number of prestigious awards for productivity and safety.

Coal

We have coal linkages and rely on e-auctions for consistent supply.

475 MT

Aggregate balance of limestone reserves, which is adequate to support expansion plans

Fly ash

Fly ash, a pozzolanic material, is a key requirement for the production of PPC and is a by-product of the coal burning process at thermal power plants. We procure fly ash from our captive power plant and other coal-fired power plants located near our facilities.

Power

We have 77 MW of thermal power and 17 MW WHR capacity. We are also in the process of installing another 20 MW of WHR, as it is a cost-effective and eco-friendly power source.

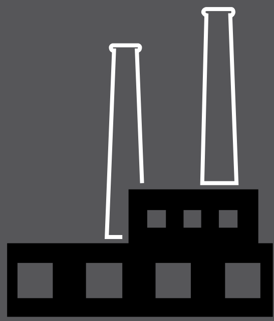
Other raw material

We have long-term contracts for other key raw materials like petcoke, gypsum and fly ash.

Operational excellence

Achieving Strategy 2021 through

Attaining operational brilliance

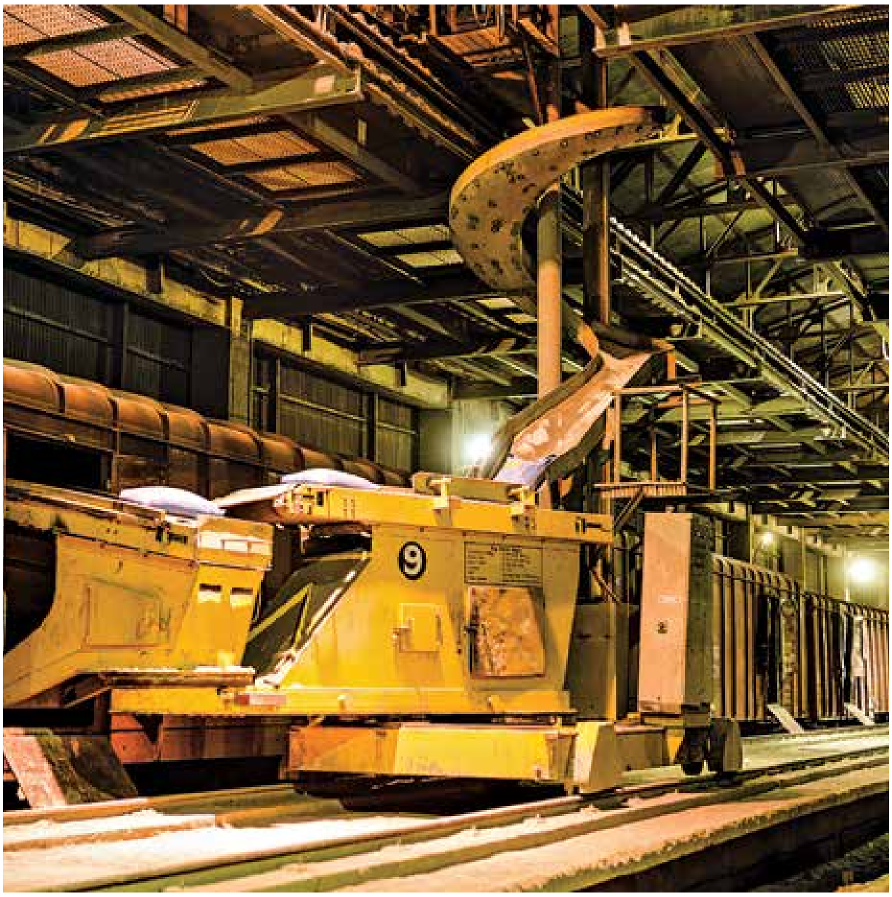


Our state-of-the-art manufacturing facilities, grinding units and innovation laboratories are integral to our success. We have meticulously structured our operations, aligning them to globally benchmarked processes and practices.

Manufacturing excellence

We are aware that to realise our ambitions we need to consistently upgrade and debottleneck our production facilities. Therefore, we continuously engaged in revitalising our operating procedures to improve our efficiency and enhance capacity. Additionally, our cutting-edge central control room is equipped with modern software, which results in improved operational control, process accuracy and faster turnaround time. We have further enabled total preventive maintenance (TPM) for superior process planning and better asset utilisation.

During FY 2017-18, we also undertook the timely shutdown and refurbishment of one of our kilns to bolster its efficiency and productivity.



Quality assurance

Our cement quality is measured in terms of strength, heat development, workability, volume stability and durability. Over the years, our products have created a benchmark in building and construction solutions through their superior strength, resilience and binding properties.

Innovation led

We host a world-class research and development (R&D) team, comprising experts with over 30 years' experience in their respective domains. Our R&D team consistently strives to help us develop new products, lower cost of construction, obtain energy efficiency, reduce our environmental footprint and meet international quality standards.

We also offer innovative, practical and useful ways to fulfil the construction requirements of our customers. We conduct regular in-house tests on concrete, apart from standardised quality checks to ensure that our products surpass the needs of our valued customers.

22.05%

EBITDA margin (EBITDA as a percentage of revenue net of excise duty) in FY 2017-18 positions us as one of the lowest cost cement producers in India

Marketing strategies

Achieving Strategy 2021 through

Reinforcing presence across markets

We are underpinning our marketing efforts to enhance outreach in core markets and deepening our footprint in new geographies. Simultaneously, we are using strategic media campaigns and influencer and customer engagement programmes to amplify brand awareness.

Taking our brand places

- Organised interactive promotion meets and educational seminars by inviting prominent architects, structural engineers, builders and masons at the dealer level
- Achieved 8% growth in sales volume in the core markets of Andhra Pradesh, Telangana, Karnataka, Tamil Nadu, Kerala and Maharashtra; and this accounted for 98% of our total sales volume in FY 2017-18
- Enhanced market reach and service levels through the establishment of depots at strategic locations in the core markets
- Increased dealer network to 3000+ dealers with a focussed approach to establish deeper market reach in our core geographies
- Maximised brand awareness through proactive advertisements across electronic media (television and theatre advertisement and radio jingles), print media and out-of-home (OOH) media

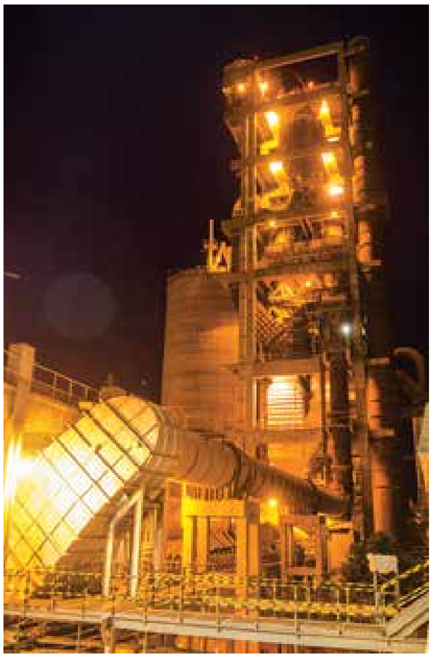
115

Influencer meets conducted during FY 2017-18

Providing technical support

Our technical support cell is responsible for building and maintaining engagement with end users in the region. We promote and disseminate technical information to dealers, engineers and customers, among others. We also ensure availability of technical services by training customers, managing quality complaints and providing effective pre- and post-sale services. We help customers make durable concrete and aim to facilitate good construction practices and offer the following services:

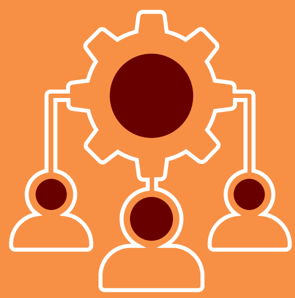
- Test on concrete and fine aggregates
- Test on concrete for workability
- Test on hardened concrete for compressive cube strength
- Non-destructive test on concrete – rebound hammer test
- Training to site engineers, contractors, masons and customers on cement and concrete
- Seminars for architects and engineers
- On-site tests



Our people

Achieving Strategy 2021 through

Empowering teams



We consistently endeavour to build an interactive work culture that has mutual trust and respect at its core and conforms to the best human resource development practices.

We ensure that professional aspirations of our employees are in tandem with organisational goals and empower them through multiple learning opportunities and technical trainings. We provide our people with a supportive work environment and this is validated by the low attrition rates at Penna Cement.

Training and development

We undertake several initiatives throughout the year to augment our team's skillsets and expertise by:

- Providing various training sessions on problem-solving drills, communication and personality development exercises, and sales-focussed training programmes
- Training every employee in the quality circle (QC) methodologies of the Company, particularly the seven QC tools
- Implementing development programmes to enhance managerial competencies
- Optimising managerial procedures through the integrated management system (IMS)

Talent management

We are building a team through enhanced merit-based recognitions, reward systems and promotion of talent fostering loyalty and a culture of trust. We have a quarterly reward system, whereby we consistently identify and assess high-performers across various functions. We also operate a performance management system, a material review system and an annual review system.

Together, these portals offer clarity to our people on their key responsibility areas (KRA)—defined at the start of each year—and provide a forum for feedback. Further, we also undertake surveys to benchmark best practices in the cement industry and to align internal hiring and compensation strategies with industry standards.

Employee engagement

We organise various activities on special events and holidays to enable employee interaction with the leadership. We seek innovative employee engagement solutions to develop a winning work environment for our people as we expand our geographical presence.

In addition to the medical, accident and general insurance policies, we created a corpus for our people. The fund is utilised to compensate the families in the event of death of an employee.

1,199

People currently work across all our plants (excluding contractual workers)

Board of Directors

Leading from the front

P. Prathap Reddy
Chairman and Managing Director

Mr. P Prathap Reddy is the Founder Chairman and Managing Director of the Company. He holds a bachelor's degree in Arts. He founded the Company in 1991. He has more than 3 decades of experience in cement, power, construction, alumina, logistics, shipping and hospitality sectors.

Under his leadership, the Company has delivered consistent growth and has established itself as one of the largest privately held cement companies in India.

Bezawada Vikram
Executive Director

Mr. Bezawada Vikram is the Executive Director of the Company. He holds a bachelor's degree in Commerce from the Loyola College, Chennai and also holds a master's degree in Business Administration from the University of Chicago Booth School of Business, USA. He has worked as a consultant with Deloitte, USA for four years and moved back to India to join his family business. He has been a Director of the Company since 2010.

He has rich experience in the fields of consulting, cement and hydropower projects.

He is currently responsible for the execution of the Company's expansion projects.

Lakshmi Kantham Dabbara
Director – Technical

Mr. Lakshmi Kantham Dabbara is the Director (Technical) of the Company. He holds a bachelor's degree in Science from Sri Venkateswara University. He has more than 4 decades of experience in the cement industry.

He is responsible for operations in all PCIL plants, including procurement of raw materials, commercial production and manufacturing. He has been associated with the Company since inception and been Director (Technical) of the Company from 2012.

Before joining PCIL, he has worked in prestigious positions in Raasi Cement, Sagar Cement and Priyadarshini Cement.

P. Deepthi Reddy
Non-Executive Director

Mrs. P Deepthi Reddy has a bachelor's degree in Business Administration from the University of Wales, Cardiff.

She has more than nine years of experience in the field of business administration and implementing power projects. She has been a Director of the Company since 2014.

She is the Managing Director of Pioneer Genco Limited.

P. Venugopal Reddy
Non-Executive Director

Mr. P Venugopal Reddy is a Non-Executive Director of the Company. He holds a bachelor's degree in Commerce from Sri Venkateshwara Arts College, Sri Venkateshwara University.

After completing his education, he undertook civil engineering contracts through M/s V.R. Constructions, which has been executing prestigious projects for various state governments.

He has more than 40 years of experience in construction, infrastructure management, civil engineering and project administration.

He has been Director of the Company since 2001.

Y. Sanotsh Kumar Reddy
Independent Director

Mr. Y Santosh Kumar Reddy is an Independent Director of the Company. He holds a bachelor's degree in Mechanical Engineering.

He has rich experience in manufacturing industry, technical and commercial experience in the dry cell, carbon processing and calciner industries. He has served as Whole Time Director in Rain CII Carbon (Vizag) Limited, which is engaged in the production of calcined petroleum coke (CPC).

Dr. Ravindranath Kancherla
Independent Director

Dr. Ravindranath Kancherla is an Independent Director of the Company. He is a world-renowned expert in surgical gastroenterology and laparoscopic surgery and is heading Global Hospitals Group. He developed India's most comprehensive hospital dedicated to gastroenterology, which offers a centre to efficiently conduct the complicated procedure of organ transplantation. With extensive experience in surgeries, he has become an authority in liver, pancreatic and bile duct resections, revision gastric surgeries and reconstructive coloproctology. He has trained over 700 surgeons in laparoscopic procedures.

Mr. Pradeep Kumar Panja
Independent Director

Mr. Pradeep Kumar Panja is an Independent Director of the Company. He holds master's degree in Science (Statistics) from the University of Madras. He is a Certified Associate of the Indian Institute of Bankers. He is a career banker, retired as Managing Director (Corporate Banking) of State Bank of India (SBI), the largest bank of the country, in October 2015. During his long association of 39 years with SBI including 3 years at the Board level, he gained rich experience in various areas of banking, including corporate and international banking, treasury management, information technology, retail, transaction banking, strategic planning, business development andrisk management. He has an excellent track record of successfully leading large teams across various business verticals of SBI. He also successfully led the US Operations of SBI as the Country Head, USA. He held multiple assignments driving large projects in the Information Technology Wing of SBI. As a Head of IT (Chief Information Officer), he led SBI's IT strategy to set up India's largest data warehouse. He also lead the analytics foray of SBI. During his association with SBI he was member of important committees of Directors and was Chairman of Risk Management Committee. He is a member of Board of Directors of companies engaged in the business of real estate, asset reconstruction, software business, cements and others.

Mr. Sairam Mocherla

Independent Director

Mr. Sairam Mocherla is an Independent Director of the Company. He is a Fellow Member of Institute of Chartered Accountants of India (FCA) and also an alumni of Joseph M Katz School of Business Management, University of Pittsburgh (USA). His career spans over three decades starting as a partner with M Bhaskara Rao & Company, a widely respected Chartered Accountancy firm. Thereafter he founded Capital Fortunes Private Limited, a boutique investment bank which specializes in project development, partnerships, infrastructure development investor and consulting. He has expertise in the areas of private equity, merger & acquisitions, public private partnerships, governance, risk & reforms, corporate finance, regulatory and taxation. He has served in theBoards of large companies in India in energy, building materials and also a top notch Public Sector Bank. He is closely associated with trade and management bodies as a member and has widely travelled across continents.

Mr. Anil Kumar Kutty

Independent Director

Mr. Anil Kumar Kutty is an Independent Director of the Company. He is an Officer of the 1978 batch of the of Indian Administrative Service (IAS). He has a master's degree in Physics from Delhi University. He has more than three decades of experience in various fields including banking and power sector.

He served as the Managing Director of KSK Energy Resources Private Limited. He handled several key assignments in the power sector during his tenure in the Government of Andhra Pradesh and the Government of India. In the capacity of Member Secretary, APSEB, from 1996 to 1999, along with his duties as head of commercial and administration departments. He was also in charge of the power sector reforms in Andhra Pradesh which became the role model for the entire country.

He also worked as a Joint Secretary, Ministry of Power, Government of India from 2002 to 2007, wherein he has handled policy and other issues relating to Hydro power, transmission and Independent Power Producers (IPPs). He served as the Chairman and Managing Director for two years of APTRANSCO and Chairman of the successor distribution companies which came into existence after unbundling of APSEB.

In addition to the above, he was Director In charge of Andhra Pradesh Gas Power Corporation Limited (APGPCL) (1995-1997). He was instrumental in the establishment of 172 MW at a cost of ₹2.42 crores per MW within 18 months. It was considered to be the fastest commissioned power plant in India, and probably in Asia.

Sustainability

Responsible corporate citizen

As part of our energy conservation efforts, ~17% of our power requirement during the year was met through WHR systems, resulting in reduced energy footprint and green-house gas emissions.

We have embarked on implementing an 'alternate fuel firing system' in our Tandur facility. We expect this system to result in a shift towards the use of alternate fuels such as organic, inorganic, solid and municipal wastes, thereby contributing to conservation of natural resources. Also, our CSR activities are primarily focussed on ensuring environmental sustainability, education, gender equality, health, empowerment of women, alleviation of hunger, poverty and malnutrition.

Awards and accolades

Most Impactful 30 Power Brands 2018

Awarded for effective and creative marketing activities and across the board excellence

National Energy Conservation Award (NECA) 2016

Awarded by Bureau of Energy Efficiency for efficient utilisation and conservation of energy in cement sector

The Economic Times-Promising Brand Award 2018

Corporate information

Chairman and Managing Director
Mr. P Prathap Reddy

Executive Director
Mr. B Vikram
Mr. Lakshmi Kantham Dabbara

Non-Executive Director
Mr. P Venugopal Reddy
Mrs. P Deepthi Reddy

Independent Director
Mr. Y Santosh Kumar Reddy
Mr. Anil Kumar Kutty
Dr. Ravindranath Kancherla
Mr. Pradeep Kumar Panja
Mr. Sairam Mocherla

Chief Financial Officer
Mr. Sanjeev Kumar Aggarwal

Company Secretary
Mr. Raj Kumar Singh

Statutory Auditor
M/s C. Ramachandram & Co.
Chartered Accountants
H.No. 3-6-237, 606
Lingapur La Builde Complex,
Himayathnagar, Hyderabad - 500029,
Telangana.

Internal Auditor
M/s Deloitte Haskins & Sells LLP
KRB Tower, Plot No. 1 to 494A, 2nd Floor, A Wing,
Jubliee Enclave Madhapur, Hyderabad - 500081,
Telangana.

Bankers
State Bank of India
IDBI Bank Limited
Yes Bank Ltd.

Registered Office
Lakshmi Nivas, Plot No. 705,
Road No.3, Banjara Hills
Hyderabad – 500 034

Works

1. Talaricheruvu Village
   Tadipatri Mandal Ananthpur District (Andhra Pradesh)

2. Ganeshpahad Village
   Damarcherla Mandal Nalgonda District (Telangana)

3. Boyireddypalli Village
   Kamalapadu, Yadiki Mandal Ananthpur District (Andhra Pradesh)

4. Belkatur Village,
   Tandur Mandal, Ranga Reddy District (Telangana)

5. Kangaon Village
   Dhaund Patas Pune (Maharashtra)

6. Krishnapatnam Port
   Nellore District, (Andhra Pradesh)

7. Willingdon Island
   Kochi (Kerala)

Board’s Report

Dear Members,

Your Directors are pleased to present the 27th Annual Report and the Company’s Audited Financial Statements for the financial year ended 31st March, 2018.

Financial Highlights

(₹ In Crores)

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Sales & Other Income	**1860.66**	**1887.66**
Profit before Interest & Depreciation	**414.50**	**378.01**
Less: Interest & Finance Charges	103.46	59.70
Profit after Interest but before Depreciation	**311.04**	**318.31**
Less: Depreciation	81.51	80.33
Net Profit before Tax	**229.53**	**237.98**
Provision for Tax	59.66	80.98
Provision for Deferred Tax Liability	12.81	(9.17)
Net Profit after Tax	**157.06**	**166.17**
Items classified under Other Comprehensive Income (OCI)	**(0.36)**	**0.33**
Net Profit after Tax after OCI	**156.70**	**166.50**
Balance brought forward from previous year	707.75	549.30
Profit available for appropriation	**864.45**	**715.80**
Appropriations:		
Transferred from Debenture Redemption Reserve	(10.50)	-
Dividend Paid	6.69	6.69
Tax on Dividend	1.36	1.36
Balance Retained	**866.90**	**707.75**

State of Company’s Affairs

During the year under review, the total Turnover of the Company was ₹1839.83 Crores. The Company has earned a Profit after tax of ₹157.06 Crores.

The Financial Year 2017-18 has been successful for the Company. The Company was able to capitalize on the market conditions through its operational excellence, higher efficiency and well executed strategies.

Transfer to Reserves in Terms of Section 134 (3) (J) of the Companies Act, 2013

For the financial year ended 31st March, 2018, the Company has not transferred any amount to General Reserve Account.

Dividend

The Board in its meeting held on 7th September, 2018, has recommended a dividend of ₹1 per Share for the financial year ended 31st March, 2018.

Share Capital

The Paid up Equity Share Capital of the Company as on 31st March, 2018 was ₹13.38 Crores. There has been no change in the Equity Share Capital of the Company during the year. The Company has no other type of securities except equity shares forming part of paid up capital.

The Board of Directors at their meeting held on 9th July, 2018 allotted 12,04,20,000 equity shares under Bonus issue.

As on 7th September, 2018 the paid up share capital of the Company is ₹133.80 Crores divided into 13,38,00,000 equity shares of ₹10 each.

Equity shares with differential rights: The Company has not issued any equity shares with differential rights during the year under review.

Buy Back of Securities: The Company has not bought back any of its securities during the year under review.

Sweat Equity: The Company has not issued any Sweat Equity Shares during the year under review.

Bonus Shares: No Bonus Shares were issued during the year under review.

Employees Stock Option Plan: The Company has not provided any Stock Option Scheme to the employees.

Material Changes and Commitments, if any, affecting the Financial Position of the Company which have Occurred Between the end of the financial year of the Company to which the Financial Statements Relate and the Date of the Report

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

Change in the Nature of Business, if any

There is no change in the nature of business of the Company during the financial year ended 31st March, 2018.

Cement Sector Outlook

Indian Cement Industry Overview

India is the second-largest cement producer in the world, after China and accounts for a 6.9% share of the global cement output. India's cement industry provides employment to more than a million people, directly or indirectly, with a capacity of ~455 million tonnes per annum. Of the total capacity, 98% lies with the private sector. Some 210 large cement plants together account for 410 million tonnes of installed capacity in the country, while 350 mini cement plants make up the rest. Of the total 210 large cement plants in India, 77 are located in the states of Andhra Pradesh, Rajasthan and Tamil Nadu. Cement production in India increased from 230.49 million tonnes during FY2011-12 to reach 297.56 million tonnes during FY2017-18. Export of cement, clinker and asbestos cement increased at a CAGR of 10.37% between FY2011-12 and FY2017-18 to reach US$ 433.87 million. However, during the same period, imports of cement, clinker and asbestos cement increased at a CAGR of 11.14% to reach US$ 174.36 million. The housing sector is the biggest demand driver of cement demand, accounting for ~67% share of the total consumption in India. The other major consumers of cement include infrastructure (13%), commercial construction (11%) and industrial construction (9%). Cement and gypsum products attracted FDI worth US$ 5.25 billion between April 2000 and December 2017. (Source: IBEF, Equitymaster, Swarajya, DIPP)

Cement Industry Outlook

The cement production capacity is estimated to touch 550 million tonnes per annum by 2020. A pick-up in the affordable and rural housing segments and road and irrigation projects are likely to sustain demand growth of ~5% into FY2018- 19. However, profitability margins and debt metrics of the cement companies may come under pressure in the coming quarters on higher pet coke, coal and diesel prices. Also, sand availability issues persisting in Rajasthan, Uttar Pradesh, Bihar and Tamil Nadu are likely to impact output. The per capita consumption of cement in India remains low at <200 kilograms compared to the global average of ~500 kilograms. This underlines the tremendous scope for growth in the Indian cement industry over the long-term. Several decisive initiatives have been undertaken in terms of the ease of doing business, startup promotion, tax structure rationalisation and FDI relaxation.

Over the next five years, cement demand is expected to increase at a CAGR of ~7%, led by a revival in governmental spending in housing (especially affordable housing), marginal uptick in private housing, and fast growth in infrastructure spends (especially urban infrastructure, road, and irrigation). At a regional level, Eastern states followed by Central and Northern ones would see healthy growth in demand over a low base as State Governments lay a keen emphasis on development. Over the next decade, India could become a large exporter of clinker and grey cement to the Middle East, Africa and other developing nations. (Source: IBEF, Hindu Business Line, Equitymaster)

Government Initiatives

The Government of India is providing a push to the sector by assigning infrastructure status to affordable housing projects, which would facilitate higher investments and better credit facilities. The Central Government is targeting to build as many as one crore houses by 2019 under Pradhan Mantri Awas Yojana, (Gramin). Under Pradhan Mantri Awas Yojana (Urban), it plans to construct 1.2 crore units by spending ₹1,85,069 crore over the next three years. Additionally, it intends to disburse loans worth ₹20,000 crore for individual housing via the National Housing Bank. Under the Bharatmala project, the Central Government intends to build 83,677 kilometres of roads by spending ₹6.92 lac crore over the next five years. The Airports Authority of India is going to invest ₹15,000 crore during FY2018-19 for expanding existing terminals and constructing 15 new ones. Higher allocation of funds towards rural and social infrastructure projects will also help revive demand, which to a certain extent had been impacted by the demonetisation move. (Source: Swarajya)

Deposits

The Company has not accepted deposits from public within the meaning of Section 73 of the Companies Act, 2013.

Details of Subsidiaries and Associate Companies

During the year under review, the following companies listed below are Company's subsidiaries and associate companies.

Subsidiary:

1. Pioneer Cement Industries Limited - 100%

Associate:

2. Parasakti Cement Industries Limited - 50%

As per the provisions of Section 129 of the Companies Act, 2013 read with Rule 5 and Rule 8 of Companies (Accounts) Rules, 2014, a separate statement containing the salient features of the financial statements of the subsidiary Companies/ Associate Companies/ Joint Ventures in Form AOC-1 is annexed to this Board's Report **(Annexure- I)**.

Names of Companies which have become or ceased to be Company's Subsidiaries, Joint Ventures or Associate Companies during the year

During the Financial Year, no Company has become or ceased to be Company's Subsidiaries, Joint Ventures or Associate Company.

Consolidated Financial Statements

The consolidated financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 and other relevant provisions of the Companies Act, 2013. As per the provisions of Section 136 of the Companies Act, 2013, the Company has placed separate audited accounts of its subsidiaries on its website www.pennacement.com and a copy of separate audited financial statements of its subsidiaries will be provided to shareholders upon their request.

Board of Directors and Key Managerial Personnel

As on 31st March, 2018, your Company's Board has a strength of 8 (Eight) Directors including 1 (One) Women Director. The Chairman of the Board is an Executive Director.

The composition of the Board is as below:

Category	No. of Directors	% of Total No of Directors
Executive Director	04	50%
Non Executive Director	01	12.50%
Non Executive Woman Director	01	12.50%
Non Executive Independent Director	02	25%

During the Financial year 2017-18, there was a untimely and sad demise of Mr. U.R.Rao, Director of the Company. On 18th May, 2018, the Company appointed Mr. Anil Kumar Kutty, Mr. Pradeep Kumar Panja and Mr. Sairam Bhaskar Mocherla as Independent Directors of the Company and on 14th June, 2018, Mr. Ravindranath Kancherla appointed as Indpendent Director of the Company.

Mr. P. Munikrishna resigned from the position of Director of the Company w.e.f. 7th June, 2018.

Accordingly, as on 7th September, 2018, the composition of Board of Directors of the Company is as follows:

Category	No. of Directors	% of Total No of Directors
Executive Director	03	30.00%
Non Executive Director	01	10.00%
Non Executive Woman Director	01	10.00%
Non Executive Independent Director	05	50.00%

Key Managerial Personnel

As on 7 September 2018, the Key Managerial Personnel's (KMPs) of the Company in accordance with the provisions of Section 2(51) and Section 203 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) for the time being in force) are as follows:

Sl. No.	Name	Designation
1	Mr. P. Prathap Reddy	Chairman & Managing Director
2	Mr. B. Vikram	Executive Director
3	Mr. D. Lakshmi Kantham	Director (Technical)
4	Mr. Petluru Venugopal Reddy	Director (Finance)
5	Mr. Krishna Srivastava	Director (Marketing)
7	Mr. Garneni Murali Krishna	President Operations
8	Mr.Sanjeev Kumar Aggarwal	Chief Financial Officer
9	Mr. Raj Kumar Singh	Company Secretary

Mr. Petluru Venugopal Reddy is resigned from the position of Director (Finance) and Chief Financial Officer of the Company on Board Level w.e.f. 7th May, 2018.

Mr. Sanjeev Kumar Aggarwal is appointed as Chief Financial Officer of the Company on 9th May, 2018.

In terms of Section 152 of the Companies Act, 2013, it is ascertained that, apart from those directors whose term are getting expired, Mr. Bezawada Vikram and Mr. D. Lakshmi Kantham shall retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offered themselves for re-appointment in the forthcoming Annual General Meeting.

Audit Committee

As on 31st March, 2018, the Audit Committee comprises of following Directors:

S. No.	Name of the Member	Designation	Category
1	Mr. P. Munikrishna	Chairman	Non-Executive & Independent
2	Mr. Y. Santosh Kumar Reddy	Member	Non-Executive & Independent
3	Mr. P. Venugopal Reddy	Member	Non-Executive Director

On 7th June, 2018, the Audit Committee is re-constituted as follows:

S. No.	Name of the Member	Designation	Category
1	Sairam Bhaskar Mocherla	Chairman	Non-Executive - Independent Director
2	Mr. Pradeep Kumar Panja	Member	Non-Executive - Independent Director
3	Mr. Bezawada Vikram	Member	Executive Director

The terms of reference of the Audit Committee include Examination of Financial Statements and Statutory Auditors' report thereon and discussion of any related issues with the Internal & Statutory Auditors and the management of the Company; approval or any subsequent modification of arrangements / transactions of the

Company with related parties; evaluation of internal financial controls; evaluation of risk management system; review of Company's financial reporting processes and the disclosure of financial information to ensure that the Financial Statement is correct, sufficient and credible.

During the year ended 31st March, 2018, three (3) Audit Committee Meetings were held on 29th May, 2017, 13th November, 2017 and 7th February, 2018.

All the recommendations made by the Audit Committee were accepted by the Board.

Banking and Borrowing Committee

The Banking and Borrowing Committee of the Company is as follows:

S. No.	Name of the Member	Designation
1	Mr. Puttamreddy Prathap Reddy	Chairman
2	Mr. Bezawada Vikram	Member
3	Mr. Petluru Venugopal Reddy	Member
4	Mr. Sanjeev Kumar Aggarwal	Member

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

During the year ended 31st March, 2018, Four (4) Banking and Borrowing Committee Meetings were held on 18th April, 2017, 26th April, 2017, 6th December, 2017 and 28th December, 2017.

All the recommendations made by the Banking and Borrowing Committee were accepted by the Board.

Policy on Remuneration of Directors, KMPs, Senior Management Personnel and Other Employees

Nomination and Remuneration Committee:

As on 31st March, 2018, the Nomination and Remuneration Committee comprises of following Directors namely Mr. P. Munikrishna, Mr. Y. Santosh Kumar Reddy and Mr. P. Venugopal Reddy, all of them are non-executive Directors.

Mr. P. Munikrishna and Mr. Y. Santosh Kumar Reddy resigned as members

The Board of Directors at their meeting held on 7th June, 2018 re-constituted Nomination and Remuneration Committee as follows:

S. No.	Name of the Member	Designation	Category
1	Mr. Anil Kumar Kutty	Chairman	Non-Executive & Independent
2	Mr. Pradeep Kumar Panja	Member	Non-Executive & Independent
3	Mr. Puttamreddy Venugopal Reddy	Member	Non-Executive Director

All the members of the Nomination and Remuneration Committee are Non-Executive Directors.

The Company Secretary acts as Secretary to the Committee. All the recommendations made by the Nomination and Remuneration Committee were accepted by the Board.

Brief description of the terms of reference:

- Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board for their appointment and removal;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Carry on the evaluation of every Director's performance;
- Formulation of the criteria for determining qualifications, 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 Employees.

Meetings and attendance of the Nomination and Remuneration Committee

During the Financial Year 2017-18 one Nomination and Remuneration Committee Meeting was held on 29th May, 2017.

Mr. P. Munikrishna, Chairman, Mr. P. Venugopal Reddy and Mr. Y. Santosh Kumar Reddy, Members of the Committee attended the Meeting.

Remuneration to Executive Directors:

The remuneration paid to the Directors are in accordance with the Nomination and Remuneration Policy of the Company formulated in accordance with Section 134(3)(e) and Section 178(3) of the Companies Act, 2013 and approved by Board, subject to the subsequent approval of the shareholders at the General Meeting and such other authorities, as may be required. The remuneration is decided after considering various factors such as qualification, experience, performance, responsibilities shouldered, industry standards as well as financial position of the Company.

Remuneration to Non-Executive Directors:

The Non-Executive Directors are paid remuneration by way of Sitting Fees.

The salient aspects covered in the Nomination and Remuneration Policy have been outlined below:

i. To identify the persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.

ii. To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of Directors, Key Managerial Personnel and other employees of the Company.

iii. To formulate the criteria for evaluation of Independent Director and the Board.

iv. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board and to determining whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.

v. To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

vi. To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.

vii. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

viii. To develop a succession plan for the Board and to regularly review the plan.

ix. To assist the Board in fulfilling responsibilities.

x. To implement and monitor policies and processes regarding principles of corporate governance.

xi. Regularly review the Human Resource function of the Company.

xii. Discharge such other function(s) or exercise such power(s) as may be delegated to the Committee by the Board from time to time.

xiii. Make reports to the Board as appropriate.

xiv. Review and reassess the adequacy of this charter periodically and recommend any proposed changes to the Board for approval from time to time.

xv. Any other work and policy, related and incidental to the objectives of the committee as per provisions of the Act and rules made there under.

Performance Evaluation of the Board, its Committees and Individual Directors

As the ultimate responsibility for sound governance and prudential management of a company lies with its Board, it is imperative that the Board remains continually energized, proactive and effective. An important way to achieve this is through an objective stock taking by the Board of its own performance.

The Board evaluated the effectiveness of its functioning and that of the Committees and of individual Directors by seeking their inputs on various aspects of Board/Committee Governance.

The aspects covered in the evaluation includes, the contribution to and monitoring of corporate governance practices, participation in the long-term strategic planning and the fulfillment of Directors obligations and fiduciary responsibilities, including but not limited to, active participation at the Board and Committee meetings.

The Companies Act, 2013 not only mandates Board and Directors evaluation, but also requires the evaluation to be formal, regular and transparent. Subsequently, SEBI Listing Regulations has also contained the provisions regarding requirement of performance evaluation of Independent Directors by the entire Board of Directors.

The Nomination and Remuneration Committee has also carried out evaluation of every Director's performance.

The Directors expressed their satisfaction with the evaluation process. It was further acknowledged that every individual Member and Committee of the Board contribute its best in the overall growth of the organization.

Meetings of the Board of Directors

The following Meetings of the Board of Directors were held during the Financial Year 2017-18:

S. No.	Date of Board Meeting	No. of Directors Present
1.	29.05.2017	08
2.	26.08.2017	06
3.	13.11.2017	07
4.	10.03.2018	05

Remuneration Ratio of the Directors / Key Managerial Personnel (KMP) / Employees:

The information required under Section 197 of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in separate annexure forming part of this Report as **Annexure – II**.

The Non-Executive Directors don't draw any remuneration except sitting fees to attend the Board Meeting and Committee Meeting.

In terms of Section 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member shall write to the Company Secretary in advance of 3 days of Annual General Meeting in this regard.

Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013 the Board of Directors of the Company confirms that-

(a) in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the directors had 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 at the end of the financial year and of the profit and loss of the Company for that period;

(c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the annual accounts on a going concern basis;

(e) the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;

(f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Declaration by Independent Directors

The Board of Directors of the Company hereby confirms that all the Independent directors duly appointed by the Company have given the declaration and they meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013.

Independent Directors' Meeting

The Independent Directors met on 29th May, 2017, without the attendance of Non-Independent Directors and members of the management. The Independent Directors reviewed the performance of Non-Independent Directors and the Board as a whole; the performance of the Chairman of the Company, taking into account the views of Executive Director and Non-Executive Directors and assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Auditors

The Board pursuant to the recommendation of Audit Committee of the Company, recommends the re-appointment of M/s C. Ramachandram & Co., Chartered Accountants, (Registration No. 002864S), Hyderabad as Statutory Auditors from the conclusion of 27th Annual General Meeting upto the conclusion of 32nd Annual General meeting of the Company to be held in the year 2023.

The Company has received letter dated 7 September 2018 from them to the effect that their ratification of appointment, if made, would be within the prescribed limits under Section 141(3) (g) of the Companies Act, 2013 and that they are not disqualified for appointment.

Auditors' Report

There are no qualifications or adverse remarks in the Auditors' Report which require any clarification/ explanation. The Notes on financial statements are self-explanatory, and needs no further explanation.

During the year under review, there were no instances of frauds reported by auditors under Section 143(12) of the Companies Act, 2013 in the course of the performance of his duties as statutory auditor.

Cost Auditors

The Board has re-appointed M/s. Sagar & Associates, Practicing Cost Accountants, Hyderabad (FRN:000118) for conducting the audit of cost records of the Company for various segments for the Financial Year 2017-18.

The Company maintains the Cost Records and Cost audit report would be filed with the Central Government within prescribed timelines.

During the year under review, there were no instances of frauds reported by cost auditor under Section 148 of the Companies Act, 2013 in the course of the performance of his duties as cost auditor.

Secretarial Auditors

As per the provisions of Section 204 of the Companies Act, 2013, the Board has appointed M/s BSS & Associates, Practicing Company Secretaries (FRN:P2012AP026600) to conduct Secretarial Audit for the Financial Year 2017-18. The Secretarial Audit Report for the financial year ended 31st March, 2018 is annexed herewith marked as **Annexure: III** to this Report.

During the year under review, there were no instances of frauds or any qualification, reservation or adverse remark reported by Secretarial auditor under Section 204 of the Companies Act, 2013 in the course of the performance of his duties as Secretarial auditor.

Significant and Material Orders Passed by the Regulators or Courts or Tribunals Impacting the Going Concern Status and Company's Operations in Future:

During the year under review there has been no such significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

DISCLOSURES

Vigil Mechanism:

The Board of Directors of the Company has adopted Whistle Blower Policy. The Whistle Blower Policy aims for conducting the affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior. All permanent employees of the Company are covered under the Whistle Blower Policy.

A mechanism has been established for employees to report concerns about unethical behavior, actual or suspected fraud, or violation of our Code of Conduct and Ethics. It also provides for adequate safeguards against the victimization of employees who avail of the mechanism, and allows direct access to the Chairperson of the Audit Committee in exceptional cases.

Disclosure Under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Your Company has always believed in providing a safe and harassment free workplace for every individual working in Penna's premises through various interventions and practices. The Company always endeavor's to create and provide an environment that is free from discrimination and harassment including sexual harassment.

The Company has in place a robust policy on prevention of sexual harassment at workplace. The policy aims at prevention of harassment of employees as well as contractors and lays down the guidelines for identification, reporting and prevention of sexual harassment. There is an Internal Complaints Committee (ICC) which is responsible for redressal of complaints related to sexual harassment and follows the guidelines provided in the policy. ICC has its presence at corporate office as well as at site locations.

During the year ended 31st March, 2018, the ICC did not receive any complaints pertaining to sexual harassment.

Corporate Social Responsibility

Penna Cement Industries Ltd (Penna) has always discharged its social responsibility as a part of its Corporate Governance philosophy. Ethically and socially motivated Penna has contributed towards the economic development of the society at large. For Penna, business priorities co-exist with social commitments to drive holistic development of people and communities. It seeks to touch and transform people's lives by promoting healthcare, education and employment opportunities.

As required under Section 135 of the Companies Act, 2013, the Board of Directors has constituted a Corporate Social Responsibility (CSR) Committee to formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 to recommend the amount of expenditure to be incurred on the activities and to monitor the Corporate Social Responsibility Policy of the Company from time to time. During the year, the Company has contributed a sum of ₹6.45 Crores towards Corporate Social Responsibility.

Meeting of the CSR Committee

A meeting of CSR Committee was held on 29th May, 2017, all the members of the Committee attended the meeting.

Further the Annual Report on CSR for the financial year ended 31st March, 2018 is annexed as **Annexure: IV** herewith for your kind perusal and information.

Loans, Guarantees and Investments

During the Year the Company has made an Investment of ₹66.54 Crores in Pioneer Cement Industries Ltd. Apart from that the Company has not given any Loans, Guarantees and investments during the FY 2017-18 under Section 186 of the Companies Act, 2013 for the financial year ended 31st March, 2018.

Details of investments made in the Subsidiary Company is provided in the Note 3 of Audited Financial Statements of the Company.

Related Party Transactions

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis and do not attract the provisions of Section 188 of the Companies Act, 2013.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under the Act, are provided in **Annexure: V** to this Report.

Annual Return

The Extract of Annual Return as required under Section 92(3) of the Companies Act, 2013 in Form MGT-9 is annexed as **Annexure: VI** herewith for your kind perusal and information.

Corporate Governance

At Penna, it is our firm belief that the quintessence of Good Corporate Governance lies in the phrase 'Your Company'. It is 'Your Company because it belongs to you — The Stakeholders. The Chairman and Directors are 'Your Fiduciaries and Trustees'.

Your Company has evolved and followed the corporate governance guidelines and best practices sincerely to not just boost long-term shareholder value, but to also respect minority rights. We consider it our inherent responsibility to disclose timely and accurate information regarding our financials and performance, as well as the leadership and governance of the Company.

Your Company is devoted to benchmarking itself with global standards for providing Good Corporate Governance. The Companies Act, 2013 has strengthened the governance regime in the country. Your Company is in compliance with the governance requirements provided under the new law and listing regulations.

The Board has also evolved and implemented a Code of Conduct based on the principles of Good Corporate Governance and best management practices being followed globally.

Risk Management

Risks are events, situations or circumstances which may lead to negative consequences on the Company's businesses. Risk management is a structured approach to manage uncertainty. A formal enterprise wide approach to Risk Management is being adopted by the Company and key risks will now be managed within a unitary framework. As a formal roll-out, all business divisions and corporate functions will embrace Risk Management Policy and Guidelines, and make use of these in their decision making. Key business risks and their mitigation are considered in the annual/ strategic business plans and in periodic management reviews. The risk management process in our multi-business, multi-site operations, over the period of time will become embedded into the Company's business systems and processes, such that our responses to risks remain current and dynamic.

Risk Management Policy is adopted by the Company. Risk Management Policy of the Company outlines different kinds of risks and risk mitigating measures to be adopted by the Board. The Company has adequate internal control systems and procedures to combat risks. The risk management procedures are reviewed by the Audit Committee and the Board of Directors from time to time.

Risk Management Committee of the Company comprises as follows:

S. No.	Name of the Member	Designation	Category
1	Mr. Anil Kumar Kutty	Chairman	Non-Executive & Independent Director
2	Mr. Ravindranath Kancherla	Member	Non-Executive & Independent Director
3	Mr. Bezawada Vikram	Member	Executive Director
4	Mr. Dabbara Lakshmi Kantham	Member	Director (Technical)
5	Mr. Petluru Venugopal Reddy	Member	Director (Finance)- Senior Execuitve
6	Mr. Krishna Srivastava	Member	Director (Marketing)- Senior Execuitve

Internal Financial Controls

The Company has in place adequate internal financial controls through robust SAP system with reference to financial statements. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

Industrial Relations

The industrial relations continue to be cordial development of human resources at all levels is given utmost importance and continuous training is imparted to improve the productivity, quality, cost control, safety & environment protection.

Acknowledgement

Your Directors wish to express their grateful appreciation to the continued co-operation received from the Banks / Financial Institutions, Government Authorities, Customers, Vendors and Shareholders during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed service of the Executives, staff and Workers of the Company.

For and on behalf of the Board of Directors
For **Penna Cement Industries Limited**

P. Prathap Reddy
Chairman & Managing Director
DIN: 00093176

Date: 7th September, 2018
Place: Hyderabad

Annexure – I

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

Part A Subsidiaries

Amount in ₹ Crores

1.	Name of the subsidiary	Pioneer Cement Industries Limited
2.	The date since when subsidiary was acquired	3 September 2014
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	Not Applicable
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries.	INR
5.	Share capital	124.86
6.	Reserves and surplus	(0.26)
7.	Total assets	125.80
8.	Total Liabilities	1.21
9.	Investments	97.27
10.	Turnover	...
11.	Profit before taxation	(0.58)
12.	Provision for taxation	...
13.	Profit after taxation	(0.58)
14.	Proposed Dividend	...
15.	Extent of shareholding (in percentage)	100%

Part B: Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Amount in ₹ Crores

Name of Associate			Parasakti Cement Industries Limited
1.	Latest audited Balance Sheet Date		31-03-2018
2.	Shares of Associate or Joint Ventures held by the Company on the year end		50%
	No. of Shares		1,32,00,000
	Amount of Investment in Associates or Joint Venture (in ₹)		16.60
	Extent of Holding (in percentage)		50%
3.	Description of how there is significant influence		There is significant influence due to 50% of shares held by the Company
4.	Reason why the associate/joint venture is not consolidated		N.A.
5.	Networth attributable to shareholding as per latest audited Balance Sheet		69.22
6.	Profit or Loss for the year		
	i.	Considered in Consolidation	2.72
	ii.	Not Considered in Consolidation	N.A.

For and on behalf of the Board of Directors
For **Penna Cement Industries Limited**

P. Prathap Reddy
Chairman & Managing Director
DIN: 00093176

Date: 7th September, 2018
Place: Hyderabad

Annexure – II

Statement of particulars as per Rule 5 of Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014:

i. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year:

Sr. No.	Name of the Director	Ratio of the remuneration to the median remuneration of the employees (Median 0.0436 Cr)
	Executive Directors	
1	Mr. P. Prathap Reddy	200
2	Mr. B. Vikram	26
3	Mr. D. Lakshmi Kantham	29
4	Mr. Petluru Venugopal Reddy	15

ii. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary in the Financial Year:

Sr. No.	Name of the Director	Percentage increase in remuneration
1	Mr. P. Prathap Reddy	NIL
2	Mr. B. Vikram	NIL
3	Mr. D. Lakshmi Kantham	NIL
4	Mr. Petluru Venugopal Reddy	NIL
5	Mr. Raj Kumar Singh	15%

iii. The percentage increase in the median remuneration of employees in the Financial Year. 4.1% (last year 5.7% increase)

iv. The number of permanent employees on the rolls of company: There are 1199 permanent employees on the rolls of the Company as on 31st March, 2018.

v. The explanation on the relationship between average increase in remuneration and company performance:

Sr. No.	Average increase in remuneration	Performance of the Company for the year ended 31st March, 2018
1	3.33%	Net profit of the Company is 157.06 Crores, which decreased by 5.48% compared with previous Financial Year

vi. Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:

Sr. No.	Remuneration of Key Managerial Personnel	Performance of the Company for the year ended 31st March, 2018
1	₹11.9 Crs	Net profit of the Company is 157.06 Crores

vii. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration. NA

viii. Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company.

Sr. No.	Name	Remuneration of Key Managerial Personnel in ₹ Crores	Performance of the Company for the year ended 31st March, 2018
1	Mr. P. Prathap Reddy	8.72	Net profit of the Company is ₹157.06 Crores
2	Mr. B. Vikram	1.15	
3	Mr. D. Lakshmi Kantham	1.25	
4	Mr. PetluruVenugopal Reddy	0.66	
5	Mr. Raj Kumar Singh	0.27	

ix. The key parameters for any variable component of remuneration availed by the directors:

Only Salary and allowances are being paid on the performance of the Company upon recommendation of Nomination and Remuneration Committee.

x. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year. -N.A.

The Remuneration paid to Key Managerial Personnel is as per the Remuneration policy of the Company.

For and on behalf of the Board of Directors
For **Penna Cement Industries Limited**

P. Prathap Reddy
Chairman & Managing Director
DIN: 00093176

Date: 7th September, 2018
Place: Hyderabad

Annexure - III

Form No. MR-3

Secretarial Audit Report

For the Financial Year ended on 31st March, 2018

[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,
Penna Cement Industries Limited,
H.No.8-2-268/A/1/S & S 1, Plot No.705, Road No.3, Banjara Hills,
Hyderabad-500034.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Penna Cement Industries Limited (hereinafter called "the Company"). Secretarial Audit was conducted for the financial year ended on 31st March, 2018 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 Penna Cement Industries 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 31st March, 2018, generally 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 period according to the provisions of:

1) The Companies Act, 2013 (the Act) and the rules made thereunder;
2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
5) 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 - Not applicable as the Company did not issue any security during the period under review;
    d. Securities Exchange Board of India (Share Based Employee Benefit) Regulations, 2014 - Not applicable as the Company has not granted any Options to its employees during period under review;
    e. Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
    f. Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - Not applicable as the Company is not registered as Registrar to an Issue and Share Transfer Agent during the period under review;
    g. Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not applicable as the Company equity shares not listed on Recognized stock exchange; and
    h. Securities and Exchange Board of India(Buyback of Securities) Regulations, 1998 - Not applicable as the Company has not bought back of its securities during the period under review.
6) Employees Provident Fund and Miscellaneous Provisions Act, 1952
7) Employees State Insurance Act, 1948
8) Employers Liability Act, 1938
9) Environment Protection Act, 1986 and other environmental laws
10) Equal Remuneration Act, 1976
11) Factories Act, 1948
12) Hazardous Wastes (Management and Handling) Rules, 1989 and Amendment Rule, 2003

13) Maternity Benefits Act, 1961
14) Minimum Wages Act, 1948
15) Negotiable Instruments Act, 1881
16) Payment of Bonus Act, 1965.
17) Payment of Gratuity Act, 1972
18) Payment of Wages Act, 1936 and other applicable labour laws
19) Laws specially applicable to the industry to which the Company belongs, as identified by the Management:

    i. Cement Cess Rules, 1993;
    ii. Cement (Quality Control) Order, 1995;
    iii. Environmental (Protection) Act, 1986 Read with Environmental Protection Rules, 1986;
    iv. The Hazardous Wastes (Managements Handling and Transboundry Movement) Rules, 2008;
    v. The Water (Prevention & Control of Pollution) Act, 1974 read with Water (Prevention & Control of Pollution) Rules, 1975;
    vi. Water (Prevention & Control of Pollution) Cess Act, 1977;
    vii. The Air (Prevention & Control of Pollution) Act, 1981 read with Air (Prevention & Control of Pollution) Rules, 1982;
    viii. The Noise Pollution (Regulation And Control) Rules, 2000
    ix. Mines Act, 1952 and Rules issued 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) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that on examination of the relevant documents and records and based on the information provided by the Company, its officers and authorized representatives during the conduct of the audit, and also on the review of compliance reports by respective department heads / Company Secretary of the Company, in our opinion, there are adequate systems and processes and control mechanism exist in the Company to monitor and ensure compliance with applicable general laws.

We further report that that the compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this audit since the same have been subject to review by internal auditors and other designated professionals.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, 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 was given to all Directors to schedule the Meetings of the Board and its Committees. Agenda and detailed notes on agenda were sent to all the directors at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications as may be required on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

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

We further report that during the audit period no event has occurred which has a major bearing on the Company's affairs.

for **B S S & Associates**
Company Secretaries

S. Srikanth
Partner
ACS No.: 22119
C P No.: 7999

Place: Hyderabad
Date: 27th August, 2018

This Report is to be read with our letter of even date which is annexed as Annexure A and Forms an integral part of this report.

'Annexure A'

To
The Members,
Penna Cement Industries Limited,
H.No.8-2-268/A/1/S & S1, Plot No.705,
Road No.3, Banjara Hills,
Hyderabad-500034.

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

1. Maintenance 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 process 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 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 **B S S & Associates**
Company Secretaries

S.Srikanth
Partner
ACS No.: 22119
C P No.: 7999

Place: Hyderabad
Date: 27th August, 2018

Annexure-IV

Annual Report on Corporate Social Responsibility (CSR) Activities:

1. A brief outline of the Company's CSR POLICY, including overview of projects or programmes proposed to be undertaken :

- To uphold and promote the principles of inclusive growth and equitable development.
- Develop community Development plans based on needs and priorities of host communities and measure the effectiveness of community development programmes.
- Work actively in areas of preventive health and sanitation, education, skills for employability, livelihood and income generation, waste resource management and water conservation for host communities for enhancing Human Development Index.
- Collaborate with likeminded bodies like governments, voluntary organizations and academic institutes in pursuit of our goals.
- Interact regularly with stakeholders, review and publicly report our CSR initiatives.

2. Composition of the CSR Committee:

The CSR Committee comprises of following Directors namely Mr. Bezawada Vikram, Mr. Sairam Mocherla, Mrs. P. Deepthi Reddy and Mr. D. Lakshmi Kantham. Mr. Bezawada Vikram act as Chairman of the Committee. Company Secretary of the Company acts as Secretary to the Committee.

3. Average Net Profit of the Company for last three financial years:

₹266.14 Crores

4. Prescribed CSR expenditure (two percent of the amount as in item 3 above):

₹5.32 Crores

5. Details of CSR Spend for the Financial Year:

a. Total amount spent for the financial year: ₹6.45 Crores.

b. Amount unspent, if any: NIL.

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

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

Amount in ₹ Cr

Sr. No.	CSR Project or Activity Identified	Sector in which the project is covered	Local area or other States / districts, where projects or Programs was undertaken	Amount Outlay (Budget)	Amount Spent	Amount spent through Direct or Implementing agency
1	Healthcare Initiatives	Promoting Healthcare and Sanitation	In the state of Telangana and A.P.	0.35	0.40	Direct
2	Initiatives to promote Education	Promoting Education	In the state of Telangana and A.P.	1.05	1.08	Through "Pioneer Education Trust"
3	Integrated Rural Development	Rural Development Projects	In the state of Telangana and A.P.	3.92	4.97	Direct

The CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company

For and on behalf of the Board of Directors
For **Penna Cement Industries Limited**

P. Prathap Reddy
Chairman & Managing Director
DIN: 00093176

Mr. Bezawada Vikram
Chairman of the CSR Committee
DIN: 02086809

Date: 7th September, 2018
Place: Hyderabad

Annexure-V

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

(Section 134(3)(m) of The Companies Act, 2013 read with Rule 8 (3) of The Companies (Accounts) Rules, 2014)

1) The steps taken or impact on conservation of energy: Nil

2) The steps taken by the Company for utilizing alternate sources of energy: Nil

3) The Capital investment on energy conservation equipments: Nil

The details of the Power and Fuel Consumption and consumption per unit of production for the year under review is given below:

Particulars	Current Year 2017-18	Previous Year 2016-17
A. Power and Fuel Consumption:		
1. Electricity		
a) Purchased:		
Units (kwh)	8,93,14,194	19,44,91,403
Total Amount (₹ in Crores)	71.80	126.59
Rate/unit (₹)	8.04	6.51
b) Own Generation:		
a) Through Diesel Generator	NIL	NIL
Units (kwh)		
Units per liter of oil		
Cost/unit (₹)		
b) Through steam turbine/generator		
Units (kwh)	20,82,22,205	8,64,32,064
Total Amount (₹ In crores)	115.86	44.33
Rate/unit (₹)	5.56	5.13
c) Through Waste Heat Recovery		
Units (kwh)	5,92,90,738	4,79,55,852
Total Amount (₹ In crores)	32.54	24.60
Rate/unit (₹)	5.49	5.13
2. Coal and other fuels		
a) Used in Kiln		
Quantity (MTs)	4,31,719	4,19,635
Total Cost (₹ In crores)	295.57	233.34
Average Rate (₹)	6846.24	5560.51
b) Used in Steam Turbine / Generators		
Quantity (MTs)	1,54,006	1,40,326
Total Cost (₹ In crores)	85.84	69.19
Average Rate (₹)	5573.95	4930.61
3. Furnace Oil:	NIL	NIL
Quantity (KL)		
Total Cost (₹ in lakhs)		
Average Rate (₹)		
4. Others/Internal Generation:	NIL	NIL
Quantity (Kwh)		
Total Cost (₹ in lakhs)		
Rate per unit (₹)		
B. Consumption per unit of production		
1. Production (with details)	Cement	
Electricity (Kwh)	77.68	79.05
Furnace Oil		--
Coal (Ash content 35-45%)(MTs)	0.13	0.13

Form for disclosure of particulars with respect to Technology Absorption

A. Research and Development: Nil

B. Technology Absorption, Adoption and Innovation:

The Company has initially obtained the basic engineering designs and other technical know-how from M/s. Onoda Engineering and Consulting Company Ltd, Japan for the cement plants. Presently, the Company has in-house technical team to handle the projects involving basic and detailed engineering, conceptual plans, layouts etc. The team also handles the ongoing modifications and expansion projects.

C. Foreign Exchange Earnings and Outgo

(₹ In Crores)

Foreign Exchange:	2017-18	2016-17
Foreign Exchange Inflow	...	2.49
Foreign Exchange Outflow	217.35	164.14

For and on behalf of the Board of Directors
For **Penna Cement Industries Limited**

P. Prathap Reddy
Chairman & Managing Director
DIN: 00093176

Date: 7th September, 2018
Place: Hyderabad

Annexure-VI

Form No. MGT-9

Extract of Annual Return of Penna Cement Industries Limited

as on Financial Year ended 31st March, 2018

[pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014

I. Registration and Other Details :

CIN	U26942AP1991PLC013359
Registration Date	24/10/1991
Name of the Company	PENNA CEMENT INDUSTRIES LIMITED
Category / Sub-Category of the Company	Company having share capital / Non Govt. Company
Address of the Registered office and contact details	H.No.8-2-268/A/1/S & S1, Plot No.705, Road No.3, Banjara Hills, Hyderabad- 500034, Telangana, India Telephone : 040-44565100 Email : cs@pennacement.com
Whether listed company	YES (Debt Listed)
Name and Address of Registrar & Transfer Agents (RTA)	For Non Convertible Debentures : LINK INTIME INDIA PVT. LTD. Address: C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078 Telephone:022 25963838 e-mail id: ganesh.jadhav@linkintime.co.in For Equity Shares: Karvy Computershare Private Limited Karvy Selenium, Tower – B Plot 31 and 32, Gachibowli, Financial District, Nanakramguda, Hyderabad 500 032 Telangana, India Tel: +91 40 6716 2222 Fax: +91 40 2343 1551 E-mail: einward.ris@karvy.com

II. Principal Business Activities of the Company :

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

S. no.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Manufacturing of Cement	23941	96.59%

*As per NIC code 2008

III Particulars of Holding, Subsidiary and Associate Companies :

[No. of Companies for which information is being filled = 2]

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Pioneer Cement Industries Limited Address: Plot No. 705, Road No. 03, Banjara Hills, Hyderabad- 500034.	U26941TG2010PLC070651	Subsidiary	100%	2(87)
2.	Parasakti Cement Industries Limited Address: Plot # 8-3-214/21, Srinivasa Nagar Colony (West), Hyderabad- 500038	U26942TG1993PLC015764	Associate	50.00%	2(6)

IV. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity) :

A. 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
	De-mat	Physical	Total	% of Total Shares	De-mat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
Individual/HUF	-	8,642,980	8,642,980	64.60	40,14,000	4,633,980	8,647,980	64.63	0.03
Bodies Corp.	-	4,460,110	4,460,110	33.33	-	4,470,110	4,470,110	33.41	0.08
Sub-total (A) (1):-	-	13,103,090	13,103,090	97.93	40,14,000	9,104,090	13,118,090	98.04	0.11
(2) Foreign	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**-**	**13,103,090**	**13,103,090**	**97.93**	**40,14,000**	**9,104,090**	**13,118,090**	**98.04**	**0.11**
B. Public Shareholding									
1. Institutions	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2. Non-Institutions									
a) Bodies Corp.	-	2,500	2,500	0.02	-	2,500	2,500	0.02	-
Sub-total (B)(1):-		**2,500**	**2,500**	**0.02**	**-**	**2,500**	**2,500**	**0.02**	**-**
b) Individual/HUF									
i) Individual shareholders holding nominal share capital upto ₹1 lakh	-	274,410	274,410	2.05	-	259,410	259,410	1.94	(0.11)
Sub-total (B)(2):-	**-**	**274,410**	**274,410**	**2.05**	**-**	**259,410**	**259,410**	**1.94**	**(0.11)**
Total Public Shareholding (B)=(B)(1)+(B)(2)	**-**	**276,910**	**276,910**	**2.07**	**-**	**261,910**	**261,910**	**1.96**	**(0.11)**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**-**	**13,380,000**	**13,380,000**	**100.00**	**40,14,000**	**9,366,000**	**13,380,000**	**100.00**	**-**

B. Shareholding of Promoters/ Promoter Group

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.	P. Prathap Reddy	13,58,500	10.16	-	13,63,500	10.19	6.01	0.03
2.	P. Prathap Reddy (HUF)	45,000	0.34	-	45,000	0.34	-	NIL
3.	P.V. Lakshmi	75,000	0.56	-	75,000	0.56	-	NIL
4.	P. Deepthi Reddy	25,000	0.19	-	25,000	0.19	-	NIL
5.	P. Divya Priyanka Reddy	40,000	0.30	-	40,000	0.30	-	NIL
6.	P. Venugopal Reddy	30,000	0.22	-	30,000	0.22	-	NIL
7.	P. Prathap Reddy, Managing Partner, Pioneer Builders	70,09,480	52.39	-	70,09,480	52.39	30.00	NIL
8.	P.R. Cement Holdiings Limited	44,60,110	33.33	-	44,70,110	33.41	-	0.08
9.	P. Ramesh Reddy	60,000	0.45	-	60,000	0.45	-	NIL
	TOTAL	**1,31,03,090**	**97.93**	**-**	**1,31,18,090**	**98.04**	**36.01**	**0.11**

C. Change in Promoters Shareholding

S. no	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
1	P. Prathap Reddy	13,58,500	10.16	-	-
	Date wise increase/decrease in shareholding during the year				
	26-08-2017	5,000	0.03	13,63,500	10.19
	At the end of the year	-	-	13,63,500	10.19
2	P.R. Cement Holdiings Limited				
	Date wise increase/decrease in shareholding during the year	44,60,110	33.33	-	-
	13-11-2017	10,000	0.08	44,70,110	33.41
	At the end of the year	-	-	44,70,110	33.41

D. Shareholding Pattern of top ten Shareholders (other than promoters and holders of GDR's and ADR'S)

Sr. No.	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
1.	**P. Niharika**				
	At the beginning of the year	50,000	0.37	-	-
	Date wise increase/decrease in shareholding during the year	-	-	-	-
	At the end of the year	**-**	**-**	**50,000**	**0.37**
2.	**P. Nirupama**				
	At the beginning of the year	40,000	0.30	-	-
	Date wise increase/decrease in shareholding during the year	-	-	-	-
	At the end of the year	**-**	**-**	**40,000**	**0.30**
3.	**J. C. Samyukta**				
	At the beginning of the year	40,000	0.30	-	-
	Date wise increase/decrease in shareholding during the year	-	-	-	-
	At the end of the year	**-**	**-**	**40,000**	**0.30**
4.	**P. Padmaja**				
	At the beginning of the year	35,000	0.26	-	-
	Date wise increase/decrease in shareholding during the year	-	-	-	-
	At the end of the year	**-**	**-**	**35,000**	**0.26**
5.	**P. Chandana**				
	At the beginning of the year	35,000	0.26	-	-
	Date wise increase/decrease in shareholding during the year	-	-	-	-
	At the end of the year	**-**	**-**	**35,000**	**0.26**
6.	**P. Neelima Reddy**				
	At the beginning of the year	35,000	0.26	-	-
	Date wise increase/decrease in shareholding during the year	-	-	-	-
	At the end of the year	**-**	**-**	**35,000**	**0.26**
7.	**P. Supriya**				
	At the beginning of the year	15,000	0.11	-	-
	Date wise increase/decrease in shareholding during the year	-	-	-	-
	At the end of the year	**-**	**-**	**15,000**	**0.11**
8.	**Preeti**				
	At the beginning of the year	6,000	0.04	-	-
	Date wise increase/decrease in shareholding during the year	-	-	-	-
	At the end of the year	**-**	**-**	**6,000**	**0.04**
9.	**R. Prabhakar Reddy**				
	At the beginning of the year	5,000	0.04	-	-
	Date wise increase/decrease in shareholding during the year	-	-	-	-
	26-08-2017	(5,000)	(0.04)	-	-
	At the end of the year	**-**	**-**	**-**	**-**
10.	**Sunil Chandra Reddy**				
	At the beginning of the year	2500	0.02	-	-
	Date wise increase/decrease in shareholding during the year	-	-	-	-
	At the end of the year	**-**	**-**	**2500**	**0.02**

E. Shareholding of Directors and Key Managerial Personnel

Sr. No.	For each of the Director	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	P. Prathap Reddy				
	At the beginning of the Year	13,58,500	10.16	-	-
	Date wise increase/decrease in shareholding during the year				
	26-08-2017	5,000	0.03	13,63,500	10.19
	At the end of the year	-	-	13,63,500	10.19
2	P. Venugopal Reddy				
	At the beginning of the Year	30,000	0.22	-	-
	Date wise increase/decrease in shareholding during the year	-	-	-	-
	At the end of the year	-	-	30,000	0.22
3	Y. Santoshkumar Reddy				
	At the beginning of the Year	-	-	-	-
	Date wise increase/decrease in shareholding during the year	-	-	-	-
	At the end of the year	-	-	-	-
4	P. Deepthi Reddy				
	At the beginning of the Year	25,000	0.19	-	-
	Date wise increase/decrease in shareholding during the year	-	-	-	-
	At the end of the year	-	-	25,000	0.19
5	Bezawada Vikram				
	At the beginning of the Year	-	-	-	-
	Date wise increase/decrease in shareholding during the year	-	-	-	-
	At the end of the year	-	-	-	-
6	D. Lakshmi Kantham				
	At the beginning of the Year	-	-	-	-
	Date wise increase/decrease in shareholding during the year	-	-	-	-
	At the end of the year	-	-	-	-
7	Petluru Venugopal Reddy*				
	At the beginning of the Year	-	-	-	-
	Date wise increase/decrease in shareholding during the year	-	-	-	-
	At the end of the year	-	-	-	-
8	P. Munikrishna**				
	At the beginning of the Year	-	-	-	-
	Date wise increase/decrease in shareholding during the year	-	-	-	-
	At the end of the year	-	-	-	-
9	U.R.Rao***				
	At the beginning of the Year	-	-	-	-
	Date wise increase/decrease in shareholding during the year	-	-	-	-
	At the end of the year	-	-	-	-
10	Anil Kumar Kutty#				
	At the beginning of the Year	-	-	-	-
	Date wise increase/decrease in shareholding during the year	-	-	-	-
	At the end of the year	-	-	-	-
11	Sairam Bhaskar Mocherla#				
	At the beginning of the Year	-	-	-	-
	Date wise increase/decrease in shareholding during the year	-	-	-	-
	At the end of the year	-	-	-	-
12	Pradeep Kumar Panja#				
	At the beginning of the Year	-	-	-	-
	Date wise increase/decrease in shareholding during the year	-	-	-	-
	At the end of the year	-	-	-	-
13	Ravindranath Kancherla##				
	At the beginning of the Year	-	-	-	-
	Date wise increase/decrease in shareholding during the year	-	-	-	-
	At the end of the year	-	-	-	-

* Mr. Petluru Venugopal Reddy resigned from the position of Director (Finance) and CFO of the Company w.e.f. 9th May, 2018
** Mr. P. Munikrishna resigned from the position of Director of the Company w.e.f. 7th June, 2018
*** Mr. U.R.Rao, Director of the Company died on 25th July, 2017, hence automatically his directorship is ceased.
# Mr. Anil Kumar Kutty, Mr. Pradeep Kumar Panja and Mr. Sairam Bhaskar Mocherla appointed as Directors of the Company at the EGM held on 18th May, 2018
Mr. Ravindranath Kancherla is appointed as Director of the Company w.e.f. 14th June, 2018.

Key Managerial Personnel

	For each of the KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
1	P. Prathap Reddy	No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	At the beginning of the Year	13,58,500	10.16	-	-
	Date wise increase/decrease in shareholding during the year				
	26-08-2017	5,000	0.03	13,63,500	10.19
	At the end of the year	-	-	13,63,500	10.19
2	Raj Kumar Singh, Company Secretary				
	At the beginning of the Year	-	-	-	-
	Date wise increase/decrease in shareholding during the year	-	-	-	-
	At the end of the year	-	-	-	-
3	Petluru Venugopal Reddy, Director Finance, CFO				
	At the beginning of the Year	-	-	-	-
	Date wise increase/decrease in shareholding during the year	-	-	-	-
	At the end of the year	-	-	-	-

V. Indebtedness:

₹ in Crores

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	581.62	219.44	-	801.06
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.32		-	0.32
Total (i+ii+iii)	**581.94**	**219.44**	**-**	**801.38**
Change in Indebtedness during the financial year				
Addition	338.16	-	-	338.16
Reduction	11.53	24.25	-	35.78
Net Change	**326.63**	**(24.25)**	**-**	**302.38**
Indebtedness at the end of the financial year				
i) Principal Amount	906.55	195.19	-	1101.74
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2.02	-	-	2.02
Total (i+ii+iii)	**908.57**	**195.19**	**-**	**1103.76**

VI. Remuneration of Directors and Key Managerial Personnel :

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

Name of MD / WTD / Manager	Gross salary			Stock Option	Sweat Equity	Commission		Others	Total	Ceiling as per the Act
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961			as % of profit	others			
Mr. P. Prathap Reddy	1.57	-	7.15	-	-	3%	-	-	8.72	23.73
Mr. B. Vikram	1.15	-	-	-	-	-	-	-	1.15	
Mr. D. Lakshmi Kantham	1.25	-	-	-	-	-	-	-	1.25	

Note: The Managerial Remuneration paid to the Executive Directors is within the limits of the Section 198 of the Companies Act, 2013.

B. Remuneration to other directors

1. Independent Directors

Sr. No.	Name of the Director	Particulars of Remuneration			Total Amount in ₹
		Fees For Attending Board Meeting/ Committee Meeting	Commission	Others, if Any	
1.	Mr. P. Munikrishna	30,000	-	-	30,000
2.	Mr. Y. Santosh Kumar Reddy	30,000	-	-	30,000
3.	Mr. U. R Rao	Nil	-	-	Nil
	Total	**60,000**	**-**	**-**	**60,000**

2. Other Non-Executive Directors

Sr. No.	Name of the Director	Particulars of Remuneration			Total Amount in ₹
		Fees For Attending Board Meeting/ Committee Meeting	Commission	Others, if Any	
1.	Mr. P. Venugopal Reddy	30,000	-	-	30,000
2.	Mrs. P. Deepthi Reddy	10,000	-	-	10,000
	Total	**40,000**	**-**	**-**	**40,000**

Note: The Company paid only sitting fees to the Independent Directors and Non-Executive Directors for attending the Meetings of the Board of Directors and Committees thereof

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(₹ In Crores)

Sr. No.	Name of Key Managerial Personnel	Gross salary			Stock Option	Sweat Equity	Commission		Others	Total
		(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961			as % of profit	others		
1.	Mr.PetluruVenugopal Reddy, Director (Finance), Chief Financial Officer	0.66	…	…	…	…	…	…	…	0.66
2.	Mr. Raj Kumar Singh, Company Secretary	0.26	…	…	…	…	…	…	…	0.26

For and on behalf of the Board of Directors

P. Prathap Reddy
For **Penna Cement Industries Limited**
Chairman & Managing Director
DIN: 00093176

Date: 7th September, 2018
Place: Hyderabad

Independent Auditors' Report

To
The Members of M/s Penna Cement Industries Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **M/s. Penna Cement Industries Limited**('the Company'), which comprise the balance sheet as at 31st March, 2018, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements").

Management's Responsibility for the Standalone 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 standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone 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 standalone 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 in accordance with the Standards on Auditing 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 standalone 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 the 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 standalone 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 standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 including the Ind AS, of the financial position of the Company as at 31st March, 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

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 section 143(11) of the Act, we give in the **Annexure A,** a statement on the matters specified in the paragraph 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 purposes of our audit.

   (b) In our opinion proper books of accounts required by law have been kept by the Company so far as it appears from our examination of those books;

(c) The balance sheet, the statement of profit and loss, the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder;

(e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 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 B"**; and

(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 standalone Ind AS financial statements – Refer Note 26 to the standalone Ind AS financial statements;

ii) There is no requirement for any provision as required by any act or Accounting standards for material for foreseeable losses, if any on long term contracts including derivative contracts.

iii) There are no amounts which are required to be transferred to Investor Education and protection fund.

For **C.Ramachandram& Co.,**
Chartered Accountants,
Firm Registration No. 002864S

C. Ramachandram
Partner
M.No:025834

Place: Hyderabad
Date: 9 May 2018

Annexure A to the Auditors' Report

Annexure referred to in paragraph under 'Report on Other Legal and Regulatory Requirements' section of our report of the Independent Auditors' Report of even date of Penna Cement Industries Limited, on the standalone financial statements for the year ended 31st March, 2018

i. In terms of the information and explanations sought by us and given by the company and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state the following:

   a. The Company has maintained proper records showing full particulars, including quantitative details and situation for all fixed assets.

   b. The company has a regular programme of physical verification of fixed assets by which fixed assets were verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is considered reasonable having regard to the size of the company and its operations.

   c. According to information and explanation given to us, title deeds of immovable Properties are held in the name of the company.

ii. Physical verification of inventory has been conducted at reasonable intervals by the management and no material discrepancies were noticed during such physical verification.

iii. 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. Thus, paragraph 3(iii) of the Order is not applicable to the company. However the company has given advances to the companies, firms, other parties covered in the register maintained under section 189 of the Act, and in our opinion and to the best of our examination, the terms are not prejudicial to the interests of the company. The amount outstanding as on the date of Balance sheet is ₹8.22 crores (Three parties).

iv. The Company has not made any transactions in the nature of loans, investments, guarantees, and security, where provisions of section 185 and 186 of the Companies Act, 2013 are applicable. Thus, paragraph 3(iv) of the Order is not applicable to the Company.

v. The company has not accepted any deposits, within the meaning of provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under. Thus, paragraph 3(v) of the Order is not applicable to the company.

vi. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained.

vii. a. The Company is regular in depositing undisputed statutory dues, including Provident fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Value Added Tax, GST, Cess and other material statutory dues applicable to it to the appropriate authorities.
   According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, duty of customs, service tax, cess and other material statutory dues were in arrears as at 31st March, 2018 for a period of more than six months from the date they became payable.

   b. According to the information and explanations given to us, details of dues of income tax sales tax, service tax, excise duty, customs duty and cess which have not been deposited as on 31st March, 2018 on account of any dispute is enclosed as Annexure – C.

viii. In our opinion and according to information and explanations given to us, the company has not defaulted in payment of dues to Banks, Government, Financial Institutions and Debenture holders as on date of Balance Sheet.

ix. The company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the reporting period. According to information provided to us term loans availed during the reporting period was applied for the purposes for which those were raised.

x. According to the information and explanations given to us, no material fraud by the company or on the company by its officers or employees has been noticed or reported during the course of our audit.

xi. According to information and explanation given to us, the company has provided managerial remuneration in accordance with Section 197 read with schedule V to the Companies Act, 2013.

xii. In our opinion, the company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable for the company.

xiii. In our opinion and according to information and explanations given to us, all transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act, 2013 and the details of such transactions have been disclosed in the Ind AS Financial statements of the company as required by applicable Accounting Standards.

xiv. According to information and explanation given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

xv. According to information and explanation given to us, the company has not entered into non-cash transactions with directors or any persons connected with him. Thus, paragraph 3(xv) of the Order is not applicable to the company.

xvi. In our opinion, the company is not required to be registered under section 45IA of Reserve Bank of India Act 1934. Thus, paragraph 3(xvi) of the Order is not applicable to the company.

For **C.Ramachandram& Co.,**
Chartered Accountants,
Firm Registration No. 002864S

C. Ramachandram
Partner
M.No:025834

Place: Hyderabad
Date: 9th May, 2018

Annexure - B to the Auditors' Report

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 Penna Cement Industries Limited ("the Company") as of 31st March, 2018 in conjunction with our audit of the standalone Ind AS 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 ('ICAI').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 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.

Auditors' 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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both 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 judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 Company's 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 31st March, 2018, 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 **C.Ramachandram& Co.,**
Chartered Accountants,
Firm Registration No. 002864S

C. Ramachandram
Partner
M.No:025834

Place: Hyderabad
Date: 9th May, 2018

Annexure - C

Name of the statute	Nature of the dues	Amount in ₹	Period to which the amount relates	Forum where dispute is pending
Income Tax Department	Disallowance of additional depreciation on Air Pollution Equipment	26,36,350	Assessment year 2010-11	CIT (Appeals)
	Disallowance under Section 37 and 14A	5,10,64,480	Assessment year 2013-14	ITAT
	Disallowance under Section 37 and 14A	6,88,03,650	Assessment year 2014-15	ITAT
Excise Duty	Input credit on Clean Energy Cess	51,05,000	Sep 15 to March 18	CESTAT, Hyderabad
	Industrial/Institutional sale	88,86,579	April 07 to Feb 09	Commissioner, Hyderabad
		3,99,66,429	April 12 to April 13	CESTAT, Hyderabad
		2,80,24,214	April 12	Supreme Court
		6,72,51,991	April 14 to June 16	Commissioner,Tirupati
Customs Duty	Customs Duty on Coal	22,71,49,964	May 13	Larger Bench -Supreme Court
	Freight Not Inclusive in Assessable Value	4,60,90,649	Sep 15 to March 18	Commissioner(Appeals) Hyderabad and CESTAT, Hyderabad
Service Tax	Service Tax Credit on Freight (GTA)	1,45,30,310	Feb 08 to May 17	Commissioner, Tirupati
	Service Tax Credit on Freight (GTA)	1,24,09,515	Mar 07 to Jan 10	Commissioner, Hyderabad
	Service tax credits on demurrage charges	41,95,503	Aug 17	Commissioner, Hyderabad
Sales Tax	Penalty for Entry Tax on Dumper 2006-07 & 2007-08	80,05,000	2006-07, 2007-08	High court of AP
	TNGST 1996-97- Excess of Stock transfer price over sale price	1,06,000	1996-97	High court of Tamilnadu
	Entry Tax on goods	2,99,00,000	2014-15 to 2017-18	ACLTU Ananthapur, AP.
Total		**61,41,25,634**		

Standalone Balance Sheet

as at 31st March, 2018

₹ in Crores

Particulars			Notes	As at 31st March, 2018	As at 31st March, 2017
ASSETS					
NON-CURRENT ASSETS:					
a)	Property, Plant and Equipment		2	1699.77	1113.85
b)	Capital Work-in-Progress			242.04	298.10
c)	Intangible Assets			0.42	1.06
d)	Financial Assets				
	i)	Investments	3	143.61	76.62
	ii)	Loans	5	107.92	107.58
e)	Other Non-Current Assets		6	204.78	121.71
Total Non-Current Assets				**2398.54**	**1718.92**
CURRENT ASSETS:					
a)	Inventories		7	178.95	273.51
b)	Financial Assets				
	i)	Trade Receivables	4	90.24	85.96
	ii)	Cash and Cash Equivalents	8	23.97	20.23
	iii)	Bank Balance other than Cash and Cash Equivalents	8	16.86	34.43
c)	Other Current Assets		6	171.33	291.98
Total Current Assets				**481.35**	**706.11**
Total Assets				**2879.89**	**2425.03**
EQUITY AND LIABILITIES					
Share Holder's Funds					
a)	Equity Share Capital		9	13.38	13.38
b)	Other Equity		10	920.51	771.41
Total Equity				**933.89**	**784.79**
NON-CURRENT LIABILITIES:					
a)	Financial Liabilities				
	i)	Borrowings	11	1011.20	689.53
	ii)	Other Financial Liabilities	13	238.87	161.06
b)	Provisions		14	6.34	5.42
c)	Deferred Tax Liabilities (Net)		15	275.96	263.32
Total Non-Current Liabilities				**1532.37**	**1119.33**
CURRENT LIABILITIES:					
a)	Financial Liabilities				
	i)	Borrowings	17	207.76	213.03
	ii)	Trade Payables	12	49.14	106.09
	iii)	Other Financial Liabilities	13	59.49	50.24
b)	Provisions		14	0.24	0.58
c)	Other Current Liabilities		16	46.44	70.33
d)	Current Tax Liabilities			50.56	80.64
Total Current Liabilities				**413.63**	**520.91**
Total Equity and Liabilities				**2879.89**	**2425.03**
Significant Accounting Policies			1		

The Accompanying Notes form an integral part of the Financial Statements

As per our Report of even date
For **C. Ramachandram & Co.**
Chartered Accountants
F.R. No. 002864S

C. Ramachandram
Partner
Membership No: 025834
Place: Hyderabad
Date: 9th May, 2018

for and on behalf of the Board of Directors

P. Prathap Reddy
Chairman and Managing Director
DIN: 00093176

Bezawada Vikram
Executive Director
DIN:02086809

Petluru Venugopal Reddy
Director (Finance) & CFO
DIN:00019878

Raj Kumar Singh
Company Secretary
M.No:14265

Standalone Statement of Profit and Loss
for the year ended 31st March, 2018

₹ in Crores

Particulars	Notes	Year ended 31st March, 2018	Year ended 31st March, 2017
REVENUE			
Revenue from Operations	18	1839.83	1880.33
Other Income	19	20.83	7.33
Total Revenue		**1860.66**	**1887.66**
EXPENSES			
Cost of Materials Consumed	20	295.45	255.13
Other Manufacturing Expenses	21	491.40	482.69
Purchase of Stock in Trade		-	28.71
Changes in Inventories of Finished Goods & Stock in Process	22	7.70	6.96
Employee Benefit Expense	23	79.26	76.76
Finance Costs	24	103.46	59.70
Depreciation and Amortisation Expense	2	81.51	80.33
Freight & Forwarding Expense		404.88	331.28
Excise Duty		63.65	230.09
Other Expenses	25	103.82	98.03
Total Expenses		**1631.13**	**1649.68**
Profit before Tax Expense		229.53	237.98
Tax Expense			
Current Tax		59.66	80.98
Deferred Tax		12.81	(9.17)
Total Tax Expense		**72.47**	**71.81**
Profit for the Year		157.06	166.17
Other Comprehensive Income			
Items that will not be re-classified to Profit/(Loss)			
Re-measurement of gain/(loss) on defined benefit plan		(0.52)	0.51
Fair value changes on Equity Instruments through OCI (FVTOCI)		0.45	-
Tax Effect		0.16	(0.18)
Other Comprehensive Income for the year, net of tax		0.09	0.33
Total Comprehensive Income for the year		157.15	166.50
Earnings Per Equity Share (Face value ₹10/- each)			
Basic & Diluted (Face value ₹10/- each)		117.38	124.19
Significant accounting policies	1		

The Accompanying Notes form an integral part of the Financial Statements

As per our Report of even date
For **C. Ramachandram & Co.**
Chartered Accountants
F.R. No. 002864S

C. Ramachandram
Partner
Membership No: 025834
Place: Hyderabad
Date: 9th May, 2018

for and on behalf of the Board of Directors

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DIN:00019878

Raj Kumar Singh
Company Secretary
M.No:14265

Standalone Statement of Changes in Equity

for the year ended 31st March, 2018

i. Equity Share Capital

For the year ended 31st March, 2018

Particulars	No. of shares	₹ In Crores
Balance as at 1st April, 2017	1,33,80,000	13.38
Changes in equity Share Capital during the year	-	-
Balance as at 31st March, 2018	1,33,80,000	13.38

ii. Other Equity

₹ In Crores

Particulars	Reserves & Surplus			Items of Other Comprehensive Income	Total
	Debenture Redemption Reserve	General Reserve	Retained Earnings	Equity Instruments through OCI	
At 31st March, 2016	**35.00**	**35.00**	**549.30**	**(6.34)**	**612.96**
Profit for the year	-	-	166.17	-	166.17
Dividend paid (including Dividend Distribution Tax)	-	-	(8.05)	-	(8.05)
Other comprehensive income					
Re-measurement of gain/(loss) on defined benefit plans	-	-	0.51	-	0.51
Income tax effect	-	-	(0.18)	-	(0.18)
At 31th March, 2017	**35.00**	**35.00**	**707.75**	**(6.34)**	**771.41**
Profit for the year	-	-	157.06	-	157.06
Dividend paid (including Dividend Distribution Tax)	-	-	(8.05)	-	(8.05)
Transfer of Debenture redemption reserve to retained earnings	(10.50)	-	10.50	-	-
Other comprehensive income					
Re-measurement of gain/(loss) on defined benefit plans	-	-	(0.52)	-	(0.52)
Fair value changes on equity instruments through OCI	-	-	-	0.45	0.45
Income tax effect	-	-	0.16	-	0.16
At 31st March, 2018	**24.50**	**35.00**	**866.91**	**(5.89)**	**920.51**
Significant accounting policies 1					

The Accompanying Notes form an integral part of the Financial Statements

As per our Report of even date
For **C. Ramachandram & Co.**
Chartered Accountants
F.R. No. 002864S

C. Ramachandram
Partner
Membership No: 025834
Place: Hyderabad
Date: 09-05-2018

for and on behalf of the Board of Directors

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Chairman and Managing Director
DIN: 00093176

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Executive Director
DIN:02086809

Petluru Venugopal Reddy
Director (Finance) & CFO
DIN:00019878

Raj Kumar Singh
Company Secretary
M.No:14265

Standalone Cash Flow Statement

for the year ended 31st March, 2018

₹ in Crores

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
A. Cash Flow from Operating Activities		
Profit before Tax	229.53	237.98
Adjustments for:		
Depreciation	81.51	80.33
Interest Expenses	63.94	74.47
Unwinding of Interest	39.52	(14.77)
Provision for Doubtful receivables	0.90	-
Provision for Retirement Benefits	2.32	1.83
Foreign Exchange (gain)/loss	(1.84)	1.30
Profit on sale of Assets	(0.08)	(0.02)
Fair valuation of Investments	(0.45)	-
Interest Income	(2.92)	(3.90)
Dividend Income	(13.20)	-
Operating Profit before Working Capital Charges	**399.23**	**377.22**
Movements in Working Capital		
Increase/(Decrease) in Trade Payable & Other Liabilities	(101.81)	(37.42)
(Increase) / Decrease in Trade Receivables	(5.18)	25.87
(Increase) / Decrease in Inventories	94.56	(56.46)
Increase/(Decrease) in Non Current liabilities & Provisions	39.20	(27.04)
(Increase) / Decrease in Non-Current Loans given	(83.42)	(9.03)
(Increase) / Decrease in Other Current Assets	138.23	(100.58)
Cash Generated from Operations	**480.81**	**172.56**
Income Tax paid, net	(65.60)	(46.23)
Net Cash from Operating Activities (A)	**415.21**	**126.33**
B. Cash Flow from Investing Activities		
Capital expenditure on Property, Plant & Equipment and Intangible Assets	(610.84)	(217.10)
Sale of Property, Plant & Equipment	0.11	0.24
Investment in Subsidiary	(66.54)	(18.22)
Interest received	2.92	3.90
Dividend Income	13.20	-
Net Cash from Investing Activities (B)	**(661.15)**	**(231.18)**
C. Cash Flow from Financing Activities		
Proceeds from Long term Borrowings (Net)	321.67	138.83
Dividend & Dividend Tax Paid	(8.05)	(8.05)
Interest Paid	(63.94)	(74.47)
Net Cash from Financing Activities (C)	**249.68**	**56.31**
Net Increase / (Decrease) in Cash and Cash equivalents (A+B+C)	**3.74**	**(48.54)**
Cash and Cash Equivalents – Opening Balance	**20.23**	**68.77**
Cash and Cash Equivalents – Closing Balance (refer note no 8)	**23.97**	**20.23**

As per our Report of even date
For **C. Ramachandram & Co.**
Chartered Accountants
F.R. No. 002864S

C. Ramachandram
Partner
Membership No: 025834
Place: Hyderabad
Date: 9th May, 2018

for and on behalf of the Board of Directors

P. Prathap Reddy
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Petluru Venugopal Reddy
Director (Finance) & CFO
DIN:00019878

Raj Kumar Singh
Company Secretary
M.No:14265

A. General Information

Penna Cement Industries Limited ('the Company') is a Public Limited Company incorporated in India having its registered office at Hyderabad, Telangana, India. The Company is primarily engaged in the manufacturing and selling of Cement, Cement related products and Power.

B. Basis of preparation of financial statements

B.1 Statement of Compliance

These financial statements are prepared in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2017 and the relevant provisions of the Companies Act, 2013.

The financial statements were authorized for issue by the Company's Board of Directors on 9th May, 2018.

Details of the accounting policies are included in Note 1.

B.2 Basis of preparation and presentation

These financial statements have been prepared on the historical cost convention and on an accrual basis, except for the following material items in the statement of financial position:

- Certain financial assets and liabilities are measured at fair value;
- employee defined benefit assets/(liability) are recognized as the net total of the fair value of plan assets, plus actuarial losses, less actuarial gains and the present value of the defined benefit obligation;
- long term borrowings are measured at amortized cost using the effective interest rate method.

B.3 Functional and presentation currency

The financial statements are presented in Indian rupees, which is the functional currency of the Company. Functional currency of an entity is the currency of the primary economic environment in which the company operates.

All amounts are in Indian Rupees Crores except share data, unless otherwise stated.

B.4 Operating Cycle

All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

Assets:

An asset is classified as current when it satisfies any of the following criteria:

a) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is expected to be realized within twelve months after the reporting date; or

d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Liabilities:

A liability is classified as current when it satisfies any of the following criteria:

a) it is expected to be settled in the Company's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is due to be settled within twelve months after the reporting date; or

d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets/ liabilities include the current portion of non-current assets/ liabilities respectively. All other assets/ liabilities are classified as non-current.

B.5 Critical accounting judgements and key sources of estimation uncertainty.

In the application of the Company's accounting policies, which are described in Note 1, the management of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Provision and contingent liability

On an ongoing basis, Company reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable.

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date. As at 31st March, 2018 the management assessed that the useful lives represent the expected utility of the assets to the Company. Further, there is no significant change in the useful lives as compared to previous year.

Investment in equity instruments of subsidiary and associate companies

During the year, the Company assessed the investment in equity instrument of subsidiary and associate companies carried at cost for impairment testing. These companies are expected to generate positive cash flows in the future years. Detailed analysis has been carried out on the future projections and the Company is confident that the investments do not require any impairment.

Mines restoration obligation

In determining the fair value of the Mines Restoration Obligation, assumptions and estimates are made in relation to discount rates, the expected cost of mines restoration and the expected timing of those costs.

B.6 Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

– Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

– Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

– Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

1. Significant accounting Policies

1.1 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount can be reliably measured.

- Revenue is measured at the fair value of consideration received or receivable taking into account the amount of discounts, volume rebates and VAT/ GST are recognised when all significant risks and rewards of ownership of the goods sold are transferred.

- Revenue from the sale of goods includes excise duty.

- Revenue from Generation, Transmission and Distribution of power is recognised on an accrual basis and includes unbilled revenues accrued upto the end of the accounting year. The Company determines surplus/ deficit (i.e. excess/shortfall of/in aggregate gain over Return on Equity entitlement) for the year in respect of its regulated operations based on the principles laid down under the relevant Tariff Regulations/Tariff Orders as notified by respective State Regulatory Commissions. In respect of such surplus/deficit, appropriate adjustments as stipulated under the regulations are made during the year. Further, any adjustments that may arise on annual performance review by respective State Regulatory Commissions under the aforesaid Tariff Regulations/ Tariff Orders is made after the completion of such review take or pay.

- Dividend income is accounted for when the right to receive the income is established.

- Difference between the sale price and carrying value of investment is recognised as profit or loss on sale / redemption on investment on trade date of transaction.

- Interest income is accrued on, time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

1.2 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as Operating Leases.

Operating Lease: Lease rentals are charged or recognised in the Statement of Profit and Loss on a straight-line basis over the lease term, except where the payment are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increase.

Finance Lease: Assets held under finance leases are recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments.

The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's policy on borrowing costs.

Further, at the inception of above arrangement, the Company determines whether the above arrangement is or contains a lease. At inception or on reassessment of an arrangement that contains a lease, the Company separates a payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Company's incremental borrowing rate. Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.3 Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

1.4 Borrowing costs

Specific borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of such asset till such time the asset is ready for its intended use and borrowing costs are being incurred. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Borrowing cost includes interest expense, amortization of discounts, ancillary costs incurred in connection with borrowing of funds and exchange difference arising from foreign currency borrowings to the extent they are regarded as an adjustment to the Interest cost.

1.5 Taxation

Income tax expense consists of current and deferred tax. Income tax expense is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising upon the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

1.6 Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the period by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the net profit attributable to equity shareholders for the year relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share.

1.7 Property, plant and equipment (PPE)

The initial cost of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use, including relevant borrowing costs and any expected costs of decommissioning, less accumulated depreciation and accumulated impairment losses, if any. Expenditure incurred after the PPE have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the period in which the costs are incurred.

If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE.

Material items such as spare parts, stand-by equipment and service equipment are classified as PPE when they meet the definition of PPE as specified in Ind AS 16 – Property, Plant and Equipment.

1.8 Expenditure during construction period

Expenditure during construction period (including financing cost related to borrowed funds for construction or acquisition of qualifying PPE) is included under Capital Work-in-Progress, and the same is allocated to the respective PPE on the completion of their construction. Advances given towards acquisition or construction of PPE outstanding at each reporting date are disclosed as Capital Advances under “Other non-current Assets”.

1.9 Depreciation

Depreciation is the systematic allocation of the depreciable amount of PPE over its useful life and is provided on a straight-line basis over the useful lives as prescribed in Schedule II to the Act or as per technical assessment.

Depreciable amount for PPE is the cost of PPE less its estimated residual value. The useful life of PPE is the period over which PPE is expected to be available for use by the Company, or the number of production or similar units expected to be obtained from the asset by the Company.

The Company has componentised its PPE and has separately assessed the life of major components.

In case of certain classes of PPE, the Company uses different useful lives than those prescribed in Schedule II to the Act. The useful lives have been assessed based on technical advice, taking into account the nature of the PPE and the estimated usage of the asset on the basis of management’s best estimation of obtaining economic benefits from those classes of assets.

Such classes of assets and their estimated useful lives are as under:

Particulars	Useful life
Buildings - Factory	30
Buildings – Non-Factory	61
Plant and Machinery	19
Railway Siding	21
Furniture & Fixtures	16
Office Equipment – Others	21
Office Equipment – Computers	6
Vehicles	11

Depreciation on additions is provided on a pro-rata basis from the month of installation or acquisition and in case of Projects from the date of commencement of commercial production.

Depreciation on deductions/disposals is provided on a pro-rata basis up to the date of deduction/disposal.

1.10 Intangible assets and amortisation

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective estimated useful lives on a straight-line basis, from the date that they are available for use.

Amortization

The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

Computer software is amortised on straight line basis over a period of Six years.

1.11 Inventories

Inventories are valued as follows:

- Raw materials, fuel, stores & spare parts and packing materials:

Valued at lower of cost and net realisable value (NRV). However, these items are considered to be realisable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost. Cost is determined on weighted average basis.

- Work-in- progress (WIP), finished goods and stock-in-trade:

Valued at lower of cost and NRV. Cost of Finished goods and WIP includes cost of raw materials, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of inventories is computed on weighted average basis.

1.12 Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand and short-term deposits with banks that are readily convertible into cash which are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

1.13 Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated. Bank overdrafts are classified as part of cash and cash equivalent, as they form an integral part of an entity’s cash management.

1.14 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Where the Company receives non-monetary grants, the asset and the grant are accounted at fair value and recognised in the statement of profit and loss over the expected useful life of the asset.

1.15 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. 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 or the cash-generating unit. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use those are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized in the statement of Profit & Loss if the estimated recoverable amount of an asset or its cash-generating unit is lower than its carrying amount. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Goodwill that forms part of the carrying amount of an investment in an associate is not recognized separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

An impairment loss in respect of equity accounted investee is measured by comparing the recoverable amount of investment with its carrying amount. An impairment loss is recognized in the statement of Profit &Loss and reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

1.16 Investments in Subsidiaries and associates

The Company's investment in its Subsidiaries and Associates are carried at cost.

1.17 Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

The Company's contributions to defined contribution plans are charged to the statement of profit and loss as and when the services are received from the employees.

Defined benefit plans

The liability in respect of defined benefit plans and other post-employment benefits is calculated using the projected unit credit method consistent with the advice of qualified actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related defined benefit obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used. The current service cost of the defined benefit plan, recognized in the statement of profit and loss in employee benefit expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs are recognized immediately in statement of profit and loss. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Termination benefits

Termination benefits are recognized as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Other long-term employee benefits

The Company's net obligation in respect of other long term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and previous periods. That benefit is discounted to determine its present value. Re-measurements are recognized in the statement of profit and loss in the period in which they arise.

1.18 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

1.19 Contingent liabilities &Contingent assets

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

1.20 Mines restoration provision

An obligation for restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing extraction from mines. Costs arising from restoration at closure of the mines and other site preparation work are provided for based on their discounted net present value, with a corresponding amount being capitalised at the start of each project. The amount provided for is recognised, as soon as the obligation to incur such costs arises. These costs are charged to the Statement of Profit and Loss over the life of the operation through the depreciation of the asset and the unwinding of the discount on the provision. The costs are reviewed periodically and are adjusted to reflect known developments which may have an impact on the cost or life of operations. The cost of the related asset is adjusted for changes in the provision due to factors such as updated cost estimates, new disturbance and revisions to discount rates. The adjusted cost of the asset is depreciated prospectively over the lives of the assets to which they relate. The unwinding of the discount is shown under "Other Expenses" in the Statement of Profit and Loss.

1.21 Financial instruments

a. Recognition and Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issues of financial assets and financial liabilities that are not at fair value through profit or loss, are added to the fair value on initial recognition.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

b. Classification and Subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Company's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

– the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

– contingent events that would change the amount or timing of cash flows;

– terms that may adjust the contractual coupon rate, including variable interest rate features;

– prepayment and extension features; and

– terms that limit the Company's claim to cash flows from specified assets (e.g. non- recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost: These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities: Classification, Subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for- trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

C. Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

d. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

e. Impairment

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost;

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income (FVOCI) are credit impaired. A financial asset is 'credit- impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit- impaired includes the following observable data:

– significant financial difficulty of the borrower or issuer;

– the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;

– it is probable that the borrower will enter bankruptcy or other financial reorganisation; or

– the disappearance of an active market for a security because of financial difficulties.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

– debt securities that are determined to have low credit risk at the reporting date; and

– other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward- looking information.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the trade receivable does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write- off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Note – 2 Property, Plant & Equipment **

₹ In Crores

Particulars	Freehold Land	Buildings	Plant & Equipment	Railway Siding	Furniture & Fixtures	Office Equipment	Vehicles	Total	Intangible Assets		
									Software	Mining Rights	Total
Cost											
As at 31st March, 2017	**101.61**	**293.21**	**1300.65**	**84.77**	**1.33**	**9.32**	**14.84**	**1805.73**	**4.03**	**0.18**	**4.21**
Additions	14.91	264.92	368.01	16.89	0.06	0.91	5.21	670.91	-	-	-
Disposals	-	-	3.95	-	-	-	0.67	4.62	-	-	-
As at 31st March, 2018	**116.52**	**558.13**	**1664.71**	**101.66**	**1.39**	**10.23**	**19.38**	**2472.02**	**4.03**	**0.18**	**4.21**
Depreciation											
As at 31st March, 2017	**-**	**82.14**	**569.90**	**27.04**	**0.90**	**5.09**	**6.81**	**691.88**	**3.11**	**0.03**	**3.14**
Charge for the year	-	8.14	66.58	4.17	0.05	0.50	1.41	80.85	0.64	0.01	0.65
Disposals	-	-	-	-	-	-	0.48	0.48	-	-	-
As at 31st March, 2018	-	**90.28**	**636.48**	**31.21**	**0.95**	**5.59**	**7.74**	**772.25**	**3.75**	**0.04**	**3.79**
Net Block											
As At 31st March, 2017	**101.61**	**211.07**	**730.75**	**57.73**	**0.43**	**4.23**	**8.03**	**1113.85**	**0.91**	**0.15**	**1.06**
As At 31st March, 2018	**116.52**	**467.85**	**1028.23**	**70.45**	**0.44**	**4.64**	**11.64**	**1699.77**	**0.28**	**0.14**	**0.42**

Capital Work-In-Progress

₹ In Crores

Particulars	Civil Work-in-Progress	Plant &Equipment Under Installation	Pre-Operative Expenses@	Total**
As at 31st March, 2017	49.88	238.48	9.74	298.10
As at 31st March, 2018	**32.35**	**205.50**	**4.19**	**242.04**

@ Details of Preoperative Expenses	As at 31st March, 2018	As at 31st March, 2017
Salary & Wages	2.95	1.05
Consultancy	0.08	0.08
Rents	0.67	0.67
Others	0.49	7.94
Total	**4.19**	**9.74**

**Includes borrowing cost of ₹57.64Crores capitalized during the year 2017-18 (Previous year: ₹13.71 crores)

All Property, plant and equipment are subject to a first charge to the Company's Secured Long-Term Borrowings and second charge to the company's current borrowings.

Note – 3 Non-Current Investments

₹ In Crores

	As at 31st March, 2018	As at 31st March, 2017
Investments carried at cost		
Unquoted equity shares		
Investments in subsidiaries		
124,861,078 (31st March, 2017: 58,319,047) equity shares of ₹10 each in Pioneer Cement Industries Limited (100%)	124.86	58.32
Investments in associates		
13,200,000 (31st March, 2017: 13,200,000) equity shares of ₹10 each in Parasakti Cement Limited (50%)	16.60	16.60
Investments carried at Fair Value Through Other Comprehensive Income (FVTOCI)		
Unquoted equity shares		
536,000 (31st March, 2017: 536,000) equity shares of ₹10 each in Andhra Pradesh Gas Power Corporation Limited	2.15	1.70
Total	**143.61**	**76.62**
Investments carried at cost - Unquoted equity shares in Subsidiaries and Associates	141.46	74.92
Investments carried at (FVTOCI) - Unquoted equity shares in Others	2.15	1.70

Note – 4 Trade Receivables

₹ In Crores

	As at 31st March, 2018	As at 31st March, 2017
Secured, considered good	1.31	3.45
Unsecured, considered good*	89.83	82.51
	91.14	**85.96**
Less: Provision for doubtful receivables	(0.90)	-
Total	**90.24**	**85.96**

*Includes related parties of ₹4.48 Crores (Previous year; ₹7.41 Crores)

Note –5 Loans

₹ In Crores

	As at 31st March, 2018	As at 31st March, 2017
(Unsecured, Considered good)		
Non – Current		
- Security Deposits	25.15	24.30
- Advances for Investment	82.77	83.28
Total	**107.92**	**107.58**

Note – 6 Other Assets

₹ In Crores

	As at 31st March, 2018	As at 31st March, 2017
Non – Current		
(Unsecured, considered good)		
Capital advances	169.85	86.77
Advances other than capital advances		
- Prepaid Expenses	34.93	34.94
Total	**204.78**	**121.71**
Current		
(Unsecured, considered good)		
Advances other than capital advances		
- Advances to Suppliers*	86.69	177.85
- Advances to Employees & Others	6.39	6.18
- Prepaid Expenses	8.15	3.62
- Balances with Government Authorities	70.10	104.33
Total	**171.33**	**291.98**

*Includes related parties of ₹8.22 Crores (Previous year: ₹70.71 Crores)

Note – 7 Inventories

₹ In Crores

	As at 31st March, 2018	As at 31st March, 2017
(Valued at lower of Cost or net realizable value, unless otherwise stated)		
Raw Materials	18.29	16.22
Fuel	41.81	138.27
Work-in-Progress	7.52	15.93
Finished Goods	12.61	11.90
Stores & Spares	93.77	88.05
Packing Material	4.95	3.14
Total	**178.95**	**273.51**

Note – 8 Cash and Cash Equivalents

₹ In Crores

	As at 31st March, 2018	As at 31st March, 2017
Balance with Banks		
-In Current Account	23.83	20.12
Cash on Hand	0.14	0.11
Total	**23.97**	**20.23**
Bank Balance Other than Cash & Cash Equivalents		
Deposits held as Margin Money for Bank Guarantees	16.86	34.43
Total	**16.86**	**34.43**

Note –9 Share Capital

₹ In Crores

	As at 31st March, 2018	As at 31st March, 2017
Authorised:		
15,00,00,000(As at 31st March, 2017; 7,50,00,000) Equity Shares of ₹10/- each	150.00	75.00
Issued, Subscribed and Paid Up:		
1,33,80,000 (As at 31st March, 2017; 1,33,80,000) Equity Shares of ₹10/- each fully paid up	13.38	13.38
Total	**13.38**	**13.38**

a) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period is set out below:

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	No. of Shares	₹ in Crores	No. of Shares	₹ in Crores
Outstanding at the beginning of the year	1,33,80,000	13.38	1,33,80,000	13.38
Issued during the year	-	-	-	-
Outstanding at the end of the year	1,33,80,000	13.38	1,33,80,000	13.38

b) Terms / rights attached to the equity shares

The Company has only one class of equity shares having a par value of ₹10/- 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 the approval of the Shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) The details of shareholders holding more than 5% equity shares is set below:

Name of the Share Holder	As at 31st March, 2018		As at 31st March, 2017	
	No. of Shares held in the Company	% of Shares	No. of Shares held in the Company	% of Shares
1. Shri. P. Prathap Reddy	13,63,500	10.19	13,58,500	10.16
2. M/s P. R. Cement Holdings Ltd	44,70,110	33.41	44,60,110	33.33
3. Shri. P. Prathap Reddy, Managing Partner, Pioneer Builders	70,09,480	52.39	70,09,480	52.39

Note –10 Other Equity

₹ In Crores

	As at 31st March, 2018	As at 31st March, 2017
Debenture Redemption Reserve		
Opening Balance	35.00	35.00
Add: Additions during the year	-	-
Less: Transferred to Retained earnings	(10.50)	-
Closing Balance – a	24.50	35.00
General Reserve		
Opening Balance	35.00	35.00
Add: Additions during the year	-	-
Closing Balance – b	35.00	35.00
Equity Investment through OCI		
Opening Balance	(6.34)	(6.34)
Add: Profit during the year	0.45	-
Closing Balance – c	(5.89)	(6.34)
Retained earnings		
Opening Balance	707.75	549.30
Add: Profit for the year	157.06	166.17
Add: Transferred from Debenture Redemption Reserve	10.50	-
Less: Dividend Paid	(8.05)	(8.05)
Other comprehensive income, net of tax	(0.36)	0.33
Closing balance - d	866.90	707.75
Total – Reserves & Surplus (a+b+c+d)	**920.51**	**771.41**

Note - 11 Non-Current Borrowings

Secured

₹ In Crores

	Repayment Schedule/ Redemption	Long-Term		Current Maturity of Long-Term Borrowings*	
		As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
12.25% - Non-Convertible Debentures	Jun-17 to Jun-19	14.00	24.50	10.50	10.50
Term Loans from Banks					
1. Bank of Maharashtra	Jun-15 to Mar-19	-	40.52	-	-
2. Dhanalaxmi Bank Ltd	Jun-17 to Mar-23	-	24.00	-	-
3. The South Indian Bank Ltd	Jun-17 to Mar-23	-	50.00	-	-
4. Yes Bank Ltd	Jun-17 to Mar-23	-	26.00	-	-
5. Yes Bank Ltd	Jun-17 to Mar-23	-	130.00	-	-
6. Yes Bank Ltd	Jun -19 to May-25	-	50.00	-	-
7. Yes Bank Ltd	Jun- 19 to Mar-27	512.48	-	-	-
8. Yes Bank Ltd	Sep-18 to Dec-20	5.25		2.25	-
OTHER Loans from Banks and Financial Institutions					
9. L&T Finance Ltd	Jan-13 to Feb-18	-	12.47	-	-
10. L&T Infrastructure Finance Corporation Ltd	Jan-13 to Feb-18	-	30.41	-	-
11. L&T Infrastructure Finance Corporation Ltd	Sep-14 to Dec-20	-	11.97	-	-
12. L&T Infrastructure Finance Corporation Ltd	Jun-16 to May-20	-	50.10	-	-
13. L&T Infrastructure Finance Corporation Ltd	Jun-17 to Mar-23	-	50.00	-	-
14. L&T Infrastructure Finance Corporation Ltd	Sep-16 to Aug-22	-	35.33	-	-
15. L&T Finance Ltd	Jun - 19 to Mar-27	270.00	-	-	-
16. Hero FinCorp Ltd	Aug-16 to Apr-20	-	34.16	...	-
17. Hero FinCorp Ltd	Jun - 19 to Mar-27	100.00	-		
18. ICICI Bank Ltd	Oct-17 to Sept-19	0.66	-	1.63	-
Total-a		**902.39**	**569.46**	**14.38**	**10.50**
Unsecured					
Sales Tax Deferment Loan	Mar-15 to Mar-24	108.81	120.07	26.18	24.21
Total-b		**108.81**	**120.07**	**26.18**	**24.21**
Total- (a + b)		**1011.20**	**689.53**	**40.56**	**34.71**

* Amount disclosed under the head "Other Current Liabilities" (Note 13).

Long-Term Borrowings:
All Secured Long-Term Borrowings except ICICI Bank Ltd (Vehicle Loan) and Non-Convertible Debentures are secured by way of first charge, having paripassu rights, on the Company's movable and immovable assets (save and except stocks and book debt), both present and future, in favour of Company's lenders/trustees, subject to prior charge on the movable assets in favour of State Bank of India, IDBI Bank Ltd and YES Bank Ltd for their working capital facilities. They are further secured by personal guarantee of Shri P. Prathap Reddy, Chairman and Managing Director of the Company.

Note – 12 Trade Payables

₹ In Crores

	As at 31st March, 2018	As at 31st March, 2017
Current		
Total outstanding dues of creditors other than micro enterprises and small enterprises*	49.14	106.09
Total	**49.14**	**106.09**

* includes related parties of ₹0.18 Crores (previous year ₹0.73 Crores)

Note – 13 Other Financial Liabilities

₹ In Crores

	As at 31st March, 2018	As at 31st March, 2017
Non-current		
Security Deposits received	131.47	37.57
Capital creditors	107.40	123.49
Total	**238.87**	**161.06**
Current		
Current maturities of long-term debt	40.56	34.71
Interest accrued but not due on borrowings	2.02	0.32
Other payables *	16.86	15.16
Payable to employees	0.05	0.05
Total	**59.49**	**50.24**

* includes related parties of ₹7.15 Crores (previous year ₹7.41 Crores)

Note – 14 Provisions

₹ In Crores

	As at 31st March, 2018	As at 31st March, 2017
Non - current		
Employee Benefits		
- Leave Encashment	4.32	3.86
- Gratuity	1.68	1.33
Mines Restoration*	0.34	0.23
Total	**6.34**	**5.42**
Current		
Employee Benefits		
- Leave Encashment	0.03	0.12
- Gratuity	0.21	0.46
Total	**0.24**	**0.58**

*Movement of Provisions during the year as required by Ind AS 37

₹ In Crores

	As at 31st March, 2018	As at 31st March, 2017
Mines Restoration Fund		
Opening Balance	0.23	0.21
Add: Unwinding of Interest for the year	0.12	0.02
Closing Balance	0.34	0.23

Note – 15 Deferred Tax Asset

₹ In Crores

	As at 31st March, 2018	As at 31st March, 2017
Provision allowed under tax on payment basis	(12.94)	(7.94)
Fair valuation of investments	(2.04)	(2.20)
Provision for doubtful debts	(0.31)	-
Total	**(15.29)**	**(10.14)**
Deferred Tax Liabilities		
-Tangible and Intangible Assets	291.25	273.46
Total		
Net Deferred Tax Liability	**275.96**	**263.32**

Note – 16 Other Current Liabilities

₹ In Crores

	As at 31st March, 2018	As at 31st March, 2017
Advances received from customers	4.35	21.67
Statutory liabilities	42.09	48.66
Total	**46.44**	**70.33**

Note – 17 Current Borrowings

₹ In Crores

	As at 31st March, 2018	As at 31st March, 2017
Secured and Loans Repayable on Demand		
From Banks	207.76	213.03
Total	**207.76**	**213.03**

The above current borrowings availed from State Bank of India, IDBI Bank Ltd and Yes Bank Ltd are repayable on demand and are secured by hypothecation of inventories and book debts, present, future and second charge on the fixed assets of the Company.

The above current borrowings include an amount of ₹29.16 Crores (previous year ₹78.15 Crores) related to Buyer's Credit denominated in foreign currency (unhedged).

Note – 18 Revenue from Operations

₹ In Crores

	For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
Revenue from sale of goods (including excise duty)*	1800.86	1787.47
Revenue from sale of Power**	38.97	63.03
Trade Sale	-	29.83
Total Revenue from Operations	**1839.83**	**1880.33**

* Revenue from sale of goods includes excise duty of ₹63.65 Crores (31st March, 2017: ₹230.09 Crores) as required by Schedule III of the Companies Act, 2013. Pursuant to the implementation of GST with effect from 1st July, 2017, excise duty has been included in GST. Hence, the revenue for the year ended 31st March, 2018 included three months of excise duty as compared to twelve months for the year ended 31st March, 2017 and the same may not be comparable to that extent.

**Includes ₹18.35 Crores towards compensation received under Power Purchase agreement (take or pay) with M/s Telangana State Power Co-ordination Committee.

Note – 19 Other Income

₹ In Crores

	For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
Dividend Income	13.20	-
Profit / (Loss) on Sale of Fixed Assets	(0.08)	(0.02)
Net Gain on Foreign Currency Transactions	3.19	2.18
Scrap Sale	1.60	1.29
Interest Income	2.92	3.88
Total	**20.83**	**7.33**

Note – 20 Cost of Materials Consumed

₹ In Crores

	For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
- Limestone	93.19	82.56
- Bauxite	33.20	28.80
- Iron Ore	9.90	10.73
- Gypsum	28.30	25.78
- Slag	12.83	12.68
- Fly Ash	32.19	25.40
- Coal for Power Generation	85.84	69.18
Total	**295.45**	**255.13**

Note – 21 Other Manufacturing Expenses

₹ In Crores

	For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
Power & Fuel	371.50	366.45
Stores & Spares Consumed	34.30	39.42
Packing Material Consumed	59.98	55.41
Repairs & Maintenance – Machinery	16.14	15.77
Repairs & Maintenance – Buildings	4.28	1.30
Repairs & Maintenance – Others	5.20	4.34
Total	**491.40**	**482.69**

Note – 22 Change in Inventories of Finished Goods & Stock in Process

₹ In Crores

	For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
Closing Stock		
- Finished Goods	12.61	11.90
- Stock in Process	7.52	15.93
	20.13	**27.83**
Opening Stock		
- Finished Goods	11.90	17.88
- Stock in Process	15.93	16.91
	27.83	**34.79**
Total (Increase)/Decrease in Inventories	**7.70**	**6.96**

Note – 23 Employee Benefit Expense

₹ In Crores

	For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
Salaries, Wages and Bonus	69.26	67.52
Contribution to PF, ESI	5.29	4.58
Staff Welfare Expenses	4.71	4.66
Total	**79.26**	**76.76**

Note – 24 Finance Costs

₹ In Crores

	For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
Interest on Term Loans	33.76	45.69
Interest on Debentures	3.27	4.28
Interest on Working Capital	16.13	15.94
Bank Charges	10.78	8.56
Other Borrowing Cost	39.52	(14.77)
Total	**103.46**	**59.70**

Note – 25 Other Expenses

₹ In Crores

	For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
Rent	10.56	10.98
Insurance	4.20	5.08
Directors' Remuneration	11.66	11.10
Auditors' Remuneration	0.18	0.14
Printing & Stationery	0.23	0.31
Communication Cost	1.09	1.08
Directors Travelling Expenses	1.27	1.20
Others Travelling Expenses	3.49	3.09
Conveyance Expenses	3.16	4.63
Professional & Legal Expenses	8.64	7.24
Rates & Taxes	4.87	5.11
Security Service Charges	4.58	5.13
Office Maintenance	9.72	6.68
Provision for doubtful receivables	0.90	-
Other Expenses	12.27	9.61
Corporate Social Responsibility	6.45	7.40
Advertisement & Publicity	12.55	11.47
Commission on Sales	8.00	7.78
Total	**103.82**	**98.03**

Note – 26 Contingent Liabilities (Indas-37)

A. Contingent liabilities/claims not provided for:

₹ In Crores

			2017-18	2016-17
a)				
	i)	In respect of Bank Guarantees	35.97	29.27
	ii)	In respect of Inland Letter of Credits	24.32	7.45
	iii)	In respect of Foreign Letter of Credits	54.18	0.28
	iv)	In respect of Unexecuted Capital Contracts	452.68	228.85
b)	Claims against the Company not acknowledged as Debt:*			
	i)	Sales Tax	3.80	1.61
	ii)	Excise Duty/Service Tax/Customs	45.36	58.23
	iii)	Income Tax	12.25	11.00

* Net of amounts paid under protest.

Cash outflows for the above are determinable only on receipt of judgments pending at various forums/authorities

c) A demand for ₹ 4.56 crores was raised by APCPDCL,towards power consumed from APGPCL. The Company is of the opinion that the surplus power from APGPCL is distributable among shareholders of APGPCL, which is under dispute and appeal is pending with Honorable High Court of Judicature at Hyderabad for the state of Telangana and Andhra Pradesh . The Company backed by a legal opinion believes that it has a good case and accordingly no provision has been made in the accounts.

d) There are no major pending litigations, which have material impact on the financial statements of the Company.

Note – 27

A) Value of imported and indigenous raw materials, fuel and spare parts consumed

₹ In crores

	For the Year 2017-2018		For the Year 2016-2017	
	Value	%	Value	%
Raw Materials				
-- Indigenous	239.89	81	220.61	86
-- Imported	55.56	19	34.53	14
Total	**295.45**	**100**	**255.14**	**100**
Fuel				
-- Indigenous	53.54	18	65.73	28
-- Imported	242.03	82	167.61	72
Total	**295.57**	**100**	**233.34**	**100**
Stores, Spares and Packing Materials				
-- Indigenous	92.54	98	93.38	98
-- Imported	1.64	2	1.45	2
Total	**94.18**	**100**	**94.83**	**100**

B) Value of Import on CIF basis:

₹ In Crores

	For the Year 2017-2018	For the Year 2016-2017
Spares & Bags	1.20	1.52
Fuel	255.30	193.47

C) Expenditure in Foreign Currency:

₹ In Crores

	For the Year 2017-2018	For the Year 2016-2017
Travel expenses	1.31	1.09
License Fees	0.98	0.50
Fuel	215.06	162.55
Total	**217.35**	**164.14**

D) Auditors Remuneration:

₹ In Crores

	For the Year 2017-2018	For the Year 2016-2017
a) Statutory Auditor		
Audit Fee	0.15	0.10
Certification & Fees for other Services	0.02	0.03
b) Cost Auditor	0.01	0.01
Total	**0.18**	**0.14**

E) Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006.

There are no Micro and Small enterprises to whom the company owes dues, which are outstanding for more than 45 days as at 31st March, 2018. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

F) Related Party disclosures under IND AS - 24.

The List of Related Parties as identified by the management is as under:

a)	**Subsidiaries of the Company**		
1	Pioneer Cement Industries Limited	2	Marwar Cement Limited
b)	**Associates of the Company**		
	Parasakti Cement Industries Limited		
c)	**Parties having Significant Influence**		
1.	Pioneer Builderrs Limited	2.	Pioneer Genco Limited
3.	Pioneer Holiday Resorts Limited	4.	Krishna Hydro Energy Limited
5.	Pioneer Power Corporation Limited	6.	Lakshmi Jalavidyut (Krishna) Limited
7.	Pioneer Power Limited	8.	Anrak Aluminum Limited
9.	Pioneer Builders (Firm)		
d)	**Key Management Personnel (KMP) of the Company**		
1.	Shri P. Prathap Reddy – Chairman and Managing Director	2.	Shri Bezawada Vikram – Executive Director
3.	Shri D.Lakshmi Kantham – Director (Technical)	4.	Shri Petluru Venugopal Reddy – Director (Finance) & CFO
5.	Shri Raj Kumar Singh – Company Secretary		
e)	**Relative of KMP, having transactions with the Company**		
1.	Smt. P.V. Lakshmi Reddy	2.	Smt. P. Deepthi Reddy
3.	Shri P. Ramesh Reddy		

Following transactions were carried out with related parties in the ordinary course of business:

₹ In Crores

S. no	Description	Subsidiaries	Parties having Significant Influence	KMP	Relative of KMP	Total
1	Managerial Remuneration	-	-	12.03	-	12.03
2	Services Received	-	122.91	0.03	2.25	125.19
3	Advance paid for Expenses	8.09	6.38	-	-	14.47
4	Sale of Cement	-	1.25	-	-	1.25
5	Investments	66.54	-	-	-	66.54

Balance as at 31st March, 2018:

₹ In Crores

S. no	Description	Subsidiaries	Associates	Parties having Significant Influence	KMP	Relative of KMP	Total
1	Managerial Remuneration	-	-	-	(7.15)	-	(7.15)
2	Services Received	-	-	(0.03)	(0.01)	(0.17)	(0.21)
3	Investments	124.86	16.60	-	-	-	141.46
4	Advance paid for Expenses	0.05	-	7.17	-	1.00	8.22
5	Sale of Cement	-	-	4.43	-	0.05	4.48

Based on the recommendation of the Nomination, Remuneration and Compensation Committee, all decisions relating to the remuneration of the Directors of the Company, in accordance with shareholder's approval, wherever necessary.

Terms and Conditions of transactions with Related Parties:

The sale to and services from related parties are made in the normal course of business and on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free.

For the year ended 31st March, 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

A) Segment Reporting: (IndAS-108)

The Board of Directors (The Chief Operating Decision Maker ("CODM")) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by operating segments. The CODM reviews revenue and gross profit as the performance indicator for all of the operating segments, and does not review the total assets and liabilities of an operating segment.

The Company has three reportable operating segments namely Cement, Thermal Power& Waste Heat Recovery (WHR). Revenue, Results and other information:

₹ In Crores

Particulars	Cement		Thermal/Gas Power		WHR		Total	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Revenue								
External Sale	1800.86	1817.30	38.97	63.03	-	-	1839.83	1880.33
Inter Segment Revenue	0.38	0.35	116.65	45.08	32.54	24.60	149.57	70.03
Total Revenue	-	-	-	-	-	-	1989.40	1950.36
Less: Inter-Segment Eliminations	-	-	-	-	-	-	149.57	70.03
Net Total Revenue	-	-	-	-	-	-	1839.83	1880.33
Results								
Segment Results (Profit before Interest, Exceptional items & Tax)	242.09	261.47	47.54	15.75	22.53	13.64	312.16	290.35
Add: Un-allocated Income							20.83	7.33
Less: Interest & Financial Expenses (Net)							103.46	59.70
Profit before exceptional items & Tax							229.53	237.98
Less: Exceptional Items							-	-
Profit before Tax							229.53	237.98
Tax Expenses							72.47	71.81
Profit after Tax							157.06	166.17
Other Information								
Segment Assets	2527.66	2114.56	222.06	172.43	130.17	138.04	2879.89	2425.03
Un-allocated Assets								
Total Assets	2527.66	2114.56	222.06	172.43	130.17	138.04	2879.89	2425.03
Segment Liabilities	1726.10	1401.39	52.95	49.95	166.95	188.90	1946.00	1640.24
Un-allocated Liabilities & Provisions								
Total Liabilities	1726.10	1401.39	52.95	49.95	166.95	188.90	1946.00	1640.24
Depreciation & Amortization	63.76	62.58	9.85	9.84	7.91	7.91	81.51	80.33
Capital Expenditure	242.04	298.10	-	-	-	-	242.04	298.10
Significant Non-Cash Expenses other than Depreciation & Amortization	-	-	-	-	-	-	-	-

B) The Company provides its employees with benefits under a defined benefit plan, referred to as the "Gratuity Plan". The Gratuity Plan entitles an employee, who has rendered at least five years of continuous service, to receive 15 days salary for each year of completed service (service of six months and above is rounded off as one year) at the time of retirement / exit, restricted to a sum of ₹20,00,000.

The following tables summarize the components of net benefit expense recognised in the statement of profit or loss and the amounts recognised in the balance sheet for the plan:

Reconciliation of opening and closing balances of the present value of the defined benefit obligations:

₹ In Crores

			Gratuity (Funded Plan)	
			As at 31st March, 2018	As at 31st March, 2017
I	Change in Obligation			
	1	Present Value of defined benefit obligation at the beginning of the year	10.22	9.59
	2	Current service cost	1.20	0.72
	3	Interest cost	0.80	0.77
	4	Actuarial (gain) / loss on obligation	(0.05)	0.04
	5	Benefits paid	(0.52)	(0.90)
	6	Present Value of defined benefit obligation at the end of the year	11.65	10.22

₹ In Crores

			Gratuity (Funded Plan)	
			As at 31st March, 2018	As at 31st March, 2017
II	Change in the Fair Value of Plan Assets			
	1	Fair Value of Plan assets at the beginning of the year	8.86	7.78
	2	Expected return on plan assets	0.21	0.67
	3	Contributions by employer	1.42	1.30
	4	Actuarial gain / (loss) on plan assets	-	-
	5	Benefits paid	(0.51)	(0.90)
	6	Fair Value of Plan assets at the end of the year	9.98	8.86
III	Expenses recognized in the Profit and Loss Account			
	1	Current service cost	1.21	0.72
	2	Interest cost	0.08	0.77
	3	Expected return on plan assets	0.21	(0.67)
	4	Net actuarial loss / (gain) recognized in the current year	(0.05)	0.04
	5	Expenses recognized in the Profit and Loss Account	1.45	0.86
IV	Re-measurements recognized in Other Comprehensive Income (OCI)			
	1	Changes in Financial Assumptions	-	-
	2	Changes in Demographic Assumptions	-	-
	3	Experience Adjustments	(0.04)	0.04
	4	Actual return on Plan assets less interest on plan assets	0.78	(0.89)
	5	Amount recognized in Other Comprehensive Income (OCI)	0.73	(0.84)
V	Expenses recognized in the Balance Sheet as at the end of the year			
	1	Present value of defined benefit obligation	11.65	10.22
	2	Fair Value of plan assets at the end of the year	9.98	(8.86)
	3	Funded status [Surplus / (Deficit)]	1.67	1.36
	4	Net assets / (liability) as at the end of the year	1.67	1.36
VI	Sensitivity analysis for significant assumptions:			
	Increase/(Decrease) on present value of defined benefit obligation at the end of the year			
	Salary escalation-up by 1%		0.85	0.73
	Salary escalation-down by 1%		0.77	(0.66)
	Discount Rates-up by 1%		(0.71)	(0.89)
	Discount Rates-down by 1%		0.80	1.03
	Withdrawal Rates-up by 1%		0.20	(0.89)
	Withdrawal Rates-down by 1%		(0.22)	1.03
VII	The major categories of plan assets as a percentage of total plan			
	1	Qualifying Insurance Policy	100%	100%
VIII	Actuarial Assumptions			
	1	Discount rate	8%	8%
	2	Mortality rate	IALM (2006-08 Ultimate)	IALM (2006-08 Ultimate)
	3	Withdrawal rate	3%	3%
	4	Return on plan assets	8.20%	8.25%
	5	Salary Escalation	4%	4%

C) Earnings per Share (EPS) –

₹ In Crores

		For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
a)	Profit attributable to the Equity Share Holders (₹ in Cr)- A	157.06	166.17
b)	No. of Equity Shares	1,33,80,000	1,33,80,000
c)	Nominal Value of the Share (₹)	10	10
d)	Basic / Weighted average number of Equity Shares - B	1,33,80,000	1,33,80,000
e)	Earnings per Share (₹) – A/B	117.38	124.19

D) Reconciliation of Effective Tax rate:

₹ In Crores

Particulars	For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
Applicable tax rate	34.61	34.61
Effect of tax exempt income	(1.99)	-
Effect of non-deductible expenses	0.69	0.77
Effect of allowances for tax purposes	(5.83)	(5.09)
Effect of previous year adjustments	3.96	0.01
Others	0.07	-
Effective tax rate	**31.51**	**30.30**

E) As stipulated in IndAS–36, the Company has assessed its potential of economic benefits of its business units and is of the view of that the assets employed in continuing business are capable of generating adequate returns over their useful life in the usual course of its business. There is no indication to the contrary and accordingly the management is of the view that no impairment provision is called for in these accounts.

F) Operating Lease (Ind AS 17)

The Company has taken various office premises / godowns under operating leases. Operating lease payments recognized in statement of profit and loss amounting to ₹10.56 Crores (previous year ₹10.98 Crores)

G) Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance and support Company's operations. The Company's principal financial assets include inventory, trade and other receivables, cash and cash equivalents and refundable deposits that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

i) 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 two types of risk: interest rate risk and other price risk, such as equity price risk and commodity/ real estate risk. Financial instruments affected by market risk include loans and borrowings and refundable deposits. The sensitivity analysis in the following sections relate to the position as at 31st March, 2018 and 31st March, 2017. The sensitivity analysis have been prepared on the basis that the amount of net debt and the ratio of fixed to floating interest rates of the debt.

The analysis excludes the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations; provisions.

The below assumption has been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31st March, 2018 and 31st March, 2017.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Company does not enter into any interest rate swaps.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

₹ in Crores

	Increase / decrease in interest rate	Effect on profit before tax
31st March, 2018		
INR	+1%	4.89
INR	-1%	4.89
31st March, 2017		
INR	+1%	6.06
INR	-1%	6.06

ii) **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 credit risk arises principally from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions and other financial instruments.

Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom credit has been granted after obtaining necessary approvals for credit. The collection from the trade receivables are monitored on a continuous basis by the receivables team.

The Company establishes an allowance for credit loss that represents its estimate of expected losses in respect of trade and other receivables based on the past and the recent collection trend. The trade receivables as on 31st March, 2018 is ₹91.15 Crores (31st March, 2017: ₹85.96 Crores). The movement in allowance for credit loss in respect of trade and other receivables during the year was as follows:

₹ In Crores

Allowance for credit loss	31st March, 2018	31st March, 2017
Opening balance	...	...
Credit loss provided/ (reversed)	0.90	...
Closing balance	0.90	...

No single customer accounted for more than 3% of the revenue as of 31st March, 2018 and 31st March, 2017 and there is no significant concentration of credit risk.

Credit risk on cash and cash equivalent is limited as the Company generally transacts with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

iii) **Liquidity risk**

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

₹ in Crores

Particulars	Less than 1 year	1 to 5 years	More than 5 years	Total
Year ended 31st March, 2018				
Borrowings (including Current maturities of long term debt)	40.56	811.97	249.21	1101.74
Other non current financial liabilities	...	346.21	...	346.21
Trade payables	49.14	...	...	49.14
Other Payables	16.86	...	...	16.86
Interest Accrued but not due	2.02	...	...	2.02
Salary and Bonus payable	0.05	...	...	0.05
Year ended 31st March, 2017				
Borrowings (including Current maturities of long term debt)	34.71	506.84	259.50	801.05
Other non current financial liabilities	...	286.81	...	286.81
Trade payables	106.09	...	...	106.09
Other Payables	15.16	...	...	15.16
Interest Accrued but not due	0.32	...	...	0.32
Salary and Bonus payable	0.05	...	...	0.05

H) Capital management

The Company's policy is to maintain a stable capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors capital on the basis of return on capital employed as well as the debt to total equity ratio.

For the purpose of debt to total equity ratio, debt considered is long-term and short-term borrowings. Total equity comprises of issued share capital and all other equity reserves excluding Debenture Redemption Reserve.

The capital structure as of 31st March, 2018 and 31st March, 2017 as follows:

₹ in Crores

Particulars	31st March, 2018	31st March, 2017
Total equity attributable to the equity shareholders of the Company	933.89	784.70
As a percentage of total capital	41.63	43.62
Long term borrowings including current maturities	1,101.74	801.25
Short term borrowings	207.76	213.03
Total borrowings	1,309.50	1,014.28
As a percentage of total capital	58.37	56.38
Total capital (equity and borrowings)	2,243.39	1,798.98

I) Corporate Social Responsibility:

Expenditure incurred on Corporate Social Responsibility activities, included in different heads of expenses in the Statement of Profit and Loss is ₹6.45 Crores (31st March, 2017 ₹7.40 Crores)

The amount required to be spent under Section 135 of the Companies Act, 2013 for the year ended 31st March, 2018 is ₹ 5.33 Crores (31st March, 2017 ₹3.83Crores) i.e. 2% of average net profits for last three financials years, calculated as per section 198 of the Companies Act, 2013.

J) Standards issued but not effective

Ind AS 115, Revenue from contracts with customers

In March 2018, the Ministry of Corporate Affairs has notified Ind AS 115, 'Revenue from Contracts with Customers', which is effective for accounting periods beginning on or after 1st April, 2018. This comprehensive new standard will supersede existing revenue recognition guidance, and requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard also will result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

Ind AS 115 is effective for annual reporting periods beginning on or after 1st April, 2018.

The Company intends to adopt Ind AS 115 effective 1st April, 2018, using the modified retrospective method. The adoption of Ind AS 115 is not expected to have a significant impact on the Company's recognition of revenues.

Other amendments to Indian Accounting Standards

The Ministry of Corporate Affairs (MCA), on 28th March, 2018, issued certain amendments to Ind AS. The amendments relate to the following standards:

Ind AS 21, The Effects of Changes in Foreign Exchange Rates - The amendment lays down the principle regarding advance payment or receipt of consideration denominated or priced in foreign currency and recognition of non-monetary prepayment asset or deferred income liability.

Ind AS 12, Income Taxes - The amendment explains that determining temporary differences and estimating probable future taxable profit against which deductible temporary differences are assessed for utilization are two separate steps and the carrying amount of an asset is relevant only to determining temporary differences.

Ind AS 28, Investments in Associates and Joint Ventures - The amendment clarifies when a venture capital, mutual fund, unit trust or similar entities elect to initially recognize the investments in associates and joint ventures.

Ind AS 112, Disclosure of Interests in Other Entities – The amendment clarifies that disclosure requirements for interests in other entities also apply to interests that are classified as Held for sale or discontinued operations in accordance with Ind AS 105.

Ind AS 40, Investment Property - The amendment clarifies when a property should be transferred to / from investment property.

The amendments are effective 1st April, 2018. The Company believes that the aforementioned amendments will not materially impact the financial position, performance or the cash flows of the Company.

As per our Report of even date
For **C. Ramachandram & Co.**
Chartered Accountants
F.R. No. 002864S

C. Ramachandram
Partner
Membership No: 025834
Place: Hyderabad
Date: 9th May, 2018

for and on behalf of the Board of Directors

P. Prathap Reddy
Chairman and Managing Director
DIN: 00093176

Bezawada Vikram
Executive Director
DIN:02086809

Petluru Venugopal Reddy
Director (Finance) & CFO
DIN:00019878

Raj Kumar Singh
Company Secretary
M.No:14265

Independent Auditor's Report

To
The Members of Penna Cement Industries Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of M/s. Penna Cement Industries Limited, ("the Holding Company"), its subsidiaries and its associate (the holding company and subsidiaries together referred as "Group"), which comprise the consolidated Balance Sheet as at 31st March 2018, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated Ind AS financial statements of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with relevant rules thereunder. The respective Board of Directors of the companies included in the Group are responsible for 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 in accordance with the Standards on Auditing 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence we have obtained by us and the audit evidence obtained by other auditor's in terms of their reports referred to in subparagraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 including the Ind AS,

(a) In the case of the consolidated Balance Sheet, of the state of affairs of the group as at 31st March, 2018;

(b) In the case of the consolidated Statement of Profit and Loss, of the profit of the group for the year ended on that date; and

(c) In the case of the consolidated Cash Flow Statement, of the consolidated cash flows of the group for the year ended on that date.

Other Matters

We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of ₹123.17 Crores as at 31st March, 2018, total revenues of ₹ 1.01 Crores for the year ended on that date, as considered in the consolidated financial statements. The Consolidated Ind AS financial statements also include the group's share of net profit of ₹2.72 Crores for the year ended 31st March, 2018 as considered in the consolidated Ind AS financial statements, in respect of an associate whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, and our report in terms of sub-section (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary and associate is based solely on the reports of the other auditors.

Our opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

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 purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Group so far as it appears from our examination of those books and the reports of other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with in this report are in agreement with the books of accounts.

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

(e) Based on the Written Representation received from the directors of the Holding company as on 31st March, 2018, and taken on record by the Board of Directors, and the reports of the statutory auditors of subsidiary companies incorporated in India, we report that none of the directors are disqualified as on 31st March, 2018 from being appointed as a director in terms of Sub-section 2 of Section 164 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 A"**; and.

(g With respect to the other matters to be included in the Auditors' 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 consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the group. Refer note 27 of consolidated Ind AS financial statements.

ii. The Group did not have any material foreseeable losses on long term contracts including derivative contracts.

iii. There are no amounts which are required to be transferred to Investor Education and protection fund.

For **C.Ramachandram& Co.,**
Chartered Accountants,
Firm Registration No. 002864S

C. Ramachandram
Partner
M.No:025834

Place: Hyderabad
Date: 9th May, 2018

Annexure - A to the Auditors' Report

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 M/s. Penna Cement Industries Limited, ("the Holding Company"), and its subsidiary companies, in conjunction with our audit of the consolidated Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding company and its subsidiary companies are 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 ('ICAI'). 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 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.

Auditors' 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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both 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 auditors' judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence which we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's 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 Ind AS 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 Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS 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 Holding Company and its Subsidiary companies incorporated in India, 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 31st March, 2018, 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.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to one subsidiary company is based on the corresponding reports of the auditors of such company.

For **C.Ramachandram& Co.,**
Chartered Accountants,
Firm Registration No. 002864S

C. Ramachandram
Partner
M.No:025834

Place: Hyderabad
Date: 9th May, 2018

Consolidated Balance Sheet

as at 31st March, 2018

₹ in Crores

Particulars	Notes	As at 31st March, 2018	As at 31st March, 2017
Assets			
Non-Current Assets:			
a) Property, Plant and Equipment	2	1759.58	1170.23
b) Capital Work-in-Progress		275.38	330.46
c) Goodwill		0.18	0.01
d) Other Intangible Assets		1.04	1.73
e) Financial Assets			
i) Investments	3	74.76	84.87
ii) Loans	5	107.92	107.57
iii) Others	8	15.19	14.28
f) Deferred Tax asset		0.17	0.28
g) Other Non-Current Assets	6	242.00	158.93
Total Non-Current Assets		**2476.22**	**1868.37**
Current Assets:			
a) Inventories	7	178.95	273.51
b) Financial Assets			
i) Trade Receivables	4	90.24	85.96
ii) Cash and Cash Equivalents	8	26.61	20.40
iii) Bank Balance other than Cash and Cash Equivalents	8	16.86	34.40
Iv) Loans		0.01	0.01
c) Other Current Assets	6	173.40	235.03
Total Current Assets		**486.08**	**649.35**
Total Assets		**2962.29**	**2517.72**
Equity and Liabilities			
Share Holder's Funds			
a) Equity Share Capital	9	13.38	13.38
b) Other Equity	10	975.69	838.12
Total Equity		**989.07**	**851.50**
Non Controlling Interest		25.63	25.70
Non-Current Liabilities:			
a) Financial Liabilities			
i) Borrowings	11	1011.20	689.53
ii) Other Financial Liabilities	13	238.87	161.06
b) Provisions	14	6.37	5.44
c) Deferred Tax Liabilities (Net)	15	275.97	263.32
Total Non-Current Liabilities		**1532.40**	**1119.35**
Current Liabilities:			
a) Financial Liabilities			
i) Borrowings	17	207.76	213.03
ii) Trade Payables	12	49.14	106.09
iii) Other Financial Liabilities	13	61.05	50.49
b) Other current liabilities	16	46.43	70.33
c) Provisions	14	0.24	0.59
d) Current tax liabilities, net		50.56	80.64
Total Current Liabilities		**415.19**	**521.17**
Total Equity and Liabilities		**2962.29**	**2517.72**
Significant Accounting Policies	1		

The Accompanying Notes form an integral part of the Consolidated Financial Statements

As per our Report of even date
For **C. Ramachandram & Co.**
Chartered Accountants
F.R. No. 002864S

C. Ramachandram
Partner
Membership No: 025834
Place: Hyderabad
Date: 9th May, 2018

for and on behalf of the Board of Directors

P. Prathap Reddy
Chairman and Managing Director
DIN: 00093176

Bezawada Vikram
Executive Director
DIN:02086809

Petluru Venugopal Reddy
Director (Finance) & CFO
DIN:00019878

Raj Kumar Singh
Company Secretary
M.No:14265

Consolidated Statement of Profit and Loss
for the year ended 31st March, 2018

₹ in Crores

Particulars	Notes	Year ended 31st March, 2018	Year ended 31st March, 2017
REVENUE			
Revenue from Operations	18	1839.83	1880.33
Other Income	19	8.64	8.28
Total Revenue		**1848.47**	**1888.61**
EXPENSES			
Cost of Materials Consumed	20	295.45	255.13
Other Manufacturing Expenses	21	492.15	483.68
Purchase of Stock in Trade		-	28.71
Changes in Inventories of Finished Goods & Stock in Process	22	7.71	6.96
Employee Benefit Expense	23	79.34	76.76
Finance Costs	24	103.48	59.71
Depreciation and Amortisation Expense	2	81.55	80.37
Freight & Forwarding Expense		404.88	331.28
Excise Duty		63.65	230.09
Other Expenses	25	105.02	98.08
Total Expenses		**1633.24**	**1650.77**
Profit before Tax and Share in Profit / (Loss) of associates		215.23	237.85
Share of Profits from Associates		2.72	7.30
Profit Before Tax		217.95	245.15
Tax Expense			
Current Tax		**59.67**	**80.95**
Deferred Tax		12.91	(9.20)
Total Tax Expense		72.58	71.75
Profit for the Year		145.37	173.40
Profit / (Loss) attributable to Non Controlling Interest		0.08	(0.14)
Profit / (Loss) attributable to Owner of the Parent		145.45	173.26
Other Comprehensive Income			
Items that will not be re-classified to Profit/(Loss)			
Re-measurement of gain/(loss) on defined benefit plan		(0.52)	0.51
Fair value changes on Equity Instruments through OCI (FVTOCI)		0.45	-
Tax Effect		0.16	(0.18)
Share in Other Comprehensive income of Associate		(0.08)	-
Other Comprehensive Income for the year, net of tax		0.01	0.33
Total Comprehensive Income for the year		145.46	173.92
Earnings Per Equity Share (Face value ₹ 10/- each)			
Basic & Diluted (Face value ₹ 10/- each)		108.71	129.49
Significant accounting policies	1		

The Accompanying Notes form an integral part of the Consolidated Financial Statements

As per our Report of even date
For **C. Ramachandram & Co.**
Chartered Accountants
F.R. No. 002864S

C. Ramachandram
Partner
Membership No: 025834
Place: Hyderabad
Date: 9th May, 2018

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Raj Kumar Singh
Company Secretary
M.No:14265

Consolidated Statement of Changes in Equity

for the Period ended 31st March, 2018

i. Equity Share Capital

For the year ended 31st March, 2018

Particulars	No. of shares	₹ In Crores
Balance as at 1st April, 2017	1,33,80,000	13.38
Changes in equity Share Capital during the year	-	-
Balance as at 31st March, 2018	1,33,80,000	13.38

ii. Other Equity

₹ In Crores

Particulars	Reserves & Surplus			Items of Other Comprehensive Income	Total
	Debenture Redemption Reserve	General Reserve	Retained Earnings	Equity Instruments through OCI	
At 31st March, 2016	**35.00**	**35.00**	**608.65**	**(6.34)**	**672.31**
Profit for the year	-	-	173.54	-	173.54
Dividend paid (including Dividend Distribution Tax)	-	-	(8.05)	-	(8.05)
Other comprehensive income					
Re-measurement of gain/(loss) on defined benefit plans	-	-	0.51	-	0.51
Income tax effect			(0.18)		(0.18)
At 31st March, 2017	**35.00**	**35.00**	**774.47**	**(6.34)**	**838.13**
Profit for the year	-	-	145.45	-	145.45
Dividend paid (including Dividend Distribution Tax)	-	-	(8.05)	-	(8.05)
Transfer of Debenture redemption reserve to retained earnings	(10.50)	-	10.50	-	-
Other comprehensive income					
Re-measurement of gain/(loss) on defined benefit plans	-	-	(0.44)	-	(0.44)
Fair value changes on equity instruments through OCI	-	-	-	0.45	0.45
Income tax effect			0.16		0.02
At 31st March, 2018	**24.50**	**35.00**	**922.09**	**(5.90)**	**975.69**
Significant accounting policies 1					

The Accompanying Notes form an integral part of the Consolidated Financial Statements

As per our Report of even date
For **C. Ramachandram & Co.**
Chartered Accountants
F.R. No. 002864S

C. Ramachandram
Partner
Membership No: 025834
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Raj Kumar Singh
Company Secretary
M.No:14265

Consolidated Cash Flow Statement

for the year ended 31st March, 2018

₹ in Crores

	Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
A.	**Cash Flow from Operating Activities**		
	Profit before Tax	217.95	244.69
	Adjustments for:		
	Depreciation	81.55	80.37
	Interest Expenses	63.96	74.48
	Unwinding of interest	39.52	(14.62)
	Share of (Profit) / loss from the associates	(2.72)	(6.84)
	Provision for Doubtful receivables	0.90	-
	Provision for Retirement Benefits	2.31	2.24
	Foreign Exchange (gain)/loss	(1.84)	1.28
	Profit on sale of Assets	(0.08)	(0.02)
	Fair valuation of Investments	(0.45)	-
	Interest Income	(3.92)	(3.90)
	Operating Profit before Working Capital Charges	**397.18**	**377.68**
	Movements in Working Capital		
	Increase/(Decrease) in Trade Payable & Other Liabilities	(101.08)	(38.89)
	(Increase) / Decrease in Trade Receivables	(5.76)	24.54
	(Increase) / Decrease in Inventories	94.56	(56.46)
	Increase/(Decrease) in Non-Current liabilities& Provisions	39.23	(27.04)
	(Increase) / Decrease in Non-Current Loans given	(83.42)	(26.25)
	(Increase) / Decrease Other Non-Current assets	(0.90)	(0.99)
	(Increase) / Decrease in Other Current Assets	80.35	(97.07)
	Cash Generated from Operations	**420.16**	**155.52**
	Income Tax paid, net	(65.61)	(46.28)
	Net Cash from Operating Activities (A)	**354.55**	**109.24**
B.	**Cash Flow from Investing Activities**		
	Capital expenditure on Property, Plant & Equipment and Intangible Assets	(615.23)	(221.48)
	Sale of Property, Plant & Equipment	0.11	0.24
	Interest received	3.92	3.90
	Dividend Income	13.20	-
	Net Cash from Investing Activities (B)	**(598.00)**	**(217.34)**
C.	**Cash Flow from Financing Activities**		
	Proceeds from Long term Borrowings (Net)	321.68	138.83
	Dividend & Dividend Tax Paid	(8.05)	(8.05)
	Interest Paid	(63.96)	(74.48)
	Net Cash from Financing Activities (C)	**249.67**	**56.30**
	Net Increase / (Decrease) in Cash and Cash equivalents (A+B+C)	6.22	(51.80)
	Cash and Cash Equivalents – Opening Balance	**20.39**	**72.20**
	Cash and Cash Equivalents – Closing Balance (refer note no 8)	**26.61**	**20.39**

As per our Report of even date
For **C. Ramachandram & Co.**
Chartered Accountants
F.R. No. 002864S

C. Ramachandram
Partner
Membership No: 025834
Place: Hyderabad
Date: 9th May, 2018

for and on behalf of the Board of Directors

P. Prathap Reddy
Chairman and Managing Director
DIN: 00093176

Bezawada Vikram
Executive Director
DIN:02086809

Petluru Venugopal Reddy
Director (Finance) & CFO
DIN:00019878

Raj Kumar Singh
Company Secretary
M.No:14265

A. General Information

Penna Cement Industries Limited (the Holding Company) is a Public Limited Company incorporated in India having its registered office in Hyderabad, Telangana, India. its subsidiaries and associate are together known as "the Company" or "the Group". The Group is primarily engaged in the manufacturing and selling of Cement, Cement related products and Power.

B. Basis of preparation of financial statements

B.1. Statement of Compliance

These financial statements are prepared in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2017 and the relevant provisions of the Companies Act, 2013.

The financial statements were authorized for issue by the Company's Board of Directors on 9th May, 2018.

Details of the accounting policies are included in Note 1.

B.2 Basis of preparation and presentation

These financial statements have been prepared on the historical cost convention and on an accrual basis, except for the following material items in the statement of financial position:

- certain financial assets and liabilities are measured at fair value;
- employee defined benefit assets/(liability) are recognized as the net total of the fair value of plan assets, plus actuarial losses, less actuarial gains and the present value of the defined benefit obligation;
- long term borrowings are measured at amortized cost using the effective interest rate method.

B.3 Functional and presentation currency

The financial statements are presented in Indian rupees, which is the functional currency of the Group. Functional currency of an entity is the currency of the primary economic environment in which the Group operates.

All amounts are in Indian Rupees Crores except share data, unless otherwise stated.

B.4 Operating Cycle

All the assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

Assets:

An asset is classified as current when it satisfies any of the following criteria:

a) it is expected to be realized in, or is intended for sale or consumption in, the Group's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is expected to be realized within twelve months after the reporting date; or

d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Liabilities:

A liability is classified as current when it satisfies any of the following criteria:

a) it is expected to be settled in the Group's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is due to be settled within twelve months after the reporting date; or

d) the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets/ liabilities include the current portion of non-current assets/ liabilities respectively. All other assets/ liabilities are classified as non-current.

B.5 Critical accounting judgements and key sources of estimation uncertainty.

In the application of the Group's accounting policies, which are described in Note 1, the management of the Group are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Provision and contingent liability

On an ongoing basis, Group reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable.

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date. As at 31st March, 2018 the management assessed that the useful lives represent the expected utility of the assets to the Group. Further, there is no significant change in the useful lives as compared to previous year.

Investment in equity instruments of subsidiary and associate companies

During the year, the Group assessed the investment in equity instrument of subsidiary and associate companies carried at cost for impairment testing. These companies are expected to generate positive cash flows in the future years. Detailed analysis has been carried out on the future projections and the Group is confident that the investments do not require any impairment.

Mines restoration obligation

In determining the fair value of the Mines Restoration Obligation, assumptions and estimates are made in relation to discount rates, the expected cost of mines restoration and the expected timing of those costs.

B.6 Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

– Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

– Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

– Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

1. Significant accounting Policies

1.1 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the amount can be reliably measured.

- Revenue is measured at the fair value of consideration received or receivable taking into account the amount of discounts, volume rebates and VAT/ GST are recognised when all significant risks and rewards of ownership of the goods sold are transferred.

- Revenue from the sale of goods includes excise duty.

- Revenue from Generation, Transmission and Distribution of power is recognised on an accrual basis and includes unbilled revenues accrued upto the end of the accounting year. The Group determines surplus/deficit (i.e. excess/shortfall of/in aggregate gain over Return on Equity entitlement) for the year in respect of its regulated operations based on the principles laid down under the relevant Tariff Regulations/Tariff Orders as notified by respective State Regulatory Commissions. In respect of such surplus/deficit, appropriate adjustments as stipulated under the regulations are made during the year. Further, any adjustments that may arise on annual performance review by respective State Regulatory Commissions under the aforesaid Tariff Regulations/ Tariff Orders is made after the completion of such review take or pay.

- Dividend income is accounted for when the right to receive the income is established.

- Difference between the sale price and carrying value of investment is recognised as profit or loss on sale / redemption on investment on trade date of transaction.

- Interest income is accrued on, time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

1.2 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as Operating Leases.

Operating Lease: Lease rentals are charged or recognised in the Statement of Profit and Loss on a straight-line basis over the lease term, except where the payment are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increase.

Finance Lease: Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's policy on borrowing costs.

Further, at the inception of above arrangement, the Group determines whether the above arrangement is or contains a lease. At inception or on reassessment of an arrangement that contains a lease, the Group separates a payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate. Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.3 Foreign currencies

In preparing the financial statements of the Group, transactions in currencies other than the Group's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

1.4 Borrowing costs

Specific borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of such asset till such time the asset is ready for its intended use and borrowing costs are being incurred. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Borrowing cost includes interest expense, amortization of discounts, ancillary costs incurred in connection with borrowing of funds and exchange difference arising from foreign currency borrowings to the extent they are regarded as an adjustment to the Interest cost.

1.5 Taxation

Income tax expense consists of current and deferred tax. Income tax expense is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising upon the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

1.6 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the period by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the net profit attributable to equity shareholders for the year relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share.

1.7 Property, plant and equipment (PPE)

The initial cost of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use, including relevant borrowing costs and any expected costs of decommissioning, less accumulated depreciation and accumulated impairment losses, if any. Expenditure incurred after the PPE have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the period in which the costs are incurred.

If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE.

Material items such as spare parts, stand-by equipment and service equipment are classified as PPE when they meet the definition of PPE as specified in Ind AS 16 – Property, Plant and Equipment.

1.8 Expenditure during construction period

Expenditure during construction period (including financing cost related to borrowed funds for construction or acquisition of qualifying PPE) is included under Capital Work-in-Progress, and the same is allocated to the respective PPE on the completion of their construction. Advances given towards acquisition or construction of PPE outstanding at each reporting date are disclosed as Capital Advances under “Other non-current Assets”.

1.9 Depreciation

Depreciation is the systematic allocation of the depreciable amount of PPE over its useful life and is provided on a straight-line basis over the useful lives as prescribed in Schedule II to the Act or as per technical assessment.

Depreciable amount for PPE is the cost of PPE less its estimated residual value. The useful life of PPE is the period over which PPE is expected to be available for use by the Group, or the number of production or similar units expected to be obtained from the asset by the Group.

The Group has componentised its PPE and has separately assessed the life of major components.

In case of certain classes of PPE, the Group uses different useful lives than those prescribed in Schedule II to the Act. The useful lives have been assessed based on technical advice, taking into account the nature of the PPE and the estimated usage of the asset on the basis of management’s best estimation of obtaining economic benefits from those classes of assets.

Such classes of assets and their estimated useful lives are as under:

Particulars	Useful life
Buildings - Factory	30
Buildings – Non-Factory	61
Plant and Machinery	19
Railway Siding	21
Furniture & Fixtures	16
Office Equipment – Others	21
Office Equipment – Computers	6
Vehicles	11

Depreciation on additions is provided on a pro-rata basis from the month of installation or acquisition and in case of Projects from the date of commencement of commercial production. Depreciation on deductions/disposals is provided on a pro-rata basis up to the date of deduction/disposal.

1.10 Intangible assets and amortisation

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective estimated useful lives on a straight-line basis, from the date that they are available for use.

Amortization

The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

Computer software is amortised on straight line basis over a period of Six years.

1.11 Inventories

Inventories are valued as follows:

- Raw materials, fuel, stores & spare parts and packing materials:

Valued at lower of cost and net realisable value (NRV). However, these items are considered to be realisable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost. Cost is determined on weighted average basis.

- Work-in- progress (WIP), finished goods and stock-in-trade:

Valued at lower of cost and NRV. Cost of Finished goods and WIP includes cost of raw materials, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of inventories is computed on weighted average basis.

1.12 Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand and short-term deposits with banks that are readily convertible into cash which are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

1.13 Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated. Bank overdrafts are classified as part of cash and cash equivalent, as they form an integral part of an entity’s cash management.

1.14 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Where the Group receives non-monetary grants, the asset and the grant are accounted at fair value and recognised in the statement of profit and loss over the expected useful life of the asset.

1.15 Impairment of non-financial assets

The carrying amounts of the Group’s non-financial assets, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. 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 or the cash-generating unit. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cashinflows from continuing use those are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized in the statement of Profit & Loss if the estimated recoverable amount of an asset or its cash-generating unit is lower than its carrying amount. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Goodwill that forms part of the carrying amount of an investment in an associate is not recognized separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

An impairment loss in respect of equity accounted investee is measured by comparing the recoverable amount of investment with its carrying amount. An impairment loss is recognized in the statement of Profit &Loss and reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

1.16 Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

The Group's contributions to defined contribution plans are charged to the statement of profit and loss as and when the services are received from the employees.

Defined benefit plans

The liability in respect of defined benefit plans and other post-employment benefits is calculated using the projected unit credit method consistent with the advice of qualified actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related defined benefit obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used. The current service cost of the defined benefit plan, recognized in the statement of profit and loss in employee benefit expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs are recognized immediately in statement of profit and loss. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Termination benefits

Termination benefits are recognized as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Other long-term employee benefits

The Group's net obligation in respect of other long term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and previous periods. That benefit is discounted to determine its present value. Re-measurements are recognized in the statement of profit and loss in the period in which they arise.

1.17 Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

1.18 Contingent liabilities & Contingent assets

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

1.19 Mines restoration provision

An obligation for restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing extraction from mines. Costs arising from restoration at closure of the mines and other site preparation work are provided for based on their discounted net present value, with a corresponding amount being capitalised at the start of each project. The amount provided for is recognised, as soon as the obligation to incur such costs arises. These costs are charged to the Statement of Profit and Loss over the life of the operation through the depreciation of the asset and the unwinding of the discount on the provision. The costs are reviewed periodically and are adjusted to reflect known developments which may have an impact on the cost or life of operations. The cost of the related asset is adjusted for changes in the provision due to factors such as updated cost estimates, new disturbance and revisions to discount rates. The adjusted cost of the asset is depreciated prospectively over the lives of the assets to which they relate. The unwinding of the discount is shown under "Other Expenses" in the Statement of Profit and Loss.

1.20 Segment reporting: Identification of segments:

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the company's Chief Operating Decision Maker ("CODM") to make decisions for which discrete financial information is available. Based on the management approach as defined in Ind AS 108, the CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments.

1.21 Goodwill:

Goodwill arising out of Consolidation of financial statements of subsidiaries and associate entities are tested for impairment at each reporting date

1.22 Financial instruments

a. Recognition and Initial recognition

The Group recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issues of financial assets and financial liabilities that are not at fair value through profit or loss, are added to the fair value on initial recognition.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

b. Classification and Subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

– amortised cost;

– FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

– the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

– the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

– the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

– how the performance of the portfolio is evaluated and reported to the Group's management;

– the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

– how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

– the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

– contingent events that would change the amount or timing of cash flows;

– terms that may adjust the contractual coupon rate, including variable interest rate features;

– prepayment and extension features; and

– terms that limit the Group's claim to cash flows from specified assets (e.g. non- recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost: These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities: Classification, Subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for- trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

C. Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

d. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

e. **Impairment**

The Group recognises loss allowances for expected credit losses on financial assets measured at amortised cost;

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income (FVOCI) are credit impaired. A financial asset is 'credit- impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit- impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Group measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Measurement of expected credit losses

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the trade receivable does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write- off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Note – 2 Property, Plant & Equipment **

₹ In Crores

Particulars	Freehold Land	Buildings	Plant & Equipment	Railway Siding	Furniture & Fixtures	Office Equipment	Vehicles	Total	Intangible Assets		
									Software	Mining Rights	Total
Cost											
As at 31st March, 2017	**157.76**	**293.48**	**1300.64**	**84.76**	**1.34**	**9.30**	**14.85**	**1862.13**	**4.03**	**0.94**	**4.97**
Additions	18.34	264.93	368.01	16.89	0.06	0.91	5.21	674.35	-	-	-
Disposals			3.95				0.67	4.62			
As at 31st March, 2018	**176.10**	**558.41**	**1664.70**	**101.65**	**1.40**	**10.21**	**19.39**	**2531.86**	**4.03**	**0.94**	**4.97**
Depreciation											
As at 31st March, 2017	**-**	**82.17**	**569.89**	**27.02**	**0.92**	**5.09**	**6.80**	**691.90**	**3.11**	**0.13**	**3.24**
Charge for the year	-	8.15	66.58	4.17	0.05	0.50	1.41	80.86	0.66	0.03	0.69
Disposals							0.48	0.48			
As at 31st March, 2018		**90.32**	**636.48**	**31.19**	**0.97**	**5.59**	**7.73**	**772.28**	**3.77**	**0.16**	**3.93**
Net Block											
As At 31st March, 2017	**157.76**	**211.31**	**730.75**	**57.74**	**0.42**	**4.20**	**8.05**	**1170.23**	**0.91**	**0.80**	**1.73**
As At 31st March, 2018	**176.10**	**468.08**	**1028.24**	**70.46**	**0.43**	**4.61**	**11.66**	**1759.58**	**0.26**	**0.79**	**1.04**

Capital Work-In-Progress

₹ In Crores

Particulars	Civil Work-in-Progress	Plant &Equipment Under Installation	Pre-Operative Expenses@	Total**
As At 31st March, 2017	82.32	238.48	9.74	330.54
As At 31st March, 2018	**65.69**	**205.50**	**4.19**	**275.38**

@ Details of Preoperative Expenses	As at 31st March, 2018	As at 31st March, 2017
Salary & Wages	2.95	1.05
Consultancy	0.08	0.08
Rents	0.67	0.67
Others	0.49	7.94
Total	**4.19**	**9.74**

** Includes borrowing cost of ₹ 57.64 Crores capitalized during the year 2017-18 (Previous year: ₹ 13.71 crores). All Property, plant and equipment are subject to a first charge to the Company's Secured Long-Term Borrowings and second charge to the company's current borrowings.

Note – 3 Non-Current Investments

₹ In Crores

	As at 31st March, 2018	As at 31st March, 2017
Non-current investments		
Investments accounted for using equity method		
Unquoted equity shares		
Investments in associates		
13,200,000 (31st March, 2017: 13,200,000) equity shares of ₹ 10 each in Parasakti Cement Limited (50%)	72.62	83.17
Investments in partnership firm		
Investment with Sunder Chemicals and Minerals	0.01	0.01
Investments carried at Fair Value Through Other Comprehensive Income (FVTOCI)		
Unquoted equity shares		
536,000 (31st March, 2017: 536,000) equity shares of ₹ 10 each in Andhra Pradesh Gas Power Corporation Limited	**2.15**	**1.70**
Total	74.76	84.87
Investments accounted for using equity method	72.62	83.17
Investments carried at (FVTOCI) - Unquoted equity shares in Others	2.16	1.71

Note – 4 Trade Receivables

₹ In Crores

	As at 31st March, 2018	As at 31st March, 2017
Secured, considered good	1.31	3.45
Unsecured, considered good*	89.83	82.51
	91.14	**85.96**
Less: Provision for doubtful receivables	(0.90)	-
Total	**90.24**	**85.96**

*Includes related parties of ₹ 4.47 Crores (31st March, 2017; ₹ 7.41 Crores)

Note –5 Loans

₹ In Crores

	As at 31st March, 2018	As at 31st March, 2017
(Unsecured, Considered good)		
Non – Current		
- Security Deposits	25.15	24.30
- Advances for Investment	82.77	83.27
Total	107.92	107.57
Current		
Other Receivables	0.01	0.01
Total	**0.01**	**0.01**

Note – 6 Other Assets

₹ In Crores

	As at 31st March, 2018	As at 31st March, 2017
Non – Current		
(Unsecured, considered good)		
Capital advances	207.07	123.99
Advances other than capital advances		
- Prepaid Expenses	34.93	34.94
Total	**242.00**	**158.93**
Current		
(Unsecured, considered good)		
Advances other than capital advances		
- Advances to Suppliers*	91.15	120.71
- Advances to Employees & Others	6.38	6.18
- Prepaid Expenses	8.17	3.62
- Balances with Government Authorities	67.70	104.52
Total	**173.40**	**235.03**

*Includes related parties of ₹ 8.17 Crores (31st March, 2017; ₹ 16.61 Crores)

Note – 7 Inventories

₹ In Crores

	As at 31st March, 2018	As at 31st March, 2017
(Valued at lower of Cost or net realizable value, unless otherwise stated)		
Raw Materials	18.29	16.22
Fuel	41.82	138.27
Work-in-Progress	14.57	15.93
Finished Goods	5.55	11.90
Stores & Spares	93.77	88.05
Packing Material	4.96	3.14
Total	**178.95**	**273.51**

Note – 8 Others

₹ In Crores

	As at 31st March, 2018	As at 31st March, 2017
Bank Balance Oher than Cash & Cash Equivalents – Non Current		
Fixed deposits with original maturity of more than 12 months	15.18	14.28
Total	**15.18**	**14.28**
Current		
Deposits held as Margin Money for Bank Guarantees	16.86	34.43
Total	**16.86**	**34.43**
Cash and Cash Equivalents		
Balance with Banks		
- In Current Account	26.41	20.23
Cash on Hand	0.20	0.17
Total	**26.61**	**20.40**

Note –9 Share Capital

₹ In Crores

	As at 31st March, 2018	As at 31st March, 2017
Authorised:		
15,00,00,000(As at 31st March, 2017; 7,50,00,000) Equity Shares of ₹ 10/- each	150.00	75.00
Issued, Subscribed and Paid Up:		
1,33,80,000 (As at 31st March, 2017; 1,33,80,000) Equity Shares of ₹ 10/- each fully paid up	13.38	13.38
Total	**13.38**	**13.38**

a) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period is set out below:

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	No. of Shares	₹ in Crores	No. of Shares	₹ in Crores
Outstanding at the beginning of the year	1,33,80,000	13.38	1,33,80,000	13.38
Issued during the year	-	-	-	-
Outstanding at the end of the year	1,33,80,000	13.38	1,33,80,000	13.38

b) Terms / rights attached to the equity shares

The Company has only one class of equity shares having a par value of ₹ 10/- 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 the approval of the Shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) The details of shareholders holding more than 5% equity shares is set below:

Name of the Share Holder	As at 31st March, 2018		As at 31st March, 2017	
	No. of Shares held in the Company	% of Shares	No. of Shares held in the Company	% of Shares
1. Shri. P. Prathap Reddy	13,63,500	10.19	13,58,500	10.15
2. M/s P. R. Cement Holdiings Ltd	44,70,110	33.41	44,60,110	33.33
3. Shri. P. Prathap Reddy, Managing Partner, Pioneer Builders	70,09,480	52.39	70,09,480	52.39

Note –10 Other Equity

₹ In Crores

	As at 31st March, 2018	As at 31st March, 2017
Debenture Redemption Reserve		
Opening Balance	35.00	35.00
Add: Additions during the year	-	-
Less: Transferred to Retained earnings	(10.50)	-
Closing Balance – a	24.50	35.00
General Reserve		
Opening Balance	35.00	35.00
Add: Additions during the year	-	-
Closing Balance – b	35.00	35.00
Equity Investment through OCI		
Opening Balance	(6.34)	(6.34)
Add: Profit during the year	0.44	-
Closing Balance – c	(5.90)	(6.34)
Retained earnings		
Opening Balance	774.47	608.65
Add: Profit for the year	145.45	173.54
Add: Transferred from Debenture Redemption Reserve	10.50	-
Less: Dividend Paid	(8.05)	(8.05)
Other comprehensive income, net of tax	(0.28)	0.33
Less: Transfers to general reserve	-	-
Closing balance - d	922.09	774.47
Total – Reserves & Surplus (a+b+c+d)	**975.69**	**838.12**

Note - 11 Non-Current Borrowings

Secured

₹ In Crores

	Repayment Schedule/ Redemption	Long-Term		Current Maturity of Long-Term Borrowings*	
		As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
12.25% - Non-Convertible Debentures	Jun-17 to Jun-19	14.00	24.50	10.50	10.50
Term Loans from Banks					
1. Bank of Maharashtra	Jun-15 to Mar-19	-	40.52	-	-
2. Dhanalaxmi Bank Ltd	Jun-17 to Mar-23	-	24.00	-	-
3. The South Indian Bank Ltd	Jun-17 to Mar-23	-	50.00	-	-
4.Yes Bank Ltd	Jun-17 to Mar-23	-	26.00	-	-
5. Yes Bank Ltd	Jun-17 to Mar-23	-	130.00	-	-
6. Yes Bank Ltd	Jun -19 to May-25	-	50.00	-	-
7. Yes Bank Ltd	Jun- 19 to Mar-27	512.48	-	-	-
8. Yes Bank Ltd	Sep-18 to Dec-20	5.25		2.25	-
OTHER Loans from Banks and Financial Institutions					
9. L&T Finance Ltd	Jan-13 to Feb-18	-	12.47	-	-
10. L&T Infrastructure Finance Corporation Ltd	Jan-13 to Feb-18	-	30.41	-	-
11. L&T Infrastructure Finance Corporation Ltd	Sep-14 to Dec-20	-	11.97	-	-
12. L&T Infrastructure Finance Corporation Ltd	Jun-16 to May-20	-	50.10	-	-
13. L&T Infrastructure Finance Corporation Ltd	Jun-17 to Mar-23	-	50.00	-	-
14. L&T Infrastructure Finance Corporation Ltd	Sep-16 to Aug-21	-	35.33	-	-
15. L&T Finance Ltd	Jun - 19 to Mar-27	270.00	-	-	-
16. Hero FinCorp Ltd	Aug-16 to Apr-20	-	34.16	-	-
17. Hero FinCorp Ltd	Jun - 19 to Mar-27	100.00	-	-	-
18. ICICI Bank Ltd	Oct-17 to Sept-19	0.66	-	1.63	-
Total-a		**902.39**	**569.46**	**14.38**	**10.50**
Unsecured					
Sales Tax Deferment Loan	Mar-15 to Mar-24	108.81	120.07	26.18	24.21
Total-b		**108.81**	**120.07**	**26.18**	**24.21**
Total- (a + b)		**1011.20**	**689.53**	**40.56**	**34.71**

* Amount disclosed under the head “Other Current Liabilities” (Note 13).

Long-Term Borrowings:
All Secured Long-Term Borrowings except ICICI Bank Ltd (Vehicle Loan) and Non-Convertible Debentures are secured by way of first charge, having paripassu rights, on the Company's movable and immovable assets (save and except stocks and book debt), both present and future, in favour of Company's lenders/trustees, subject to prior charge on the movable assets in favour of State Bank of India, IDBI Bank Ltd and YES Bank Ltd for their working capital facilities. They are further secured by personal guarantee of Shri P. Prathap Reddy, Chairman and Managing Director of the Company.

Note – 12 Trade payables

₹ In Crores

	As at 31st March, 2018	As at 31st March, 2017
Current		
Total outstanding dues of creditors other than micro enterprises and small enterprises*	49.14	106.09
Total	**49.14**	**106.09**

* includes related parties of ₹ 0.18 Crores (previous year ₹ 0.73 Crores)

Note – 13 Other Financial Liabilities

₹ In Crores

	As at 31st March, 2018	As at 31st March, 2017
Non-current		
Security Deposits received	131.47	37.57
Capital creditors	107.40	123.49
Total	**238.87**	**161.06**
Current		
Current maturities of long-term debt	40.56	34.71
Interest accrued but not due on borrowings	2.02	0.32
Other payables *	18.42	15.41
Payable to employees	0.05	0.05
Total	**61.05**	**50.49**

* includes related parties of ₹ 7.15 Crores (previous year ₹ 7.41 Crores)

Note – 14 Provisions

₹ In Crores

	As at 31st March, 2018	As at 31st March, 2017
Non - current		
Employee Benefits		
- Leave Encashment	4.32	3.86
- Gratuity	1.68	1.33
Mines Restoration*	0.37	0.25
Total	**6.37**	**5.44**
Current		
Employee Benefits		
- Leave Encashment	0.03	0.12
- Gratuity	0.21	0.47
Total	**0.24**	**0.59**

*Movement of Provisions during the year as required by Ind AS 37

₹ In Crores

	As at 31st March, 2018	As at 31st March, 2017
Mines Restoration Fund		
Opening Balance	0.25	0.22
Add: Unwinding of Interest for the year	0.12	0.03
Closing Balance	0.37	0.25

Note – 15 Deferred Tax

₹ In Crores

	As at 31st March, 2018	As at 31st March, 2017
Deferred Tax Asset		
Provision allowed under tax on payment basis	(12.94)	(7.94)
Fair valuation of investments	(2.04)	(2.20)
Provision for doubtful debts	(0.31)	-
Total	**(15.29)**	**(10.14)**
Deferred Tax Liabilities		
- Tangible and Intangible Assets	291.26	273.46
Total		
Net Deferred Tax Liability	**275.97**	**263.32**

Note – 16 Other Current Liabilities

₹ In Crores

	As at 31st March, 2018	As at 31st March, 2017
Advances received from customers	4.35	21.67
Statutory liabilities	42.09	48.66
Total	**46.44**	**70.33**

Note – 17 Current Borrowings

₹ In Crores

	As at 31st March, 2018	As at 31st March, 2017
Current Borrowings		
Secured and Loans Repayable on Demand		
From Banks	207.76	213.03
Total	**207.76**	**213.03**

The above current borrowings availed from State Bank of India, IDBI Bank Ltd and YES Bank Ltd are repayable on demand and are secured by hypothecation of inventories and book debts, present, future and second charge on the fixed assets of the Company.

The above current borrowings include an amount of ₹ 29.16 Crores (previous year ₹ 78.15 Crores) related to Buyer's Credit denominated in foreign currency (unhedged).

Note – 18 Revenue from Operations

₹ In Crores

	For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
Revenue from sale of goods (including excise duty)*	1800.86	1787.47
Revenue from sale of Power**	38.97	63.03
Trade Sale	-	29.83
Total Revenue from Operations	**1839.83**	**1880.33**

* Revenue from sale of goods includes excise duty of ₹ 63.65 Crores (31st March, 2017: ₹ 230.09 Crores) as required by Schedule III of the Companies Act, 2013. Pursuant to the implementation of GST with effect from 1st July, 2017, excise duty has been included in GST. Hence, the revenue for the year ended 31st March, 2018 included three months of excise duty as compared to twelve months for the year ended 31st March, 2017 and the same may not be comparable to that extent.

** Includes ₹ 18.35 Crores towards compensation received under Power Purchase Agreement (take or pay) with Telangana State Power Co-ordination Committee.

Note – 19 Other Income

₹ In Crores

	For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
Profit/(Loss) on Sale of Fixed Assets	(0.08)	(0.02)
Net Gain on Foreign Currency Transactions	3.19	2.18
Scrap Sale	1.60	1.29
Interest Income	3.93	4.83
Total	**8.64**	**8.28**

Note – 20 Cost Of Materials Consumed

₹ In Crores

	For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
- Limestone	93.19	82.56
- Bauxite	33.20	28.80
- Iron Ore	9.90	10.73
- Gypsum	28.30	25.78
- Slag	12.83	12.68
- Fly Ash	32.19	25.40
- Coal for Power Generation	85.84	69.18
Total	**295.45**	**255.13**

Note – 21 Other Manufacturing Expenses

₹ In Crores

	For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
Power & Fuel	371.50	366.46
Stores & Spares Consumed	34.30	39.42
Packing Material Consumed	59.98	55.41
Repairs & Maintenance – Machinery	16.89	15.77
Repairs & Maintenance – Buildings	4.28	1.30
Repairs & Maintenance – Others	5.20	5.32
Total	**492.15**	**483.68**

Note – 22 Change in Inventories of Finished Goods & Stock in Process

₹ In Crores

	For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
Closing Stock		
- Finished Goods	12.61	11.90
- Stock in Process	7.52	15.93
	20.13	**27.83**
Opening Stock		
- Finished Goods	11.90	17.88
- Stock in Process	15.93	16.91
	27.83	**34.79**
Total (Increase)/Decrease in Inventories	**7.71**	**6.96**

Note – 23 Employee Benefit Expense

₹ In Crores

	For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
Salaries, Wages and Bonus	69.35	67.52
Contribution to PF, ESI	5.29	4.58
Staff Welfare Expenses	4.70	4.66
Total	**79.34**	**76.76**

Note – 24 Finance Costs

₹ In Crores

	For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
Interest on Term Loans	33.76	45.69
Interest on Debentures	3.27	4.28
Interest on Working Capital	16.13	15.94
Bank Charges	10.80	8.57
Other Borrowing Cost	39.52	(14.77)
Total	**103.48**	**59.71**

Note – 25 Other Expenses

₹ In Crores

	For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
Rent	10.58	10.99
Insurance	4.20	5.08
Directors' Remuneration	11.67	11.10
Auditors' Remuneration	0.18	0.15
Printing & Stationery	0.23	0.31
Communication Cost	1.09	1.08
Directors Travelling Expenses	1.27	1.20
Others Travelling Expenses	3.49	3.09
Conveyance Expenses	3.16	4.63
Professional & Legal Expenses	8.65	7.25
Rates & Taxes	6.00	5.11
Security Service Charges	4.58	5.13
Office Maintenance	9.72	6.68
Provision for doubtful receivables	0.91	-
Other Expenses	12.26	9.61
Corporate Social Responsibility	6.44	7.40
Advertisement & Publicity	12.59	11.47
Commission on Sales	8.00	7.78
Total	**105.02**	**98.08**

Note – 26 Contingent Liabilities (IND AS-37)

A. Contingent liabilities/claims not provided for:

₹ In Crores

		2017-18	2016-17
a)			
i)	In respect of Bank Guarantees	35.97	29.27
ii)	In respect of Inland Letter of Credits	24.32	7.45
iii)	In respect of Foreign Letter of Credits	54.18	0.28
iv)	In respect of Unexecuted Capital Contracts	452.68	228.85
b)	Claims against the Group not acknowledged as Debt:*		
i)	Sales Tax	3.80	1.61
ii)	Excise Duty/Service Tax	45.36	58.23
iii)	Income Tax	12.25	11.00

* Net of amounts paid under protest

Cash outflows for the above are determinable only on receipt of judgments pending at various forums/authorities

c) A demand for ₹ 4.56 crores was raised by APCPDCL, towards power consumed from APGPCL. The Company is of the opinion that the surplus power from APGPCL is distributable among shareholders of APGPCL, which is under dispute and appeal is pending with Honorable High Court of Judicature at Hyderabad for the state of Telangana and Andhra Pradesh. The Company backed by a legal opinion believes that it has a good case and accordingly no provision has been made in the accounts.

d) There are no major pending litigations, which have material impact on the financial statements of the Company.

Note – 27

Principles of consolidation:

These Consolidated Financial Statements (CFS) are prepared on the following basis in accordance with Ind AS on "Consolidated Financial Statements" (Ind AS – 110), "Investments in Associates and Joint Ventures" (Ind AS – 28) and "Disclosure of interest in other entities" (Ind AS – 112), specified under Section 133 of the Companies Act, 2013.

(i) Subsidiaries:

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(ii) Non-controlling interest (NCI):

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iii) Loss of control:

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognized in profit or loss.

(iv) Equity accounted investees:

The Group's interests in equity accounted investees comprise interest in associates. An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interest in associates is accounted for using equity method. They are initially recognized at cost which includes transaction costs. Subsequent to initial recognition, consolidated financial statements include the Group's share of profit or loss and OCI of equity accounted investees until the date on which significant influence or joint control ceases.

(v) Transactions eliminated on consolidation:

The financial statements of the Holding Company, its Subsidiaries and Associates used in the consolidation procedure are drawn upto the same reporting date i.e. 31st March, 2018.

The financial statements of the Holding Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

The Consolidated Financial Statements are comprised of the financial statements of the members of the Group as under:

₹ In Crores

Name of the Company	% of Share holding and voting power	
	As at 31st March, 2018	As at 31st March, 2017
a) Subsidiaries:		
Pioneer Cement Industries Limited	100	100
Marwar Cement Limited	78.91	60.17
b) Associates		
Parasakti Cement Industries Ltd	**50**	**50**

NOTE – 28 Goodwill on consolidation:

Goodwill represents the difference between the Holding Company's share in the net worth of subsidiaries and the cost of acquisition at each point of time of making the investment in the subsidiaries. For this purpose, the Holding Company's share of net worth is determined on the basis of the latest financial statements prior to the acquisition after making necessary adjustments for material events between the date of such financial statements and the date of respective acquisition.

NOTE – 29

A) Value of imported and indigenous raw materials, fuel and spare parts consumed

₹ In crores

	For the Year 2017-2018		For the Year 2016-2017	
	Value	%	Value	%
Raw Materials				
-- Indigenous	239.89	81	220.61	86
-- Imported	55.56	19	34.53	14
Total	**295.45**	**100**	**255.14**	**100**
Fuel				
-- Indigenous	53.54	18	65.73	28
-- Imported	242.03	82	167.61	72
Total	**295.57**	**100**	**233.34**	**100**
Stores, Spares and Packing Materials				
-- Indigenous	92.54	98	93.38	98
-- Imported	1.64	2	1.45	2
Total	**94.18**	**100**	**94.83**	**100**

B) Value of Import on CIF basis:

₹ In Crores

	For the Year 2017-2018	For the Year 2016-2017
Spares & Bags	1.20	1.52
Fuel	255.30	193.47

C) Expenditure in Foreign Currency:

₹ In Crores

	For the Year 2017-2018	For the Year 2016-2017
Travel expenses	1.31	1.09
License Fees	0.98	0.50
Fuel	215.06	162.55
Total	**217.35**	**164.14**

D) Auditors Remuneration:

₹ In Crores

		For the Year 2017-2018	For the Year 2016-2017
a)	Statutory Auditor		
	Audit Fee	0.15	0.11
	Certification & Fees for other Services	0.02	0.03
b)	Cost Auditor	0.01	0.01
Total		**0.18**	**0.15**

E) Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006.

There are no Micro and Small enterprises to whom the Group owes dues, which are outstanding for more than 45 days as at 31st March, 2018. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

F) Related Party disclosures under IND AS - 24.

The List of Related Parties as identified by the management is as under:

a)	Associates of the Company		
	Parasakti Cement Industries Limited		
b)	Parties having Significant Influence		
1.	Pioneer Builderrs Limited	2.	Pioneer Genco Limited
3.	Pioneer Holiday Resorts Limited	4.	Krishna Hydro Energy Limited
5.	Pioneer Power Corporation Limited	6.	Lakshmi Jalavidyut (Krishna) Limited
7.	Pioneer Power Limited	8.	Anrak Aluminum Limited
9.	Pioneer Builders (Firm)		
b)	Key Management Personnel (KMP) of the Company		
1.	Shri P. Prathap Reddy – Chairman and Managing Director	2.	Shri Bezawada Vikram – Executive Director
3.	Shri D.Lakshmi Kantham – Director (Technical)	4.	Shri Petluru Venugopal Reddy – Director (Finance) & CFO
5.	Shri Raj Kumar Singh – Company Secretary		
c)	Relative of KMP, having transactions with the Company		
1.	Smt. P.V. Lakshmi Reddy	2.	Smt. P. Deepthi Reddy
3.	Shri P. Ramesh Reddy		

Following transactions were carried out with related parties in the ordinary course of business:

₹ In Crores

S. no	Description	Parties having Significant Influence	KMP	Relative of KMP	Total
1	Managerial Remuneration		12.03		12.03
2	Services Received	122.91	0.03	2.25	125.19
3	Advance paid for Expenses	6.38			6.38
4	Sale of Cement	1.25			1.25

Balance as at 31st March, 2018:

₹ In Crores

S. no	Description	Associates	Parties having Significant Influence	KMP	Relative of KMP	Total
1	Managerial Remuneration			(7.15)		(7.15)
2	Services Received		(0.03)	(0.01)	(0.17)	(0.21)
3	Investments	16.60				16.60
4	Advance paid for Expenses		7.17		1.00	8.17
5	Sale of Cement		4.43		0.05	4.48

Based on the recommendation of the Nomination, Remuneration and Compensation Committee, all decisions relating to the remuneration of the Directors of the Company, in accordance with shareholder's approval, wherever necessary.

Terms and Conditions of transactions with Related Parties:

The sale to and services from related parties are made in the normal course of business and on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free.

For the year ended 31st March, 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

A) Segment Reporting: (Ind AS-108)

The Board of Directors (The Chief Operating Decision Maker ("CODM")) evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by operating segments. The CODM reviews revenue and gross profit as the performance indicator for all of the operating segments, and does not review the total assets and liabilities of an operating segment.

The Group has three reportable operating segments namely Cement, Thermal Power & Waste Heat Recovery(WHR). Revenue, Results and other information.

₹ In Crores

Particulars	Cement		Thermal/Gas Power		WHR		Total	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Revenue								
External Sale	1800.86	1817.30	38.97	63.03	-	-	1839.83	1880.33
Inter Segment Revenue	0.38	0.35	116.65	45.08	32.54	24.60	149.57	70.03
Total Revenue							1989.40	1950.36
Less: Inter-Segment Eliminations							149.57	70.03
Net Total Revenue							1839.83	1880.33
Results								
Segment Results (Profit before Interest, Exceptional items & Tax)	240.01	259.88	47.54	15.75	22.53	13.64	310.08	289.27
Add: Un-allocated Income							8.64	8.28
Less: Interest & Financial Expenses (Net)							103.48	59.71
Profit before exceptional items & Tax							215.24	237.85
Less: Exceptional Items							-	-
Profit before Tax							218.03	245.01
Tax Expenses							72.58	71.75
Profit after Tax							145.46	173.59
Other Information								
Segment Assets	2610.06	2207.25	222.06	172.43	130.17	138.04	2962.29	2517.72
Un-allocated Assets								
Total Assets	2610.06	2207.25	222.06	172.43	130.17	138.04	2962.29	2517.72
Segment Liabilities	1727.69	1401.67	52.95	49.95	166.95	188.90	1947.59	1640.52
Un-allocated Liabilities & Provisions								
Total Liabilities	1727.69	1401.67	52.95	49.95	166.95	188.90	1947.59	1640.52
Depreciation & Amortization	63.79	62.62	9.85	9.84	7.91	7.91	81.55	80.37
Capital Expenditure	275.38	330.46	-	-	-	-	275.38	330.46
Significant Non-Cash Expenses other than Depreciation & Amortization	-	-	-	-	-	-	-	-

B) The Company provides its employees with benefits under a defined benefit plan, referred to as the "Gratuity Plan". The Gratuity Plan entitles an employee, who has rendered at least five years of continuous service, to receive 15 days salary for each year of completed service (service of six months and above is rounded off as one year) at the time of retirement/exit, restricted to a sum of ₹ 2,000,000.

The following tables summarize the components of net benefit expense recognised in the statement of profit or loss and the amounts recognised in the balance sheet for the plan:

Reconciliation of opening and closing balances of the present value of the defined benefit obligations:

₹ In Crores

			Gratuity (Funded Plan)	
			As at 31st March, 2018	As at 31st March, 2017
I	Change in Obligation			
	1	Present Value of defined benefit obligation at the beginning of the year	10.22	9.59
	2	Current service cost	1.20	0.72
	3	Interest cost	0.80	0.77
	4	Actuarial (gain) / loss on obligation	(0.05)	0.04
	5	Benefits paid	(0.52)	(0.90)
	6	Present Value of defined benefit obligation at the end of the year	11.65	10.22
II	Change in the Fair Value of Plan Assets			
	1	Fair Value of Plan assets at the beginning of the year	8.86	7.78
	2	Expected return on plan assets	0.21	0.67
	3	Contributions by employer	1.42	1.30
	4	Actuarial gain / (loss) on plan assets	-	-
	5	Benefits paid	(0.51)	(0.90)
	6	Fair Value of Plan assets at the end of the year	9.98	8.86
III	Expenses recognized in the Profit and Loss Account			
	1	Current service cost	1.21	0.72
	2	Interest cost	0.08	0.77
	3	Expected return on plan assets	0.21	(0.67)
	4	Net actuarial loss / (gain) recognized in the current year	(0.05)	0.04
	5	Expenses recognized in the Profit and Loss Account	1.45	0.86
IV	Re-measurements recognized in Other Comprehensive Income (OCI)			
	1	Changes in Financial Assumptions	-	-
	2	Changes in Demographic Assumptions	-	-
	3	Experience Adjustments	(0.04)	0.04
	4	Actual return on Plan assets less interest on plan assets	0.78	(0.89)
	5	Amount recognized in Other Comprehensive Income (OCI)	0.73	(0.84)
V	Expenses recognized in the Balance Sheet as at the end of the year			
	1	Present value of defined benefit obligation	11.65	10.22
	2	Fair Value of plan assets at the end of the year	9.98	(8.86)
	3	Funded status [Surplus / (Deficit)]	1.67	1.36
	4	Net assets / (liability) as at the end of the year	1.67	1.36
VI	Sensitivity analysis for significant assumptions:			
	Increase/(Decrease) on present value of defined benefit obligation at the end of the year			
	Salary escalation-up by 1%		0.85	0.73
	Salary escalation-down by 1%		0.77	(0.66)
	Discount Rates-up by 1%		(0.71)	(0.89)
	Discount Rates-down by 1%		0.80	1.03
	Withdrawal Rates-up by 1%		0.20	(0.89)
	Withdrawal Rates-down by 1%		(0.22)	1.03
VII	The major categories of plan assets as a percentage of total plan			
	1	Qualifying Insurance Policy	100%	100%
VIII	Actuarial Assumptions			
	1	Discount rate	8%	8%
	2	Mortality rate	IALM (2006-08 Ultimate)	IALM (2006-08 Ultimate)
	3	Withdrawal rate	3%	3%
	4	Return on plan assets	8.20%	8.25%
	5	Salary Escalation	4%	4%

C) Earnings per Share (EPS) –

₹ In Crores

		For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
a)	Profit attributable to the Equity Share Holders (₹ in Cr)- A	145.45	173.25
b)	No. of Equity Shares	1,33,80,000	1,33,80,000
c)	Nominal Value of the Share (₹)	10	10
d)	Basic / Weighted average number of Equity Shares - B	1,33,80,000	1,33,80,000
e)	Earnings per Share (₹) – A/B	108.71	129.49

D) Reconciliation of Effective Tax rate:

₹ In Crores

Particulars	For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
Applicable tax rate	34.61	34.61
Effect of tax exempt income	(1.99)	-
Effect of non-deductible expenses	0.69	0.77
Effect of allowances for tax purposes	(5.83)	(5.09)
Effect of previous year adjustments	3.96	0.01
Others	0.07	-
Effective tax rate	**31.51**	**30.30**

E) As stipulated in IndAS–36, the Company has assessed its potential of economic benefits of its business units and is of the view of that the assets employed in continuing business are capable of generating adequate returns over their useful life in the usual course of its business. There is no indication to the contrary and accordingly the management is of the view that no impairment provision is called for in these accounts.

F) Operating Lease (Ind AS 17)

The Company has taken various office premises / godowns under operating leases. Operating lease payments recognized in statement of profit and loss amounting to ₹ 10.56 Crores (previous year ₹ 10.98 Crores)

G) Financial risk management objectives and policies

The Group's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance and support Group's operations. The Group's principal financial assets include inventory, trade and other receivables, cash and cash equivalents and refundable deposits that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

i) 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 two types of risk: interest rate risk and other price risk, such as equity price risk and commodity/ real estate risk. Financial instruments affected by market risk include loans and borrowings and refundable deposits. The sensitivity analysis in the following sections relate to the position as at 31st March, 2018 and 31st March, 2017. The sensitivity analyses have been prepared on the basis that the amount of net debt and the ratio of fixed to floating interest rates of the debt.

The analysis excludes the impact of movements in market variables on the carrying values of gratuity and other post retirement obligations, provisions.

The below assumption has been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31st March, 2018 and 31st March, 2017.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Group does not enter into any interest rate swaps.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows

₹ in Crores

	Increase / decrease in interest rate	Effect on profit before tax
31st March, 2018		
INR	+1%	4.89
INR	-1%	4.23
31st March, 2017		
INR	+1%	6.06
INR	-1%	5.92

ii) 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 credit risk arises principally from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions and other financial instruments.

Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom credit has been granted after obtaining necessary approvals for credit. The collection from the trade receivables are monitored on a continuous basis by the receivables team.

The Group establishes an allowance for credit loss that represents its estimate of expected losses in respect of trade and other receivables based on the past and the recent collection trend. The trade receivables as on 31st March, 2018 is ₹ 91.15 Crores (31st March, 2017: ₹ 85.96 Crores). The movement in allowance for credit loss in respect of trade and other receivables during the year was as follows:

₹ In Crores

Allowance for credit loss	31st March, 2018	31st March, 2017
Opening balance	-	-
Credit loss provided/ (reversed)	0.90	-
Closing balance	0.90	-

No single customer accounted for more than 2% of the revenue as of 31st March, 2018 and 31st March, 2017 and there is no significant concentration of credit risk.

Credit risk on cash and cash equivalent is limited as the Group generally transacts with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

iii) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

₹ in Crores

Particulars	Less than 1 year	1 to 5 years	More than 5 years	Total
Year ended 31st March, 2018				
Borrowings (including Current maturities of long term debt)	40.56	811.97	249.21	1101.75
Other noncurrent financial liabilities	-	342.44	-	342.44
Trade payables	49.14	-	-	49.14
Other Payables	18.42	-	-	18.42
Interest Accrued but not due	2.02	-	-	2.02
Salary and Bonus payable	0.05	-	-	0.05
Year ended 31st March, 2017				
Borrowings (including Current maturities of long term debt)	34.71	428.78	337.56	801.05
Other noncurrent financial liabilities	-	286.82	-	286.82
Trade payables	106.09	-	-	106.09
Other Payables	15.41	-	-	15.41
Interest Accrued but not due	0.32	-	-	0.32
Salary and Bonus payable	0.05	-	-	0.05

H) Capital management

The Group's policy is to maintain a stable capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors capital on the basis of return on capital employed as well as the debt to total equity ratio.

For the purpose of debt to total equity ratio, debt considered is long-term and short-term borrowings. Total equity comprise of issued share capital and all other equity reserves excluding Debenture Redemption Reserve.

The capital structure as of 31st March, 2018 and 31st March, 2017 as follows:

₹ in Crores

Particulars	31st March, 2018	31st March, 2017
Total equity attributable to the equity shareholders of the Group	957.09	809.47
As a percentage of total capital	41.64	43.39
Long term borrowings including current maturities	1,101.74	801.25
Short term borrowings	207.76	213.03
Total borrowings	1,309.50	1,014.28
As a percentage of total capital	56.97	54.36
Total capital (equity and borrowings)	2,298.57	1,865.78

I) Corporate Social Responsibility:

Expenditure incurred on Corporate Social Responsibility activities, included in different heads of expenses in the Statement of Profit and Loss is ₹ 6.45 Crores (31st March, 2017 ₹ 7.40 Crores)

The amount required to be spent under Section 135 of the Companies Act, 2013 for the year ended 31st March, 2018 is ₹ 5.33 Crores (31st March, 2017 ₹ 3.83 Crores) i.e. 2% of average net profits for last three financials years, calculated as per section 198 of the Companies Act, 2013.

J) Standards issued but not effective

Ind AS 115, Revenue from contracts with customers

In March 2018, the Ministry of Corporate Affairs has notified Ind AS 115, 'Revenue from Contracts with Customers', which is effective for accounting periods beginning on or after 1st April, 2018. This comprehensive new standard will supersede existing revenue recognition guidance, and requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard also will result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

Ind AS 115 is effective for annual reporting periods beginning on or after 1st April, 2018.

The Group intends to adopt Ind AS 115 effective 1st April ,2018, using the modified retrospective method. The adoption of Ind AS 115 is not expected to have a significant impact on the Group's recognition of revenues.

Other amendments to Indian Accounting Standards

The Ministry of Corporate Affairs (MCA), on March 28, 2018, issued certain amendments to Ind AS. The amendments relate to the following standards:

Ind AS 21, The Effects of Changes in Foreign Exchange Rates - The amendment lays down the principle regarding advance payment or receipt of consideration denominated or priced in foreign currency and recognition of non-monetary prepayment asset or deferred income liability.

Ind AS 12, Income Taxes - The amendment explains that determining temporary differences and estimating probable future taxable profit against which deductible temporary differences are assessed for utilization are two separate steps and the carrying amount of an asset is relevant only to determining temporary differences.

Ind AS 28, Investments in Associates and Joint Ventures - The amendment clarifies when a venture capital, mutual fund, unit trust or similar entities elect to initially recognize the investments in associates and joint ventures.

Ind AS 112, Disclosure of Interests in Other Entities – The amendment clarifies that disclosure requirements for interests in other entities also apply to interests that are classified as held for sale or discontinued operations in accordance with Ind AS 105.

Ind AS 40, Investment Property - The amendment clarifies when a property should be transferred to / from investment property.

The amendments are effective 1st April, 2018. The Group believes that the aforementioned amendments will not materially impact the financial position, performance or the cash flows of the Group.

As per our Report of even date
For **C. Ramachandram & Co.**
Chartered Accountants
F.R. No. 002864S

C. Ramachandram
Partner
Membership No: 025834
Place: Hyderabad
Date: 9th May, 2018

for and on behalf of the Board of Directors

P. Prathap Reddy
Chairman and Managing Director
DIN: 00093176

Bezawada Vikram
Executive Director
DIN:02086809

Petluru Venugopal Reddy
Director (Finance) & CFO
DIN:00019878

Raj Kumar Singh
Company Secretary
M.No:14265

Penna Cement Industries Ltd

(CIN NO. U26942AP1991PLC013359)

Regd. Office: Lakshmi Nivas, Plot No.705, Road No.3, Banjara Hills, Hyderabad –500 034

Notice to Members

Notice is hereby given that the **27th Annual General Meeting** of the Members of Penna Cement Industries Limited (the Company) will be held on Sunday, the 30th September, 2018 at 11.00 am at the Registered Office of the Company situated at Lakshmi Nivas, Plot No.705, Road No.3, Banjara Hills, Hyderabad –500 034 to transact the following businesses:-

Ordinary Business:

1. To receive, consider and adopt the Audited Annual Accounts for the year ended 31st March, 2018 and the reports of the Director's and Auditor's thereon.

2. To declare dividend for the Financial Year ended 31st March, 2018.

3. To appoint a Director in place of Mr. B. Vikram (DIN No. 02086809), who retires by rotation in the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

4. To appoint a Director in place of Mr. D. Lakshmi Kantham (DIN No. 00822385), who retires by rotation in the ensuing Annual General Meeting and being eligible, offers herself for re-appointment.

5. To re-appoint Statutory Auditors and to fix their remuneration and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory re-enactment thereof, for the time being in force) with the consent of the Board of Directors, M/s. C. Ramachandram & Co, Chartered Accountants having ICAI Firm Registration No.: 002864S, Hyderabad, be and are hereby re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the 32nd Annual General Meeting at such remuneration as may be fixed by the Board of Directors of the Company.

   RESOLVED FURTHER THAT the Board of Directors (which term includes a duly constituted Committee of the Board of Directors) be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable and expedient for giving effect to this Resolution and / or otherwise considered by them to be in the best interest of the Company."

Special Business:

6. **To re-appoint Cost Auditors for the Financial Year 2018-19 and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:**

   "RESOLVED THAT pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the remuneration payable to M/s Sagar & Associates., Cost Accountants, having Firm Registration No. 000118, appointed by the Board of Directors of the Company as Cost Auditors to conduct the audit of the cost records of production of cement and generation of power of the Company for the Financial Year 2018-19, be paid the Remuneration of ₹1,50,000 (one lakh fifty thousand) plus applicable taxes and reimbursement of out of pocket expenses incurred by them in connection with the aforesaid audit.

   RESOLVED FURTHER THAT the board of directors of the company be and are hereby authorized to do all such acts, matters, deeds and things as may be necessary to give effect to the above resolution".

By Order of the Board of Directors
For **Penna Cement Industries Limited**

Raj Kumar Singh
Company Secretary
M. No.: A14265

Date: 7th September, 2018
Place: Hyderabad

NOTES:

- The Explanatory Statement setting out all material facts as required under Section 102 of the Companies Act, 2013 in respect of special business of the Company is appended and forms part of the Notice.

- **A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself / herself and the proxy need not be a member. The proxy form duly completed and stamped must reach the registered office of the company not less than 48 hours before the time fixed for commencement of the meeting.**

- A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

- Members and Proxies attending the Meeting should bring the attendance slip duly filled in for attending the Meeting.

- Corporate Members are requested to send a duly certified true copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.

- Members are informed that in case of joint holders attending the Meeting, only such Joint holder who is higher in the order of the names will be entitled to vote.

- The register of members will be closed from 23.09.2018 to 30.09.2018 (both days inclusive). The transfer books of the company will also be closed during the said period.

- The dividend on Equity Shares, if declared at the meeting, will be payable within 30 days from the date of declaration to those members whose names shall appear on the Company's Register of Members on 23.09.2018.

- Register of Directors and their shareholding Under Section 170 of the Companies Act, 2013 and the rules made thereunder and Register of Contracts maintained under Section 189 of the Companies Act, 2013 and the rules made thereunder are available for inspection at the registered office of the Company.

- As required under Secretarial Standard-2 on General Meetings details in respect of directors seeking re-appointment at the AGM, is separately annexed hereto. Directors seeking re-appointment have furnished requisite declarations under section 164(2) and other applicable provisions of the Companies Act, 2013 including rules framed thereunder.

Explanatory Statement Pursuant to Section 102(1) of the Companies act, 2013 ("the act")

Item No.6

The Board of Directors of the Company on the recommendation of Audit Committee, approved the re-appointment and remuneration of M/s. Sagar & Associates, Cost Accountants, to conduct the audit of the cost records of the Company with respect to production of cement and generation of power for the Financial Year 2018-19.

A Certificate issued by the above firm regarding their eligibility for appointment as Cost Auditors will be available for inspection at the registered office of the Company during 11.00 A.M to 1.00 P.M and shall also available at the meeting.

In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rules made thereunder, the remuneration payable to the Cost Auditor is required to be ratified by the members of the Company. Accordingly, the members are requested to ratify the remuneration payable to the Cost Auditors for audit of cost records of the Company with respect to production of cement and generation of power for the Financial Year 2018- 19 as set out in the resolution for the aforesaid services to be rendered by them.

None of the Directors and Key Managerial Personnel of the Company (including relatives of Directors and Key Managerial Personnel) are in any way, whether financially or otherwise, concerned or interested, in the said resolution.

The Board of Directors recommends the above item as the Ordinary Resolution, as set out at Item No. 6 of the Notice for approval by the members.

By Order of the Board of Directors
For **Penna Cement Industries Limited**

Raj Kumar Singh
Company Secretary
M. No.: A14265

Date: 7th September, 2018
Place: Hyderabad

Additional information as required under Secretarial Standard-2 notified under Section 118 (10) of the Companies Act, 2013

Particulars	Mr. B. Vikram	Mr. D. Lakshmi Kantham
DIN	02086809	00822385
Date of Birth and Age	1 May 1978, 40 Years	10 May 1951, 67 Years
Qualification	M.B.A.	Bachelor of Science
Experience	12 years	35 years
Terms and Conditions	Liable to retire by rotation. Offered himself for re-appointment	Liable to retire by rotation. Offered himself for re-appointment
Remuneration	₹1.20 Crores per annum	₹1.20 Crores per annum
Remuneration Last Drawn	₹1.20 Crores per annum	₹1.20 Crores per annum
Shareholding	NIL	NIL
Relationship with other Directors	P. Prathap Reddy: Father in Law P. Deepthi Reddy: Wife	Not Related
Number of Meetings of the Board attended during the year	4	2
Directorships	Director in: i. Pioneer Refinery Limited ii. Pioneer Chemicals Limited iii. Pioneer Cement Industries Limited iv. Penna Cement Industries Limited v. Pioneer Power Limited vi. Coolrocks Energy Limited vii. Kameng Energy Limited viii. Krishna Hydro Energy Limited ix. Penna Foundation	Director in: i. Marwar Cement Limited ii. P R Cement Holdiings Limited iii. Anrak Aluminium Limited iv. Penna Cement Industries Limited
Membership/ Chairmanship of Committees of other Boards	**Member:** Audit Committee, Stakeholder Relationship Committee, Risk Management Committee, IPO Committee and Borrowing Committee, of Penna Cement Industries Limited. **Chairman:** CSR Committee of Penna Cement Industries Limited.	**Member:** ● Stakeholder Relationship Committee, Risk Management Committee, CSR Committee and IPO Committee of Penna Cement Industries Limited. ● Audit Committee of Anrak Aluminum Limited **Chairman:** ● Audit Committee of Marwar Cement Limited

Form No. MGT-11

Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3)
of the Companies (Management and Administration) Rules, 2014]

PENNA CEMENT INDUSTRIES LTD

(CIN NO. U26942AP1991PLC013359)

Regd. Office: Lakshmi Nivas, Plot No.705, Road No.3, Banjara Hills, Hyderabad –500 034

Name of the member (s): ....

Registered address: ....

E-mail Id: ....

Folio No/ Client Id: ....

DP ID: ....

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

1. Name: ....

   Address: ....

   E-mail Id: ....

   Signature: ....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 27th Annual general meeting of the company, to be held on Sunday the 30th day of September, 2018 At 11:00 a.m. at the registered office of the Company and at any adjournment thereof in respect of such resolutions as are indicated below:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Annual Accounts for the year ended 31st March, 2018 and the reports of the Director's and Auditor's thereon.

2. To declare dividend for the financial year ended 31st March, 2018.

3. To appoint a Director in place of Mr. B. Vikram (DIN No. 02086809), who retires by rotation in the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

4. To appoint a Director in place of Mr. D. Lakshmi Kantham (DIN No. 00822385), who retires by rotation in the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

5. To re-appoint M/s. C. Ramchandram & Co., Chartered Accountants , as Statutory Auditors of the Company for a period of 5 years i.e., from the conclusion of this 27th Annual General Meeting till the conclusion of 32nd annual general meeting of the Company.

SPECIAL BUSINESS:

6. To ratify the remuneration payable to Cost Auditors.

Signed this .... day of .... 20 ....

Signature of shareholder
Signature of Proxy holder(s)

Note: 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.

PENNA CEMENT INDUSTRIES LTD

(CIN NO. U26942AP1991PLC013359)

Regd. Office: Lakshmi Nivas, Plot No.705, Road No.3, Banjara Hills, Hyderabad –500 034

Attendance Slip

27th Annual General Meeting, Sunday, the 30th September, 2018 at 11.00 A.M

Regd. Folio No.		DP ID:*	
No. of Equity Shares held		Client ID *	

Name of the Shareholder	
Name of Proxy	

I/We hereby record my / our presence at the 27th Annual General Meeting of the members of the Company held on Sunday, the 30th September, 2018 at 11.00 A.M. at Plot No.705, “Lakshmi Nivas”, Road No. 03, Banjara Hills, Hyderabad - 500 034.

Signature of the Member or the Proxy attending the Meeting.

....

If Member, Please sign here   If Proxy, Please sign here

Note:
This form should be signed and handed over at the Meeting Venue
* Applicable for investors holding shares in electronic form.

Route Map for the Meeting venue

PENNA CEMENT INDUSTRIES LIMITED
Lakshmi Nivas, Plot No. 705,
Road No.3, Banjara Hills
Hyderabad – 500 034

/ concept, content and design at AICL (hello@aicl.in)